

## SBM OFFSHORE FIRST QUARTER TRADING UPDATE

May 11, 2016

### REVENUE ON TRACK; PROJECT DELIVERY FOCUS

#### Highlights

- Year-to-date 2016 Directional<sup>1</sup> revenue in line with Management expectations at US\$442 million
- *Cidade de Maricá* first oil achieved and on hire
- FPSOs *Cidade de Saquarema* and *Turritella* on target for mid-year delivery
- Reiterating 2016 Directional<sup>1</sup> revenue and EBITDA guidance of at least US\$2.0 billion and around US\$750 million, respectively

Bruno Chabas, CEO of SBM Offshore commented:

"I'm pleased to see Lease and Operate cash flows continuing to grow with the delivery of *Cidade de Maricá* in the first quarter and the expected delivery of FPSOs *Cidade de Saquarema* and *Turritella* around mid-year, all contributing to our strong liquidity position. Delivery of these vessels combined with fleet operational reliability and focused cost management remain areas of attention while new business in the offshore deepwater segment is not expected to return to pre-downturn levels."

#### Financial Highlights

in US\$ million	YTD Directional <sup>1</sup>			YTD IFRS		
	1Q 2016	1Q 2015	% Change	1Q 2016	1Q 2015	% Change
Revenue	442	601	-26%	507	742	-32%
Turnkey	148	326	-55%	225	499	-55%
Lease and Operate	293	274	7%	282	243	16%

  

in US\$ billion	Mar-31-16			Dec-31-15		
	Mar-31-16	Dec-31-15	% Change	Mar-31-16	Dec-31-15	% Change
Backlog	18.5	18.9	-2%	-	-	NM
Net Debt	3.1	3.1	-1%	5.3	5.2	1%

Year-to-date 2016 Directional<sup>1</sup> revenue came in at US\$442 million versus US\$601 million in the year-ago period. This decrease was entirely driven by lower Turnkey activity levels on remaining projects under construction and low order intake in 2015 and 2016. Directional<sup>1</sup> Turnkey segment revenue was down 55% year-on-year at US\$148 million, while Lease and Operate segment revenue increased 7% from the year-ago period to US\$293 million. The growth in Lease and Operate revenue is mostly attributable to the first quarter 2016 start-up of FPSO *Cidade de Maricá* and the fourth quarter 2015 new field start-up under the Thunder Hawk DeepDraft™ Semi Production Handling Agreement in the U.S. Gulf of Mexico.

Directional<sup>1</sup> Backlog as of March 31, 2016 stood at US\$18.5 billion. The Company added US\$55 million in new orders related to FEED and offshore installation contracts. Although SBM Offshore is actively involved in several tenders for FEED studies and final awards, it remains cautious on order intake in view of the continuing downturn in the oil and gas industry.

<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.



Proportional net debt as of March 31, 2016 amounted to US\$3.1 billion, unchanged compared to the end of December 2015 as investments in new projects are offset by cash generation from the Lease and Operate portfolio and cash received from joint venture partners for the *Turritella* project.

Gross Directional<sup>1</sup> capital expenditure through the first three months of 2016 amounted to US\$63 million, before the deduction of roughly US\$78 million of upfront client payments. This reflects the advanced construction progress of the Company's main projects nