Press Release

# SBM OFFSHORE 2015 HALF-YEAR EARNINGS

## Solid first half; Industry searching for new equilibrium

August 5, 2015

SBM Offshore is happy to report better than expected revenue. The Company continues to see a healthy appetite for its projects, as evidenced by the 45% taken up by joint venture partners in the *Turritella* project as well as the recently announced US$1.55 billion of project financing for *Cidade de Saquarema*. Progress in discussions with Brazilian authorities continues via the announced signing of a Memorandum of Understanding. SBM Offshore continued to achieve over 99% uptime across the fleet while Directional[1] Backlog ended the period at US$20.0 billion. Full year Directional[1] revenue guidance has been increased to at least US$2.6 billion.

Bruno Chabas, CEO of SBM Offshore, commented:

*"The current downturn is having a profound impact on our industry, which is faced with the challenge to reinvent itself to survive profitably in the current oil price environment. SBM Offshore is determined and confident it can play its part based on its track record of technological innovation, its willingness to take decisive action through its restructuring and backed by its strong lease and operate cash flow."*

### Financial Highlights

- Directional[1] revenue ahead of expectations at US$1.6 billion
- Underlying Directional[1] EBIT of US$255 million and underlying EPS of $0.78 per share
- Directional[1] Backlog stood at US$20.0 billion
- Cash and undrawn committed credit facilities at the end of the period stood at US$1,364 million
- Proportional net debt at the end of June stood at US$3,568 million
- Joint Venture partner participation in the *Turritella* project totaling 45%
- Memorandum of Understanding signed with Brazilian authorities
- Project financing secured post period for FPSO *Cidade de Saquarema* totaling US$1.55 billion

| | Directional[1] | | | IFRS | | |
|---|---|---|---|---|---|---|
| *in US$ million* | 1H 2015 | 1H 2014 | % Change | 1H 2015 | 1H 2014 | % Change |
| Revenue | 1,572 | 1,729 | -9% | 1,457 | 2,797 | -48% |
| *Turnkey* | *1,030* | *1,208* | *-15%* | *965* | *2,275* | *-58%* |
| *Lease and Operate* | *542* | *521* | *4%* | *492* | *522* | *-6%* |
| EBIT | 255 | (41) | *NM* | 204 | 201 | 1% |
| Underlying EBIT | 255 | 184 | *39%* | 204 | 426 | *-52%* |
| Profit (Loss) attributable to Shareholders | 164 | (98) | *NM* | 106 | 137 | *-23%* |
| Underlying Profit (Loss) attributable to Shareholders | 164 | 127 | *29%* | 106 | 362 | *-71%* |
| *in US$ billion* | 30-Jun-15 | 31-Dec-14 | % Change | 30-Jun-15 | 31-Dec-14 | % Change |
| Backlog | 20.0 | 21.8 | *-8%* | - | - | *NM* |
| Net Debt | 3.6 | 3.3 | *9%* | 5.2 | 4.8 | *9%* |

### Guidance

The Company is updating 2015 Directional[1] revenue guidance from at least US$2.2 billion to at least US$2.6 billion. The increase is primarily attributable to the announced 45% stake in the *Turritella* project taken up by joint venture partners. Turnkey revenue guidance for 2015 is now expected to be US$1.4 billion versus US$1.0 billion previously, while Lease & Operate segment guidance of US$1.2 billion remains unchanged. Proportional net debt guidance below US$3.5 billion is being confidently reiterated for FY2015.

[1] 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.

Management is introducing Directional[1] capital expenditure guidance. For the remaining three finance lease vessels under construction Directional[1] capital expenditure is expected to total approximately US$265 million, with approximately 75% falling in the second half of 2015. Directional[1] capital expenditure excludes changes in net working capital and is presented net of upfront payments for FPSOs *Cidade de Maricá* and *Cidade de Saquarema*.

## FIRST HALF 2015 RESULTS

### Project Review

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

Construction is ongoing for the two finance leased vessels. *Cidade de Maricá* berthed safely at the Brasa yard near Rio de Janeiro on July 9, 2015 where topside integration work is ongoing in order to meet local content requirements. Delivery to the client is expected in 1Q16.

Concurrently refurbishment and conversion work on *Cidade de Saquarema* progressed during the first half of 2015 at a Chinese yard and is nearing completion. Sail away for Brazil, where integration of the topside will take place, is expected in the second half of 2015.

The charter contract for both vessels includes an initial period of 20 years with extension options. The client will make upfront payments at first oil totalling US$282 million, split between both vessels, of which US$158 million represents SBM Offshore's 56% share in the joint ventures. 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 22,000 tons, will be able to produce 150,000 bpd of well fluids, have associated gas treatment capacity of 6,000,000 Sm3/d and water injection capacity will be 200,000 bpd each.

*FPSO Turritella (US Gulf of Mexico)*

Construction continued for the finance leased vessel in the first half of the year, with refurbishment and conversion work near completion at Keppel Singapore. Sail away for the Gulf of Mexico, where anchoring and commissioning will take place, is expected during the second half of 2015 with delivery to the client expected near the end of 1H16. The charter contract includes an initial period of 10 years with extension options up to a total of 20 additional years.

When installed at almost three 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.

*N'Goma FPSO (Angola)*

Formal Production Readiness Notice was received in early January 2015 going into effect retroactively to late November. The vessel is producing and has been on-hire generating dayrate retroactively since November 28, 2014.

*FSO Yetagun (Myanmar)*

Following fifteen years of operation with no lost time incident, the client has notified the Company of its intention to exercise an additional three-year extension option. Additionally, a brownfield life extension award totalling approximately US$30 million has been agreed upon. The Yetagun Life Extension project is expected to take 18 months and be

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completed in July 2016. The vessel will remain in normal operation while brownfield life extension work is being completed.

*FPSO Marlim Sul (Brazil)*

Previously announced decommissioning activities, that were expected to be completed during the second quarter of 2015, have ceased as the client reviews continued production alternatives for the Marlim Sul field. The vessel is receiving a standby dayrate through the end of 2015 while awaiting client confirmation to complete decommissioning activities.

*Turret Mooring Systems*

The three large, complex turrets for Prelude FLNG, Quad 204 and Ichthys are progressing in accordance to clients' schedule. Integration of the Quad 204 turret with the vessel has been completed in Korea and the client has accepted delivery, while fabrication work on Prelude FLNG has been completed in Dubai with final integration in Korea. The last elements of the Ichthys turret have been delivered for final integration in Korea with expected delivery in early 2016.

## Main Projects Overview

| Project | Contract | SBM Share | Capacity, Size | POC | Expected Delivery | Notes |
|---|---|---|---|---|---|---|
| Quad 204, Turret | Turnkey sale | 100% | 320,000 bpd, 28 risers | 100% | 2015 | Integration with the vessel completed and delivered to client in 2Q15. |
| Prelude, Turret | Turnkey sale | 100% | 95m height, 11,000 tons | >75% | 2016 | Fabrication in Dubai completed and manifold being transported to Korea. Final integration phase with the vessel commencing. |
| Ichthys, Turret | Turnkey sale | 100% | 60m height, 7,000 tons | >75% | 2016 | Last elements delivered for final integration in Korea. Final delivery expected in 1H16. |
| *Maricá*, FPSO | 20 year finance lease | 56% | 150,000 bpd | >75% | 2016 | Refurbishment and conversion work in the Chinese shipyard completed. Vessel has arrived at the Brasa yard in Brazil where integration of the topsides will take place. Delivery is expected in 1Q16. |
| *Saquarema*, FPSO | 20 year finance lease | 56% | 150,000 bpd | >75% | 2016 | Vessel in the shipyard in China, refurbishment and conversion nearing completion. Sail away for Brazil expected in 2H15. |
| *Turritella*, FPSO | 10 year finance lease | 55% | 60,000 bpd, disconnectable | >75% | 2016 | Refurbishment and conversion progressing at Keppel shipyard in Singapore. Sail away for the US GOM expected at the end of 3Q15. Delivery to the client expected near the end of 1H16. |

Legend, Percentage of Completion (POC)

<25% 25%<50% 50%<75% >75% 100%

Directional[1] capital expenditure through the first half of 2015 amounted to a combined total of US$265 million, reflecting the advanced construction progress of the Company's main projects which are expected to be completed over the next twelve months. These amounts correspond to the SBM Offshore share in SBM Inc. (the Company's construction subsidiary) costs as well as costs directly incurred at the joint venture level.

## HSSE

The Company has continued to achieve improved safety performance in the first half of 2015 with the lowest frequencies of recordable injuries and lost time injuries since 2007. Total Recordable Injury Frequency Rate (TRIFR) improved 30% to 0.15 compared to 0.22 at the end of 2014, while the Lost Time Injury Frequency Rate (LTIFR) improved by 80% to 0.01 in the first half of 2015 from 0.05 at the end of 2014.

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Furthermore, the focus on the potentially severe incidents and on process safety has been strong allowing the Company to reach the lowest level frequency rate since 2011. The volume of gas flared was 25% better than target, however GHG emissions per unit of production was 25% above the industry benchmark for first half year. Offshore energy consumption and oil discharged from produced water improved compared to last year and stood well above the industry benchmark.

## Compliance

On March 16, 2015 SBM Offshore announced the signing of a Memorandum of Understanding (MoU) with the Brazilian Comptroller General's Office (Controladoria-Geral da União – "CGU") and the Attorney General's Office (Advocacia Geral da União – "AGU"). This MoU sets a framework between the Company, the CGU and the AGU for discussions on a potential mutually acceptable settlement and for the disclosure by SBM Offshore of information relevant to the CGU's investigations.

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.

## Turritella Joint Venture

Effective June 30, SBM Offshore completed the divestment of a 45% stake in the *Turritella* project to joint venture partners Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK Line). Subsequently, the Company cash called the joint venture partners for their share in the construction costs, and an amount of US$446 million was received on July 15, 2015. The total partners' cash contribution to the *Turritella* project is expected to amount to approximately US$590 million. Future milestone payments will follow the stages of completion of the project.

## Post-Period Events

*Cidade de Saquarema Project Financing*

On July 27, 2015 the Company secured project financing for FPSO *Cidade de Saquarema* totalling US$1.55 billion, at a weighted average cost of debt of 5.1%, from a consortium of sixteen international banks with insurance cover from four Export Credit Agencies (ECA). The financing consists of three tranches, two with ECA insurance cover and one commercial, with fourteen year post-completion maturities. This is the largest project financing in the Company's history.

## Directional[1] Backlog

Directional[1] backlog at the end of June 2015 came in at US$20.0 billion compared to US$21.8 billion at the end of 2014. This reduction reflects the low order intake of US$0.3 billion, the revenue generated during the first half of 2015 and the US$0.5 billion decrease related to the 45% stake in the *Turritella* project by joint venture partners. Approximately 37% 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[1] Turnkey backlog decreased to US$0.9 billion compared to US$1.1 billion at the end of 2014 due to the execution of projects under construction, while being partially offset by the 45% partner's stake in the *Turritella* project. Backlog as of June 30, 2015 is expected to be executed as per the below table:

[1] 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.

| *(in billion US$)* | Turnkey | Lease & Operate | Total |
|---|---|---|---|
| 2H15 | 0.4 | 0.6 | 1.0 |
| 2016 | 0.5 | 1.4 | 2.0 |
| 2017 | - | 1.6 | 1.6 |
| Beyond 2017 | - | 15.4 | 15.4 |
| **Total Backlog** | **0.9** | **19.1** | **20.0** |

## Order Intake

New orders signed during the first half of 2015 totalled US$161 million, and variation orders totalled US$111 million. The main new orders signed during the period include the *Yetagun* brownfield life extension award and various offshore contracting awards.

## Restructuring

As announced with the first quarter 2015 trading update on May 7, workforce reductions over the period 2014 and 2015 were revised from 1,200 to 1,500 positions as a result of a further review of the cost structure and a prolonged market downturn.

Upon announcement of the original restructuring on December 11, 2014 the Company stated that annualized savings of approximately US$40 million related to Company employees were expected. Management also indicated that redundancy costs were likely to total approximately US$25 million, of which US$8 million were taken in 2014 and a further US$17 million would be incurred in 2015.

Updated 2015 cost provisions of approximately US$49 million, an increase of US$32 million versus previous expectations, have been taken in the first half results and the Company anticipates realizing annualized savings of approximately US$80 million compared to previous guidance of US$40 million.

The Company's adaptation to market developments is focused on retaining core competencies. While expectations for order intake remain subdued, maintaining some engineering overcapacity remains crucial to being properly positioned for a market upturn.

## Divestment Update

The Company completed the disposal of FPSO *Brasil, Kuito* and VLCC *Alba* in the first quarter of 2015.

## Master Limited Partnership

Following the completion of a strategic review of alternatives, the Company announced on November 13, 2014 its intent to pursue the development of a master limited partnership (MLP). Structuring work is progressing with the Company working towards receiving the required regulatory approvals and filing a registration statement with the Securities and Exchange Commission. The Company currently expects any initial public offering of common units in the MLP to occur during the second or third quarter of 2016. This is revised from initial expectations of third quarter 2015. The anticipated offering would be subject to market conditions.

## Extraordinary General Meeting of Shareholders

The Company will hold an Extraordinary General Meeting of Shareholders on November 4, 2015 where it will be proposed that Bruno Chabas (CEO) be reappointed as a member of the Management Board and CEO effective January 1, 2016 for a second four year term in office.

## Investing in Our Future

The Company announced in 2014 a focused investment program in Research and Development (R&D), project capabilities (Odyssey24) and increased fleet maintenance, which would total approximately 2.5%-3% per year for two years of 2014 Directional[1] revenue guidance of US$3.3 billion.

The R&D and Odyssey24 programs are on track with first half 2015 spending amounting to US$41 million compared to US$28 million in the year-ago period. R&D efforts are largely focused on the new reality of delivering complex deepwater projects in the current oil price environment, while Odyssey24 is focused on step changes in project and supply chain management with an expected payback on investment with the next Generation 3 FPSO project.

The Odyssey24 project will be completed in the second half of 2015, while the increased Research and Development efforts continue. A substantial part of the efforts represent internal workforce, making optimal use and retaining available engineering capacity during the current downturn.

## Outlook and Guidance 2015

The market outlook remains challenging as the Company continues to see delays in final investment decisions, and ultimately awards, by clients. The Company maintains its positive medium to long-term outlook as the Company considers deepwater development a secular growth story.

The Company is updating 2015 Directional[1] revenue guidance from at least US$2.2 billion to at least US$2.6 billion. The increase is primarily attributable to the announced divestment of a 45% stake in the *Turritella* project. Turnkey revenue guidance for 2015 is now expected to be US$1.4 billion versus US$1.0 billion previously, and Lease & Operate segment guidance of US$1.2 billion remains unchanged. Proportional net debt guidance below US$3.5 billion is confidently reiterated for FY2015.

Management is introducing Directional[1] capital expenditure guidance. For the remaining three finance lease vessels under construction Directional[1] capital expenditure is expected to total approximately US$265 million, with approximately 75% falling in the second half of 2015. Directional[1] capital expenditure excludes changes in net working capital and is presented net of upfront payments for FPSOs *Cidade de Maricá* and *Cidade de Saquarema*.

[1] 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

### Directional[1] Performance

In 2013, SBM Offshore decided to extend its reporting with non-IFRS disclosures showing audited disclosures of Backlog and Income Statement based on Directional[1] principles. Directional[1] reporting principles stand as follows:

- Directional[1] reporting represents an additional non-GAAP disclosure to IFRS reporting
- Directional[1] reporting assumes all lease contracts are classified as operating leases
- Directional[1] 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.

| **HY2015**<br>*in US$ million* | **HY 2015 Directional (1)** | **HY 2014 Directional (1)** | **Variance** |
|---|---|---|---|
| **Total Revenue** | **1,572** | **1,729** | *-9%* |
| **Lease and Operate** | | | |
| Third parties revenue | 542 | 521 | *4%* |
| Gross Margin | 168 | 152 | *10%* |
| **Operating profit/(loss) (EBIT)** | **149** | **139** | ***7%*** |
| Underlying EBIT Margin | *28%* | *24%* | *16%* |
| Depreciation, amort. and impairment | 167 | 129 | *29%* |
| EBITDA | **316** | **268** | *18%* |
| **Turnkey** | | | |
| Third parties revenue | 1,030 | 1,208 | *-15%* |
| Gross Margin | 282 | 199 | *41%* |
| **Operating profit/(loss) (EBIT)** | **171** | **107** | ***60%*** |
| Underlying EBIT Margin | *17%* | *9%* | *87%* |
| Depreciation, amort. and impairment | 4 | 7 | *-42%* |
| EBITDA | **175** | **114** | *54%* |
| **Other** | | | |
| Other operating income/(expense) | (5) | (240) | *NM* |
| Selling, Administrative, Research & Development expenses | (61) | (47) | *28%* |
| **Operating profit/(loss) (EBIT)** | **(66)** | **(288)** | ***NM*** |
| **Total Operating profit/(loss) (EBIT)** | **255** | **(41)** | *NM* |
| **Total EBITDA** | **430** | **98** | *NM* |
| Net financing costs | (70) | (47) | *49%* |
| Share of profit of equity-accounted investees | (4) | (16) | *-77%* |
| Income tax expense | (17) | 6 | *NM* |
| **Profit/(Loss)** | **164** | **(98)** | *NM* |

(1) Directional view is a non-IFRS disclosure, which treats all leases as operating leases and consolidates the vessel joint ventures proportionally

Directional[1] revenue for the first half of 2015 was down by 9% year-over-year to US$1,572 million versus US$1,729 million in the first half of 2014, reflecting the slowdown of Turnkey activity as a result of oil and gas macro market conditions. Directional[1] revenue by segment was as follows:

- Directional[1] Turnkey revenue decreased by 15% from the year-ago period reflecting lower activity on the construction of FPSOs *Cidade de Maricá* and *Saquarema* during the first half of 2015, the lack of significant

[1] 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, partially offset by additional revenue invoiced to the new partners in the *Turritella* joint venture company.

- Directional[1] Lease and Operate revenue increased by 4% versus the first half of 2014 mainly due to the commencement of production of FPSOs *Cidade de Ilhabela* and *N'Goma FPSO* in late 2014 offset by FPSOs *Brasil*, *Kuito* and *Marlim Sul* no longer being in production in 2015.

Directional[1] Earnings Before Interest and Taxes (EBIT) for the first half of 2015 increased to US$255 million compared with a loss of US$41 million in the year-ago period, which featured a US$240 million provision for the settlement of the investigation of improper sales practices and the US$15 million release of an impairment related to Deep Panuke. Adjusted for both exceptional items in 2014, EBIT increased by 39% from US$184 million to US$255 million in the first half of 2015. This was primarily attributable to:

- Directional[1] Turnkey EBIT increased by 60% due to the strong performance of various projects during the period and the positive contribution of the gross margin recognised during the engineering, procurement and construction of FPSO *Turritella* started in 2013 on the new partners who acquired a stake of 45% in this project.
- Directional[1] Lease and Operate EBIT increased by 7% compared with the year-ago period but includes the impact of increased costs associated with the two year focused fleet maintenance programme. Directional[1] Lease & Operate EBIT Margin came in at 27.6% in the first half of 2015 including some restructuring costs, compared to the 26.7% during the first half of 2014.
- As a result of an on-going review of the cost structure and continued market downturn, the Company's workforce reduction is now expected to amount to at least 1,500 positions worldwide over the period 2014 and 2015. Restructuring costs accounted for as "Other operating expense" over the period represent US$49 million, of which US$32 million relate to the Turnkey segment, US$11 million for Lease and Operate, and US$6 million for the "Other" segment.

Directional[1] Overhead expenses reported in the "Other" segment increased to US$61 million in the first half of 2015 from US$47 million in the year-ago period. The strong level of overhead expenses is mainly attributable to the ongoing investments in the two year transformation program, Odyssey 24, which will be completed by the end of 2015. In general, Overhead expenses reflect the additional efforts to maintain the Company's leading technological position, as well as one-off items such as expenses related to the investigation in Brazil.

For the first half of 2015, Directional[1] EBITDA increased to US$430 million, compared to US$98 million in 2014. Adjusted for non-recurring items, Underlying Directional[1] EBITDA increased by 27% due to strong project execution positively impacting the Turnkey segment and the positive effects of the partner contributions to the *Turritella* project.

Directional[1] net financing costs totalled US$70 million in the first half of 2015, up from US$47 million in the year-ago period. The increase was primarily due to interest costs related to the project financings of FPSOs *Cidade de Ilhabela and N'Goma FPSO* as both units commenced production at the end of 2014.

SBM Offshore recorded a Directional[1] net profit of US$164 million for the first half of 2015 or US$0.78 per share, compared with a US$98 million loss or US$0.47 per share for the first half of 2014. Adjusted for the US$240 million provision related to the settlement of the investigation of potentially improper sales practices and the US$15 million release of an impairment related to Deep Panuke in 2014, underlying Directional[1] net income increased by 29% year-on-year to US$164 million or US$0.78 per share, compared to US$127 million or US$0.61 in the first half of 2014 for the reasons stated above.

## IFRS Performance

IFRS revenue for the first half of 2015 amounted to US$1,457 million, decreasing by 48% compared to US$2,797 million in the year-ago period as a result of the reduction of investments in finance lease contracts under construction.

[1] 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.

Under IFRS, the 45% stake taken by Joint Venture partners in the *Turritella* project has no visible impact. The *Turritella* lease is classified as a finance lease, implying the project is already accounted for as a 100% sale during construction including deemed construction profit. Also of importance is that SBM Offshore will retain control of the companies owning and operating the FPSO, resulting in continued full consolidation as if no partner contribution had taken place except for the recognition of additional non-controlling interests.

IFRS EBIT for the first half of 2015 remained stable to US$204 million compared to US$201 million in the year ago period which was including the US$240 million provision in 2014 for the settlement of the investigation of potentially improper sales practices and the US$15 million impairment release on Deep Panuke. The underlying decrease of IFRS EBIT reflects the reduction of investments in finance lease projects under construction, due to projects nearing completion in 2015, and the lack of any impact under IFRS in the consolidated Income statement of the 45% partner's share in the joint venture companies owning and operating FPSO *Turritella*, which remain both fully controlled under IFRS 10.

IFRS net income attributable to shareholders came in at US$106 million compared to US$137 million a year ago.

## Statement of Financial Position

Total assets remained stable at US$11.3 billion as of June 30, 2015 compared to US$11.1 billion at year-end 2014. This reflects the lower investments in FPSOs *Cidade de Maricá, Cidade de Saquarema* and *Turritella* during the period and the planned amortisation of property, plant, and equipment and finance lease receivables.

As of June 30, 2015 net debt under IFRS standards slightly increased to US$5,159 million reflecting lower investments in the ongoing Lease & Operate projects under construction. Cash and cash equivalent balances came in at US$389 million and committed, undrawn, long-term bank facilities stood at US$975 million. The average cost of debt is 4.2%, unchanged from the end of 2014.

Total equity as of June 30, 2015 slightly increased at US$3,363 million compared to December 31, 2014. The Company's net debt to total equity remained stable at 152% at year-end 2014 to 153% at the end of the first half of 2015.

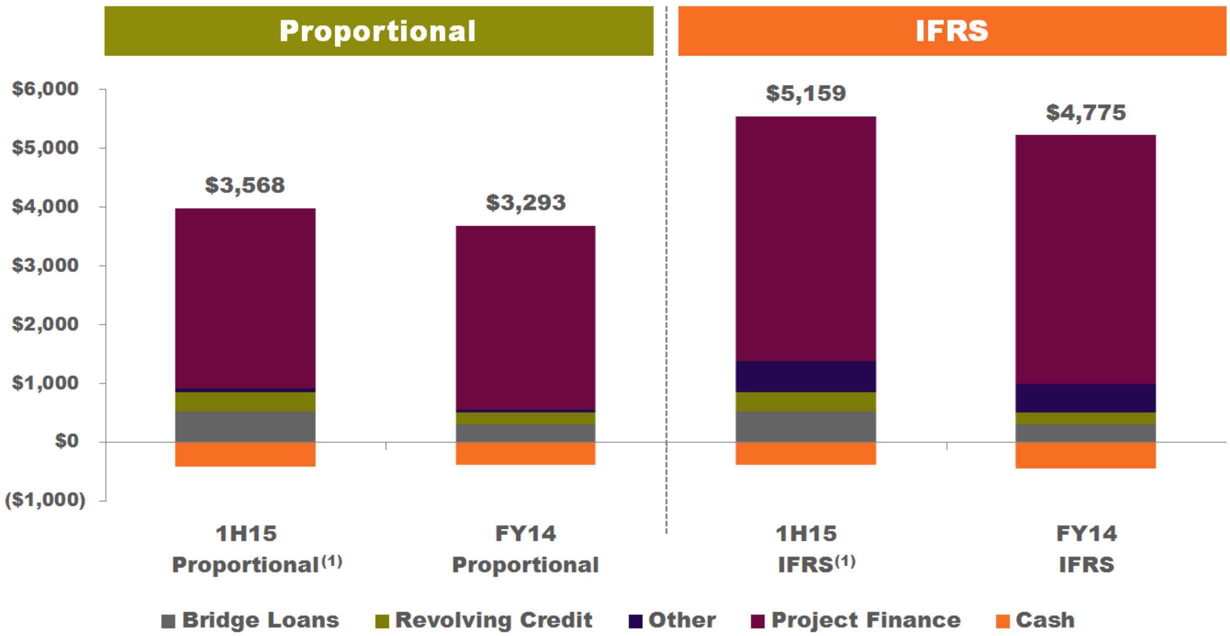
The Company's solvency ratio stood at 32.5% while the leverage ratio came at 3.3 times and the interest cover ratio came in at 10.3 times, all firmly within covenant requirements.

| Covenant Calculations | |
|---|---|
| **Solvency Ratio** | Tangible Net Worth divided by Total Tangible Assets > 25%<br>– Solvency Ratio = 32.5% vs. FY14 31.1% |
| **Leverage Ratio** | Consolidated Net Borrowings divided by Adjusted EBITDA < 3.75<br>– Leverage Ratio = 3.3 vs. FY14 2.6 |
| **Interest Cover Ratio** | Adjusted EBITDA divided by Net Interest Payable > 5.0<br>– Interest Cover Ratio = 10.3 vs. FY14 14.1 |

Including cash outflows for finance leases under construction previously reported as investing activities, cash from operating activities was negative US$394 million for the period compared to negative US$817 million during the first half of 2014. Cash outflows in finance leases under construction for the first half of 2015 decreased significantly to US$394 million compared to US$1,370 million in the year-ago period taking into consideration the decreasing investments in the fully consolidated FPSOs *Cidade de Maricá*, *Saquarema, Ilhabela* and *Turritella*.

Directional[1] capital expenditure through the first half of 2015 amounted to a combined total of US$265 million, reflecting the advanced construction progress of the Company's main projects which are expected to be completed over the next twelve months. These amounts correspond to the SBM Offshore share in SBM Inc. (the Company's construction subsidiary) costs as well as costs directly incurred at the joint venture level.

The remaining Directional[1] capital expenditures for the three finance lease vessels under construction is expected to total approximately US$265 million, with approximately 75% falling in the second half of 2015. Directional[1] capital expenditure excludes changes in net working capital and is presented net of upfront payments for FPSOs *Cidade de Maricá* and *Cidade de Saquarema*.




Further financial information is provided in the consolidated interim financial statements included in this press release.

[1] 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.
[2] The *Turritella* JV and *Cidade de Saquarema* financing are post-period events that are not reflected in debt facilities or cash as of June 30, 2015.

## 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 Summer Time on Wednesday, August 5, 2015.

The presentation will be hosted by Bruno Chabas (CEO), Peter van Rossum (CFO), Philippe Barril (COO) and Erik Lagendijk (CGCO). Interested parties are invited to listen to the call by dialling +31 20 716 8256 in the Netherlands, +44 203 427 1918 in the UK or +1 646 254 3367 in the US. Conference ID: 1511299. 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 1511299 until August 19, 2015. The webcast replay will also be available on the Company's website.

| **Financial Calendar** | Date | Year |
|---|---|---|
| Extraordinary General Meeting of Shareholders | November 4 | 2015 |
| Trading Update Q3 2015 - Press Release | November 11 | 2015 |
| Full-Year 2015 Results - Press Release | February 10 | 2016 |
| Publication of AGM Agenda | February 23 | 2016 |
| Annual General Meeting of Shareholders | April 6 | 2016 |

## 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 9,000 people worldwide. Full time company employees totalling 5,700 are spread over five regional centres, eleven operational shore bases and the offshore fleet of vessels. A further 3,300 are working for the joint ventures with several construction yards. Please visit our website at 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, August 5, 2015

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# Compliance statement

The Management Board of the Company declares, to the best of its knowledge that:

- The condensed consolidated interim financial statements IAS 34 as of and for the six months ended 30 June 2015 as presented under IAS 34, and supplemented by essential non-IFRS disclosures (Directional Reporting), give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company, and the undertakings included in the consolidation taken as a whole;
- The interim financial statements and the Management Board report as presented in the press release dated 5 August 2015, give a fair view of the information required pursuant to section 5.25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Management Board.

Mr. B.Y.R Chabas, Chief Executive Officer

Mr. P. Barril, Chief Operating Officer

Mr. P.M. van Rossum, Chief Financial Officer

Mr. E. Lagendijk, Chief Governance and Compliance Officer

## APPENDIX: SBM Offshore N.V. – Condensed consolidated interim financial statements (unaudited)

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## APPENDIX: SBM Offshore N.V. - Condensed consolidated interim financial statements (unaudited)

*The Notes 1 to 22 are an integral part of these condensed interim financial statements.*

### Consolidated income statement

| *For the six months ended 30 June, figures are expressed in millions of US$* | *Notes* | **2015** | 2014 |
|---|---|---|---|
| Revenue | *8* | 1,457 | 2,797 |
| Cost of sales | | (1,054) | (2,208) |
| **Gross margin** | ***8*** | **403** | **590** |
| Other operating income/(expense) | *9* | (48) | (240) |
| Selling and marketing expenses | | (32) | (19) |
| General and administrative expenses | | (102) | (111) |
| Research and development expenses | | (17) | (18) |
| **Operating profit/(loss) (EBIT)** | | **204** | **201** |
| Financial income | | 13 | 13 |
| Financial expenses | | (102) | (78) |
| **Net financing costs** | ***10*** | **(89)** | **(66)** |
| Share of profit of equity-accounted investees | | 48 | 59 |
| **Profit/(Loss) before tax** | | **164** | **194** |
| Income tax expense | *11* | (11) | (9) |
| **Profit/(Loss)** | | **153** | **185** |
| | | | |
| Attributable to shareholders of the parent company | | 106 | 138 |
| Attributable to non-controlling interests | | 47 | 47 |
| **Profit/(Loss)** | | **153** | **185** |

### Earnings/(loss) per share

| | *Notes* | **2015** | 2014 |
|---|---|---|---|
| Weighted average number of shares outstanding | *12* | 209,961,397 | 208,824,569 |
| Basic earnings/(loss) per share | *12* | US$ 0.50 | US$ 0.66 |
| Fully diluted earnings/(loss) per share | *12* | US$ 0.50 | US$ 0.66 |

### Consolidated statement of comprehensive income

| *For the six months ended 30 June, figures are expressed in millions of US$* | **2015** | 2014 |
|---|---|---|
| **Profit/(Loss) for the period** | **153** | **185** |
| Cash flow hedges, net of tax | 3 | (33) |
| Currency translation differences | (7) | (3) |
| **Items that may be reclassified subsequently to profit or loss, net of tax** | **(4)** | **(36)** |
| Remeasurements of defined benefit liabilities, net of tax | 3 | (8) |
| **Items that will never be reclassified to profit or loss, net of tax** | **3** | **(8)** |
| **Other comprehensive income for the period, net of tax** | **(2)** | **(44)** |
| **Total comprehensive income for the period, net of tax** | **151** | **141** |
| Of which | | |
| - on controlled entities | **103** | **86** |
| - on equity-accounted entities | **48** | **55** |
| | | |
| Attributable to shareholders of the parent company | 102 | 107 |
| Attributable to non-controlling interests | 50 | 35 |
| **Total comprehensive income for the period, net of tax** | **151** | **141** |

## Consolidated Statement of Financial Position

| *Figures are expressed in millions of US$* | *Notes* | **30 June 2015** | 31 December 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| Property, plant and equipment | *13* | 1,821 | 1,923 |
| Intangible assets | | 34 | 34 |
| Investment in associates and joint-ventures | | 437 | 386 |
| Finance lease receivables | *14* | 3,113 | 3,177 |
| Other financial assets | *15* | 403 | 402 |
| Deferred tax assets | | 63 | 63 |
| Derivative financial instruments | *20* | - | 1 |
| **Total non-current assets** | | **5,870** | **5,985** |
| Inventories | | 8 | 10 |
| Finance lease receivables | *14* | 182 | 202 |
| Trade and other receivables | | 921 | 978 |
| Income tax receivables | | 2 | 4 |
| Construction work-in-progress | *17* | 3,904 | 3,424 |
| Derivative financial instruments | *20* | 22 | 25 |
| Cash and cash equivalents | | 389 | 475 |
| Assets held for sale | *16* | - | 13 |
| **Total current assets** | | **5,429** | **5,133** |
| **TOTAL ASSETS** | | **11,299** | **11,118** |
| **EQUITY AND LIABILITIES** | | | |
| Issued share capital | | 59 | 64 |
| Share premium reserve | | 1,165 | 1,160 |
| Retained earnings | | 1,634 | 1,482 |
| Other reserves | | (285) | (287) |
| **Equity attributable to shareholders of the parent company** | | **2,573** | **2,419** |
| Non-controlling interests | | 790 | 730 |
| **Total Equity** | ***18*** | **3,363** | **3,149** |
| Loans and borrowings | *19* | 4,663 | 4,332 |
| Provisions | *21* | 124 | 130 |
| Deferred income | | 259 | 251 |
| Deferred tax liabilities | | - | 11 |
| Derivative financial instruments | *20* | 141 | 156 |
| Other non-current liabilities | | 70 | 70 |
| **Total non-current liabilities** | | **5,257** | **4,950** |
| Loans and borrowings | *19* | 885 | 895 |
| Provisions | *21* | 155 | 139 |
| Trade and other payables | | 1,417 | 1,721 |
| Income tax payables | | 41 | 60 |
| Bank overdrafts | | - | 23 |
| Derivative financial instruments | *20* | 182 | 181 |
| **Total current liabilities** | | **2,680** | **3,020** |
| **TOTAL EQUITY AND LIABILITIES** | | **11,299** | **11,118** |

## Consolidated Statement of Changes in Equity

| 2015 | Outstanding number of shares | Issued share capital | Share premium reserve | Retained earnings | Other reserves | Attributable to shareholders | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| *Figures are expressed in millions of US$* | | | | | | | | |
| **At 1 January 2015** | **209,695,094** | **64** | **1,160** | **1,482** | **(287)** | **2,419** | **730** | **3,149** |
| Profit/(Loss) for the period | - | - | - | 106 | - | 106 | 47 | 153 |
| Foreign currency translation | - | (5) | - | - | (2) | (7) | - | (7) |
| Remeasurements of defined benefit provisions | - | - | - | - | 3 | 3 | - | 3 |
| Cash flow hedges/net investment hedges | - | - | - | - | 1 | 1 | 2 | 3 |
| **Comprehensive income for the period** | **-** | **(5)** | **-** | **106** | **1** | **102** | **50** | **151** |
| Issue of shares | - | - | - | - | - | - | 89 | 89 |
| IFRS 2 Vesting cost of Share based payments | - | - | - | 10 | - | 10 | - | 10 |
| Issuance of shares on the share based scheme | 529,460 | 0 | 6 | (3) | - | 3 | - | 3 |
| Cash dividend | - | - | - | - | - | - | - | - |
| Transactions with non-controlling interests | - | - | - | 38 | | 38 | (38) | - |
| Other movements (*) | - | - | - | - | - | - | (40) | (40) |
| **At 30 June 2015** | **210,224,554** | **59** | **1,165** | **1,634** | **(285)** | **2,573** | **790** | **3,363** |

** equity repayment in companies Cidade de Ilhabela, following shareholders resolution*

| 2014 | Outstanding number of shares | Issued share capital | Share premium reserve | Retained earnings | Other reserves | Attributable to shareholders | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| *Figures are expressed in millions of US$* | | | | | | | | |
| **At 1 January 2014** | **208,747,188** | **72** | **1,145** | **894** | **(72)** | **2,039** | **848** | **2,887** |
| Profit/(Loss) for the period | - | - | - | 138 | - | 138 | 47 | 185 |
| Foreign currency translation | - | - | - | - | (3) | (3) | - | (3) |
| Remeasurements of defined benefit provisions | - | - | - | - | (8) | (8) | - | (8) |
| Cash flow hedges/net investment hedges | - | - | - | - | (21) | (21) | (12) | (33) |
| **Comprehensive income for the period** | **-** | **-** | **-** | **138** | **(31)** | **107** | **35** | **141** |
| Issue of shares | - | - | - | - | - | - | 30 | 30 |
| IFRS 2 Vesting cost of Share based payments | - | - | - | 10 | - | 10 | - | 10 |
| Issuance of shares on the share based scheme | 308,555 | - | 5 | - | - | 5 | - | 5 |
| Cash dividend | - | - | - | - | - | - | (2) | (2) |
| Other movements (**) | - | - | - | - | - | - | (154) | (154) |
| **At 30 June 2014** | **209,055,743** | **72** | **1,150** | **1,042** | **(103)** | **2,161** | **756** | **2,917** |

*** conversion of equity reserves into shareholders loans in companies Alfa Lula Alto Sarl and Beta Lula Central Sarl, following shareholders resolution*

## Consolidated Cash Flow Statement

| *For the six months ended 30 June, figures are expressed in millions of US$* | **2015** | 2014 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Receipts from customers | 1,045 | 985 |
| Payments for finance leases construction | (394) | (1,370) |
| Payments to suppliers and employees | (1,026) | (421) |
| Income tax received / (paid) | (20) | (11) |
| **Net cash from operating activities** | **(394)** | **(817)** |
| **Cash flow from investing activities** | | |
| Investment in property, plant and equipment | (1) | (60) |
| Investment in intangible assets | (4) | - |
| Additions to funding loans | (3) | (116) |
| Redemption of funding loans | 65 | 234 |
| Interest received | 4 | 6 |
| Dividends received from equity-accounted investees | 3 | 2 |
| Net proceeds from disposal of property, plant and equipment | 13 | - |
| Other investing activities | - | 84 |
| **Net cash used in investing activities** | **77** | **150** |
| **Cash flow from financing activities** | | |
| Equity funding from partners | 49 | 30 |
| Additions to borrowings and loans | 587 | 1,260 |
| Repayments of borrowings and loans | (293) | (602) |
| Dividends paid to non-controlling interests | - | (2) |
| Interest paid | (89) | (72) |
| **Net cash from financing activities** | **253** | **615** |
| **Net increase/(decrease) in cash and cash equivalents** | **(64)** | **(53)** |
| | | |
| Net cash as at 1 January | 452 | 208 |
| Net increase/(decrease) in net cash | (64) | (53) |
| Currency differences | 1 | (1) |
| **Net cash end of period** | **389** | **154** |

## 1. General information

SBM Offshore N.V. is a Company domiciled in Rotterdam, the Netherlands. SBM Offshore N.V. is the holding Company of a group of international marine technology oriented companies. The Company serves globally the offshore oil and gas industry by supplying engineered products, vessels and systems, as well as offshore oil and gas production services.

The Company has its listing on the Euronext Amsterdam stock exchange.

The condensed consolidated interim financial statements as of and for the six months ended 30 June 2015 comprise the interim financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US Dollars, except when otherwise indicated. Figures may not add up due to rounding.

The condensed interim financial statements were authorised for issue by the Supervisory Board on 5 August 2015, and have been reviewed, but not audited.

## 2. Basis for preparation

The condensed consolidated interim financial statements as at and for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 "Interim financial reporting". The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, as the same policies apply except for the new IFRS standards and interpretations adopted by the European Union as at 30 June 2015, where effective, for financial years beginning January 1st, 2015.

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 are available upon request or can be downloaded on the Company's website.

The condensed consolidated interim financial statements are not materially impacted by either seasonality or cyclicality of operations.

## 3. Accounting principles

The accounting principles adopted are consistent with those of the previous financial year except as described below.

### 3.1. New standards, amendments and interpretations applicable as of January 1st, 2015

The Company has adopted the following new standards with a date of initial application of January 1st, 2015:

- IFRIC 21 "Levies";
- Annual improvements 2011-2013 cycle.

IFRIC 21 addresses the accounting for a liability to pay a levy if that liability falls within the scope of IAS 37 "Provisions". The interpretation addresses the obligating event that gives rise to pay a levy, and when a liability should be recognised. The Company is not currently subject to significant levies. The adoption of the interpretation had no significant effect on the financial statements for earlier periods and on the interim financial statements for the period ended 30 June 2015. The Company does not expect IFRIC 21 to have a significant effect on the results for the financial year ending 31 December 2015.

In addition, the IFRS amendments included in the annual improvements 2011-2013 cycle have a negligible impact on the Company's condensed consolidated interim financial statements.

### 3.2. Standards and interpretations not mandatory applicable to the Company as of January 1st, 2015

The following standards and amendments are published by the IASB and endorsed by the European Commission, but not mandatory applicable as of January 1st, 2015. Application is permitted by the IASB. The Company has decided not to early adopt them.

- Annual improvements: 2010-2012 cycle;
- IAS 19 Amended "Defined Benefit Plans: Employee Contributions".

Other new standards and amendments have been published by the IASB but have not been endorsed yet by the European Commission and have therefore not been adopted by the Company.

## 4. Use of estimates

When preparing the condensed consolidated interim financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these estimates and assumptions, due to changes in facts and circumstances. Estimates and judgments are continously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The judgments made by the Management in applying the Company's accounting policies, and the key sources of estimation and assumptions were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2014.

## 5. Fair value measurement

The Company measures some financial instruments, such as derivatives, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 20 "Accounting classifications and fair value of financial instruments".

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability;
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information regarding the fair value of all financial assets and liabilities is included in Note 20 "Accounting classifications and fair value of financial instruments".

## 6. Financial risk management

All aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended 31 December 2014.

In the Company's view, financial market, treasury and liquidity risks remain largely covered by the Company's full hedging policy and resulting volatility is not considered material in the overall financial context.

## 7. Highlights

**Restructuring**

As a result of an on-going review of the cost structure and continued market downturn, the Company's workforce reduction is now expected to amount to at least 1,500 positions worldwide over the periods of 2014 and 2015. Restructuring costs accounted for as "Other operating expense" over the period represent US$ 49 million, of which US$ 45 million relate to Monaco based employees. The restructuring liabilities represent US$ 17 million as of 30 June 2015 for the Company.

**Partial divestment agreement of FPSO Turritella**

On June 30th, 2015, the Company entered into an agreement with Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha for the disposal of 45% of the Company's share in companies incorporated for the purpose of owning and operating FPSO Turritella at shares nominal value. After the completion of this transaction, the Company has kept the control of its subsidiaries under IFRS 10 "Consolidated financial statements" and the transaction has been therefore accounted for as an equity transaction. As a result, the equity attributable to the shareholders of the parent company has increased by US$ 38 million, and no gain or loss has been recognised in the Consolidated Income Statement prepared in accordance with IFRS standards.

In the operating segments disclosure, the Company has recognised under Directional Reporting accounting principles, the share of construction revenues and gross margin made on the new partners in the company owning FPSO Turritella (Stones Sarl), which was eliminated in consolidation prior to the completion of the divestment.

**FSO Yetagun (Myanmar)**

In May 2015, the client extended its lease contract of the Yetagun FSO by 3 years, ending May 2018. This extension has been classified as financial lease according to IAS17, triggering a gross margin impact of US$ 16 million on the period in accordance with IFRS standards. In the operating segments disclosure, this extension remains classified as operating lease under Directional Reporting accounting principles, triggering a linear recognition of related revenues and gross margin during the extended lease period.

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# 8. Operating segments

The Company's reportable operating segments as defined by IFRS 8 "Operating segments" are:

- Lease and Operate;
- Turnkey.

The operating segments are measured under Directional Reporting accounting principles, as described under section 6.2.7.G.(e) "Significant Accounting policies" of the consolidated financial statements as of and for the year ended 31 December 2014.

## 2015 operating segments

| *For the six months ended 30 June* | Lease and Operate | Turnkey | **Reported segments** | Other | **Total Directional reporting** |
|---|---|---|---|---|---|
| **Third party revenue** | 542 | 1,030 | **1,572** | - | **1,572** |
| **Gross margin** | 168 | 282 | **450** | - | **450** |
| Other operating income/expense | (7) | (32) | (40) | (5) | (45) |
| Selling and marketing expense | (3) | (29) | (32) | - | (32) |
| General and administrative expense | (9) | (33) | (41) | (61) | (102) |
| Research and development expense | - | (17) | (17) | - | (17) |
| **Operating profit/(loss) (EBIT)** | 149 | 171 | **320** | (66) | **255** |
| Net financing costs | | | | | (70) |
| Share of profit of equity-accounted investees | | | | | (4) |
| Income tax expense | | | | | (17) |
| **Profit/(Loss)** | | | | | **164** |
| Operating profit/(loss) (EBIT) | 149 | 171 | 320 | (66) | 255 |
| Depreciation, amortisation and impairment | 167 | 4 | 171 | 5 | 175 |
| **EBITDA** | 316 | 175 | **491** | (61) | **430** |
| Other segment information : | | | | | |
| Impairment charge / (reversal) | - | - | - | - | - |

## Reconciliation of 2015 operating segments

| *For the six months ended 30 June* | **Reported segments under Directional reporting** | Impact of consolidation methods | Impact of lease accounting treatment | Impact of business segment that does not meet the definition of an operating segment | **Total Consolidated IFRS** |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Lease and Operate | 542 | 21 | (71) | 0 | 492 |
| Turnkey | 1,030 | 3 | (68) | - | 965 |
| **Total revenue** | **1,572** | 24 | (139) | 0 | **1,457** |
| **Gross margin** | | | | | |
| Lease and Operate | 168 | 19 | 19 | 0 | 206 |
| Turnkey | 282 | (6) | (80) | - | 197 |
| **Total gross margin** | **450** | 14 | (60) | 0 | **403** |
| **EBIT** | | | | | |
| Lease and Operate | 149 | 16 | 19 | - | 184 |
| Turnkey | 171 | (6) | (80) | - | 86 |
| Other | - | (0) | - | (66) | (66) |
| **Total EBIT** | **321** | 10 | (60) | (66) | **204** |

## 2014 operating segments

| *For the six months ended 30 June* | Lease and Operate (*) | Turnkey (*) | **Reported segments (*)** | Other (*) | **Total Directional reporting (*)** |
|---|---|---|---|---|---|
| **Third party revenue** | **521** | **1,208** | **1,729** | - | **1,729** |
| **Gross margin** | **152** | **199** | **352** | **-** | **352** |
| Other operating income/expense | - | - | **-** | (240) | **(240)** |
| Selling and marketing expense | (1) | (22) | **(23)** | - | **(23)** |
| General and administrative expense | (12) | (53) | **(65)** | (47) | **(112)** |
| Research and development expense | - | (18) | **(18)** | - | **(18)** |
| **Operating profit/(loss) (EBIT)** | **139** | **107** | **246** | **(288)** | **(41)** |
| Net financing costs | | | | | **(47)** |
| Share of profit of equity-accounted investees | | | | | **(16)** |
| Income tax expense | | | | | **6** |
| **Profit/(Loss)** | | | | | **(98)** |
| Operating profit/(loss) (EBIT) | 139 | 107 | **246** | (288) | **(41)** |
| Depreciation, amortisation and impairment | 129 | 7 | **136** | 4 | **139** |
| **EBITDA** | **268** | **114** | **382** | **(284)** | **98** |
| Other segment information : | | | | | |
| Impairment charge / (reversal) | (15) | 2 | **(13)** | - | **(13)** |

** restated following the change in accounting policies used in the measurement of "operating segments" described in section 6.2.7.G.(e) of the consolidated financial statements as of 31 December 2014*

## Reconciliation of 2014 operating segments

| *For the six months ended 30 June* | **Reported segments under Directional reporting** | Impact of consolidation methods | Impact of lease accounting treatment | Impact of business segment that does not meet the definition of an operating segment | **Total Consolidated IFRS** |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Lease and Operate | 521 | 40 | (39) | - | **522** |
| Turnkey | 1,208 | (140) | 1,207 | - | **2,275** |
| **Total revenue** | **1,729** | **(100)** | **1,168** | **-** | **2,797** |
| **Gross margin** | | | | | |
| Lease and Operate | 152 | 29 | 4 | - | **185** |
| Turnkey | 199 | (39) | 245 | - | **405** |
| **Total gross margin** | **352** | **(10)** | **248** | **-** | **590** |
| **EBIT** | | | | | |
| Lease and Operate | 139 | 28 | 4 | - | **171** |
| Turnkey | 107 | (35) | 245 | - | **316** |
| Other | - | 1 | - | (288) | **(287)** |
| **Total EBIT** | **246** | **(6)** | **248** | **(288)** | **201** |

# 9. Other Operating Income and Expense

### Other operating income and expense

| *For the six months ended 30 June* | **2015** | 2014 |
|---|---|---|
| Gains from sale of financial participations, property, plant and equipment | - | - |
| Other operating income | 1 | - |
| **Total other operating income** | **1** | **-** |
| Settlement expenses | - | (240) |
| Restructuring expenses | (49) | - |
| Other operating expense | 0 | - |
| **Total other operating expense** | **(49)** | **(240)** |
| **Total** | **(48)** | **(240)** |

As explained in Note 7 “Highlights”, the other operating expenses refer to the net restructuring costs following the workforce reduction plans launched since the end of the year 2014.

In 2014, the other operating expenses included the US$ 240 million charge related to the out-of-court settlement with the Dutch Public Prosecutor's Office into potentially improper sales payments.

# 10. Net financing costs

### Net financing costs

| *For the six months ended 30 June* | **2015** | 2014 |
|---|---|---|
| Interest income on loans & receivables | 13 | 13 |
| Interest income on Held-to-Maturity investments | 0 | - |
| Net gain on financial instruments at fair value through profit and loss | - | 0 |
| Net foreign exchange gain | 1 | 1 |
| Other financial income | 0 | - |
| **Financial Income** | **13** | **13** |
| Interest expenses on financial liabilities at amortised cost | (68) | (42) |
| Interest expenses on hedging derivatives | (32) | (34) |
| Interest addition to provisions | (1) | (2) |
| Net cash flow hedges ineffectiveness | (2) | (1) |
| **Financial Expenses** | **(102)** | **(78)** |
| **Net financing costs** | **(89)** | **(66)** |

The increase in interest expenses in 2015 is mainly related to interest paid on facilities upon commencement of production FPSO Cidade de Ilhabela.

# 11. Income tax

The effective tax rate, excluding the income from companies accounted for under the equity method, was 9.3% in the first half of 2015, compared with 8.2% for the full year 2014 (excluding tax effects on adjustments on prior years). The variance is mainly explained by an increase of withholding tax on one of the Company’s project in Angola.

# 12. Earning/Loss per share

The basic earnings per share for the period is US$ 0.50 (for the six months ended 30 June 2014: US$ 0.66). The fully diluted earnings per share amounts to US$ 0.50 (for the six months ended 30 June 2014: US$ 0.66).

Basic earnings / loss per share is calculated by dividing net profit / loss for the period attributable to shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings / loss per share is calculated by dividing the net profit / loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive shares into ordinary shares.

The following reflects the share data used in the basic and diluted earnings per share computations:

### Earnings per share

| | **2015** | 2014 |
|---|---|---|
| Earnings attributable to shareholders (in thousands of US$) | 105,822 | 137,928 |
| Number of shares outstanding at 1 January | 209,695,094 | 208,747,188 |
| Average number of new shares issued | 266,303 | 77,381 |
| **Weighted average number of shares outstanding** | **209,961,397** | **208,824,569** |
| Potential dilutive shares from stock option scheme and other share-based payments | 279,413 | 1,114,464 |
| **Weighted average number of shares (diluted)** | **210,240,810** | **209,939,033** |
| Basic earnings/(loss) per share | US$ 0.50 | US$ 0.66 |
| Fully diluted earnings/(loss) per share | US$ 0.50 | US$ 0.66 |

# 13. Property, plant and equipment

The movement of the property, plant and equipment is summarised as follows:

### Movement in property, plant and equipment

| | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Cost | 3,810 | 4,087 |
| Accumulated depreciation and impairment | (1,887) | (2,029) |
| **Net book value at beginning of period** | **1,923** | **2,058** |
| Additions | 1 | 59 |
| Disposals | (4) | (3) |
| Depreciation | (96) | (223) |
| Impairment | - | 37 |
| Exchange rate differences | (6) | (9) |
| Other movements/deconsolidation | 4 | 5 |
| **Total movements** | **(102)** | **(135)** |
| Cost | 3,728 | 3,810 |
| Accumulated depreciation and impairment | (1,906) | (1,887) |
| **Net book value at end of period** | **1,821** | **1,923** |

## 14. Finance lease receivables

### Finance lease receivables (reconciliation gross / net investment)

| | 30 June 2015 | 31 December 2014 |
|---|---|---|
| Gross receivable | 6,235 | 6,457 |
| Less: Unearned finance income | (2,940) | (3,078) |
| **Total** | **3,295** | **3,379** |
| Of which: | | |
| Current portion | 182 | 202 |
| Non-current portion | 3,113 | 3,177 |

As of 30 June 2015, finance lease receivables relate to the finance lease of:

- FPSO Cidade de Ilhabela, which started production in November 2014;
- FPSO Cidade de Paraty, which started production in June 2013;
- FPSO Aseng, which started production in November 2011;
- FSO Yetagun life extension started in May 2015.

The decrease in finance lease receivables mainly relates to redemptions as per amortisation plan.

## 15. Other financial assets

### Other financial assets

| | 30 June 2015 | 31 December 2014 |
|---|---|---|
| Non-current portion of other receivables | 56 | 54 |
| Corporate securities | 31 | 29 |
| Non-current portion of loans to joint ventures and associates | 316 | 319 |
| **Total** | **403** | **402** |

The current portion of other receivables and loans to joint ventures and associates are included within the “trade and other receivables” in the statement of financial position.

### Loans to joint-ventures and associates

| | 30 June 2015 | 31 December 2014 |
|---|---|---|
| Current portion | 62 | 121 |
| Non-current portion | 316 | 319 |
| **Total** | **378** | **441** |

As of 30 June 2015 the decrease in loans to joint ventures relates to redemptions of loans (including FPSO Kikeh by US$ 30 million).

In addition, the cumulative losses recognised using the equity method in excess of the Company's investment in ordinary shares of two joint ventures represent US$ 64 million as of 30 June 2015. It reduces the carrying amount of the loans provided to these joint ventures and associates.

## 16. Assets held for sale

The movement of assets held for sale is summarised as follows:

**Assets held for sale**

| | 30 June 2015 | 31 December 2014 |
|---|---|---|
| **Book value at 1 January** | **13** | **177** |
| Impairments | - | (2) |
| Other movements | (13) | (162) |
| **Book value at end of period** | **-** | **13** |

During the first quarter of 2015, the Company completed the disposal of FPSO Brasil and VLCC Alba, which were presented as assets held for sale as of 31 December 2014.

In 2014, the significant decrease of the assets held for sale was mainly related to the sale of a real estate property in Monaco and the DSCV SBM Installer.

## 17. Construction Work-in-progress

The increased work-in-progress reflects the amount of construction activities related to FPSOs Cidade de Marica, Cidade de Saquarema and Turritella during the period.

## 18. Equity attributable to shareholders

The authorised share capital of the Company is two hundred million euro (€ 200,000,000). This share capital is divided into four hundred million (400,000,000) Ordinary Shares with a nominal value of twenty-five eurocent (€ 0.25) each and four hundred million (400,000,000) Protective Preference Shares, with a nominal value of twenty-five eurocent (€ 0.25) each.

During the period up to and including 30 June 2015, 529,460 new ordinary shares were issued. The total number of ordinary shares outstanding at 30 June 2015 was 210,224,554 (31 December 2014: 209,695,094).

# 19. Loans and borrowings

The movement of the bank interest-bearing loans and borrowings is summarised as follows:

### Bank interest-bearing loans and other borrowings

| | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Non-current portion | 4,332 | 3,205 |
| Add: current portion | 895 | 403 |
| **Remaining principal at beginning of period** | **5,227** | **3,608** |
| Additions | 608 | 2,517 |
| Redemptions | (294) | (878) |
| Transaction and amortised costs | 6 | (19) |
| **Movements during the period** | **320** | **1,620** |
| **Remaining principal at end of period** | **5,548** | **5,227** |
| Less: Current portion | (885) | (895) |
| **Non-current portion** | **4,663** | **4,332** |
| | | |
| Transaction and amortised costs | 58 | 64 |
| **Remaining principal at end of period (excluding transaction and amortised costs)** | **5,606** | **5,291** |
| Less: Current portion | (897) | (907) |
| **Non-current portion** | **4,709** | **4,384** |

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The allocation per entity is as follows:

### Loans and borrowings per entity

| | | | | | **Net book value at 30 June 2015** | | | Net book value at 31 December 2014 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Entity name** | **Project name or nature of loan** | **% Ownership** | **% Interest (*)** | **Maturity** | **Non-current** | **Current** | **Total** | Non-current | Current | Total |
| **US$ PROJECT FINANCE FACILITIES DRAWN:** | | | | | | | | | | |
| Aseng Production Company Ltd | FPSO Aseng | 60.00 | 4.02% | 15-Dec-15 | - | 67 | 67 | - | 121 | 121 |
| SBM Espirito do Mar BV | FPSO Capixaba | 100.00 | 2.79% | 15-Mar-16 | - | 61 | 61 | 31 | 60 | 90 |
| Brazilian Deepwater Prod. Ltd | FPSO Espirito Santo | 51.00 | 4.91% | 30-Jun-16 | - | 75 | 75 | 42 | 63 | 105 |
| SBM Deep Panuke SA | MOPU Deep Panuke | 100.00 | 3.80% | 31-Dec-21 | 353 | 57 | 411 | 383 | 57 | 440 |
| Tupi Nordeste Sarl | FPSO Cidade de Paraty | 50.50 | 5.21% | 15-Jun-23 | 758 | 85 | 843 | 801 | 82 | 883 |
| Guara Norte Sarl | FPSO Cidade de Ilhabela | 62.25 | 5.49% | 15-Oct-24 | 1,055 | 96 | 1,151 | 1,103 | 78 | 1,181 |
| SBM Baleia Azul Sarl | FPSO Cidade de Anchieta | 100.00 | 5.89% | 15-Sep-27 | 410 | 26 | 436 | 423 | 25 | 448 |
| **US$ GUARANTEED PROJECT FINANCE FACILITIES DRAWN:** | | | | | | | | | | |
| Alfa Lula Alto Sarl | FPSO Cidade de Marica | 56.00 | 5.02% | 15-Dec-30 | 1,126 | 0 | 1,126 | 968 | (5) | 963 |
| **BILATERAL CREDIT FACILITES:** | | | | | | | | | | |
| SBM Holding Inc.SA | FPSO Cidade de Saquarema | 100.00 | Variable | 17-Dec-16 (**) | 525 | - | 525 | 303 | (0) | 303 |
| **REVOLVING CREDIT FACILITY:** | | | | | | | | | | |
| SBM Offshore Finance Sarl | Corporate Facility | 100.00 | Variable | 30-Jan-22 (**) | 283 | - | 283 | - | - | - |
| Single Buoy Moorings Inc | Corporate Facility | 100.00 | Variable | 30-Jan-22 (**) | 47 | (1) | 46 | 152 | (1) | 151 |
| **OTHER:** | | | | | | | | | | |
| Other | | 100.00 | | | 106 | 418 | 524 | 126 | 417 | 543 |
| **Net book value of loans and borrowings** | | | | | **4,663** | **885** | **5,548** | **4,332** | **895** | **5,227** |

** % interest per annum on the remaining loan balance*

*** additional year(s) extension option considered*

The other borrowings mainly include loans received from partners in subsidiaries.

# 20. Accounting classifications and fair values of financial instruments

## Accounting classification

The Company uses the following fair value hierarchy for financial instruments that are measured at fair value in the statement of financial position, which require disclosure of fair value measurements by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

### Accounting classification and fair values as at 30 June 2015

| | | Carrying amount | | | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Notes* | **Fair Value through profit or loss** | **Fair value - hedging instruments** | **Held-to-maturity** | **Available for sale** | **Loans and receivables** | **IAS 17 Leases** | **Financial liabilities at amortised cost** | **Total** | Level 1 | Level 2 | Level 3 | **Total** |
| **Financial assets measured at fair value** | | | | | | | | | | | | | |
| Interest rate swaps | | - | 0 | - | - | - | - | - | 0 | - | 0 | - | 0 |
| Forward currency contracts | | 11 | 11 | - | - | - | - | - | 22 | - | 22 | - | 22 |
| Commodity contracts | | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | | **11** | **11** | **-** | **-** | **-** | **-** | **-** | **22** | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | | | | |
| Corporate securities | | - | - | 30 | 2 | - | - | - | 31 | 26 | 2 | - | 29 |
| Trade and other receivables | | - | - | - | - | 859 | - | - | 859 | - | - | - | - |
| Finance leases receivables | *14* | - | - | - | - | - | 3,295 | - | 3,295 | - | - | 3,476 | 3,476 |
| Loans to joint ventures and associates | *15* | - | - | - | - | 378 | - | - | 378 | - | - | 419 | 419 |
| **Total** | | **-** | **-** | **30** | **2** | **1,237** | **3,295** | **-** | **4,563** | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | | | | |
| Interest rate swaps | | - | 173 | - | - | - | - | - | 173 | - | 173 | - | 173 |
| Forward currency contracts | | 40 | 108 | - | - | - | - | - | 149 | - | 149 | - | 149 |
| Commodity contracts | | - | 1 | - | - | - | - | - | 1 | - | 1 | - | 1 |
| **Total** | | **40** | **282** | **-** | **-** | **-** | **-** | **-** | **323** | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | | | | | |
| US$ project finance facilities drawn | *19* | - | - | - | - | - | - | 3,043 | 3,043 | - | 3,043 | - | 3,043 |
| US$ guaranteed project finance facilities drawn | *19* | - | - | - | - | - | - | 1,126 | 1,126 | - | 1,126 | - | 1,126 |
| Revolving credit facility / Bilateral credit facilities | *19* | - | - | - | - | - | - | 854 | 854 | - | 854 | - | 854 |
| Bank overdrafts | | - | - | - | - | - | - | - | - | - | - | - | - |
| Other debt | *19* | - | - | - | - | - | - | 524 | 524 | - | - | 531 | 531 |
| Trade and other payables / Other non-current liabilities | | - | - | - | - | - | - | 1,487 | 1,487 | - | - | - | - |
| **Total** | | **-** | **-** | **-** | **-** | **-** | **-** | **7,035** | **7,035** | | | | |

Additional information:

- In the above table, the Company has disclosed the fair value of each class of financial assets and financial liabilities in a way that permits the information to be compared with the carrying amounts;
- Classes of financial instruments that are not used are not disclosed;
- The Company has not disclosed the fair values for financial instruments such as short-term trade receivables, payables because their carrying amounts are a reasonable approximation of fair values as the impact of discounting is not significant;
- No instruments were transferred between Level 1 and Level 2;
- None of the instruments of the Level 3 hierarchy is carried at fair value in the statement of financial position;
- No financial instruments were subject to offsetting as of June 30th, 2015 and December 31st, 2014. Financial Derivatives

amounting to a fair value of US$ 21 million (2014: US$ 28 million) were subject to enforceable master netting arrangements or similar arrangements but were not offset as the IAS 32 “Financial instruments – Presentation” criteria was not met. The impact of offsetting would result in a reduction of both assets and liabilities by US$ 0.4 million (2014: US$ 0.1 million).

The comparative information as at 31 December 2014 is the following:

## Accounting classification and fair values as at 31 December 2014

| | | **Carrying amount** | | | | | | | **Fair value** | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Notes* | **Fair Value through profit or loss** | **Fair value - hedging instruments** | **Held-to-maturity** | **Loans and receivables** | **IAS 17 Leases** | **Financial liabilities at amortised cost** | **Total** | Level 1 | Level 2 | Level 3 | **Total** |
| **Financial assets measured at fair value** | | | | | | | | | | | | |
| Interest rate swaps | | - | 2 | - | - | - | - | 2 | - | 2 | - | 2 |
| Forward currency contracts | | 23 | 1 | - | - | - | - | 24 | - | 24 | - | 24 |
| Commodity contracts | | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | | **23** | **3** | **-** | **-** | **-** | **-** | **26** | | | | |
| **Financial assets not measured at fair value** | | | | | | | | | | | | |
| Corporate securities | | - | - | 29 | - | - | - | 29 | 24 | 5 | - | 29 |
| Trade and other receivables | | - | - | - | 857 | - | - | 857 | - | - | - | - |
| Finance leases receivables | *14* | - | - | - | - | 3,379 | - | 3,379 | - | - | 3,645 | 3,645 |
| Loans to joint ventures and associates | *15* | - | - | - | 441 | - | - | 441 | - | - | 449 | 449 |
| **Total** | | **-** | **-** | **29** | **1,298** | **3,379** | **-** | **4,706** | | | | |
| **Financial liabilities measured at fair value** | | | | | | | | | | | | |
| Interest rate swaps | | - | 186 | - | - | - | - | 186 | - | 186 | - | 186 |
| Forward currency contracts | | 23 | 125 | - | - | - | - | 148 | - | 148 | - | 148 |
| Commodity contracts | | - | 3 | - | - | - | - | 3 | - | 3 | - | 3 |
| **Total** | | **23** | **314** | **-** | **-** | **-** | **-** | **337** | | | | |
| **Financial liabilities not measured at fair value** | | | | | | | | | | | | |
| US$ project finance facilities drawn | *19* | - | - | - | - | - | 3,268 | 3,268 | - | 3,257 | - | 3,257 |
| US$ guaranteed project finance facilities drawn | *19* | - | - | - | - | - | 963 | 963 | - | 963 | - | 963 |
| Revolving credit facility / Bilateral credit facilities | *19* | - | - | - | - | - | 454 | 454 | - | 454 | - | 454 |
| Bank overdrafts | | - | - | - | - | - | 23 | 23 | - | - | - | - |
| Other debt | *19* | - | - | - | - | - | 543 | 543 | - | - | 553 | 553 |
| Trade and other payables / Other non-current liabilities | | - | - | - | - | - | 1,791 | 1,791 | - | - | - | - |
| **Total** | | **-** | **-** | **-** | **-** | **-** | **7,042** | **7,042** | | | | |

### Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

#### Measurement of fair values

| | Level 2 and level 3 instruments | Level 3 instruments | |
|---|---|---|---|
| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
| **Financial instrument measured at fair value** | | | |
| Interest rate swaps | Income approach - Present value technique | Not applicable | Not applicable |
| Forward currency contracts | Income approach - Present value technique | Not applicable | Not applicable |
| Commodity contracts | Income approach - Present value technique | Not applicable | Not applicable |
| **Financial instrument not measured at fair value** | | | |
| Loans to joint ventures and associates | Income approach - Present value technique | - Forecast revenues<br>- Risk-adjusted discount rate (4% - 8%) | The estimated fair value would increase (decrease) if :<br>- the revenue was higher (lower)<br>- the risk-adjusted discount rate was lower (higher) |
| Finance lease receivables | Income approach - Present value technique | - Forecast revenues<br>- Risk-adjusted discount rate (7% - 8%) | The estimated fair value would increase (decrease) if :<br>- the revenue was higher (lower)<br>- the risk-adjusted discount rate was lower (higher) |
| Loans and borrowings | Income approach - Present value technique | Not applicable | Not applicable |
| Other long term debt | Income approach - Present value technique | - Forecast revenues<br>- Risk-adjusted discount rate (7% - 9%) | The estimated fair value would increase (decrease) if :<br>- the revenue was higher (lower)<br>- the risk-adjusted discount rate was lower (higher) |
| Corporate debt securities | Market approach | Not applicable | Not applicable |

## 21. Provisions

The current portion and the non-current portion of provisions refer to the following type of provisions:

#### Provisions (summary)

| | **30 June 2015** | 31 December 2014 |
|---|---|---|
| Demobilisation | 123 | 110 |
| Onerous contract | - | 1 |
| Warranty | 124 | 118 |
| Employee benefits | 26 | 32 |
| Other | 7 | 9 |
| **Total** | **279** | **269** |
| of which : | | |
| Non-current portion | 124 | 130 |
| Current portion | 155 | 139 |

## 22. Other information

### 22.1. Financial information related to equity-accounted investees

The bank interest-bearing loans and borrowings in the joint ventures accounted for under the equity method are as follows (amounts provided at 100% at entity level):

**Loans and borrowings (per entity)**

| Entity name | Project name or nature of loan | % Ownership | 30 June 2015 | 31 December 2014 |
|---|---|---|---|---|
| Sonasing Xikomba Ltd | FPSO N'goma | 50.00 | 673 | 679 |
| Malaysia Deepwater Floating Terminal Ltd | FPSO Kikeh | 49.00 | 102 | 163 |
| Sonasing Mondo Ltd | FPSO Mondo | 50.00 | 15 | 19 |
| Sonasing Saxi-Batuque Ltd | FPSO Saxi Batuque | 50.00 | 125 | 129 |
| SBM Ship Yard Ltd and Paenal Lda | Angolan yard | 33.33 - 30.00 | 382 | 380 |
| Normand Installer SA | Normand Installer | 49.90 | 63 | 66 |
| OS Installer AS | SBM Installer | 25.00 | 105 | 109 |
| Brasil Superlift Serviçõs Icamento Ltda | Brasilian yard | 50.00 | 0 | 0 |
| **Total loans and borrowings at 100%** | | | **1,464** | **1,544** |

The total revenue of the joint-ventures accounted for under the equity method (at 100%) represents US$ 446 million for the six months ended 30 June 2015 (for the six months ended 30 June 2014: US$ 969 million).

### 22.2. Commitments

#### Parent Company Guarantees

In the ordinary course of business, the Company is committed to fulfil various types of obligations arising from customer contracts (among which full performance and warranty obligations).

As such, the Company has issued Parent Company Guarantees for contractual obligations in respect of several group companies, including equity-accounted joint ventures, with respect to FPSO long-term lease and operate contracts.

#### Commitments

Certain investment commitments have been entered into, principally the FPSO Turritella and the FPSOs Cidade de Marica and Saquarema. As at 30 June 2015, the remaining contractual commitments for acquisition of property, plant and equipment and investment in leases amounted to US$ 108 million (31 December 2014: US$ 191 million).

### 22.3. Contingencies

#### Contingent Liability

The Company announced on November 12th, 2014 that it reached an out-of-court settlement 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 that it is not prosecuting the Company and had closed its inquiry into the matter. The out-of-court settlement consists of a payment by the Company to the Openbaar Ministerie of US$ 240 million.

In its press release announcing its settlement with SBM Offshore N.V., the Openbaar Ministerie disclosed that a mutual legal assistance request in the context of the investigation conducted by the Dutch Fiscale Inlichtingen- en Opsporingsdienst

(FIOD), under instruction of the Openbaar Ministerie, established that payments were made from the Brazilian sales agent's offshore entities to Brazilian government officials and that these findings resulted from means of investigation inaccessible to the Company. In 2014 several different Brazilian authorities initiated investigations in Brazil, notably the Federal Prosecutor's Office in Rio de Janeiro (Ministério Público Federal – MPF), the Federal Accounts Tribunal (Tribunal de Contas da União – TCU) and the Comptroller General's Office (Controladoria-Geral da União – CGU). Some of these investigations are directed against or involve the Company. At this stage, it is not possible to state anything on the outcome of these investigations, financial or otherwise, but failure to comply with existing Brasilian anti-corruption laws could result in the Company having to pay damages, fines or penalties, as well as in disgorgement, or debarment.

On 17 March 2015, the CGU, the Attorney General's Office (Advocacia-Geral da União – AGU) and the Company signed a Memorandum of Understanding (MoU). This MoU sets a framework between the Company, the CGU and the AGU for discussions on a potential mutually acceptable settlement and for the disclosure by the Company of information relevant to the CGU's investigation. The Company remains in active dialogue with relevant authorities and other interested parties in Brazil with the aim of seeking closure of these issues.

### Contingent Asset

The Company continues to investigate the possibility to recover losses incurred in connection with the Yme development project from insurers. Under the terms of the settlement agreement with Talisman, all pending and future claim recoveries (after expenses and legal costs) relating to the Yme development project under the relevant construction all risks insurance shall be shared 50/50 between the Company and Talisman. At this stage it is not possible to estimate the financial outcome of the insurance claim.

## 22.4. Related party transactions

During 2015, no major related party transactions requiring additional disclosure in the financial statements took place.

Related party transactions are mainly transactions with joint-ventures and associates, and are recognised as follows in the Group's consolidated financial statements:

**Related party transactions**

| | *Note* | **2015** | 2014 |
|---|---|---|---|
| Revenue | | 33 | 149 |
| Cost of sales | | 87 | 170 |
| Loans to joint-ventures and associates | *15* | 378 | 441 |
| Trade receivables | | 235 | 305 |
| Trade payables | | 68 | 77 |

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest. During the period, the Company entered into trading transactions with joint ventures and associates, and are made on terms equivalent to those that prevail in arm's length transactions. The decrease of revenue mainly relates to the finalisation of the construction of the N'Goma FPSO in January 2015 whereas the decrease of cost of sales is mainly driven by lower transactions with the Brasa yard on the period.

## 23. Subsequent event

On July 27th 2015 the Company secured project financing for FPSO Cidade de Saquarema totaling US$ 1.55 billion, at a weighted average cost of debt of 5.1%, from a consortium of sixteen international banks with insurance cover from four Export Credit Agencies (ECA), and consisting of three tranches, two with ECA insurance cover and one commercial, with fourteen year post-completion maturities.

# 24. Review report

To: the supervisory board and the management board of SBM Offshore N.V.

**Introduction**

We have reviewed the accompanying condensed consolidated interim financial information for the six month period ended 30 June 2015 of SBM Offshore N.V., Rotterdam, which comprises the condensed consolidated statement of financial position as at 30 June 2015, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the selected explanatory notes for the six-month period then ended. The management board is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

**Scope**

We conducted our review in accordance with Dutch law including Standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

*The Hague, 5 August 2015*
*PricewaterhouseCoopers Accountants N.V.*

drs. W.H. Jansen RA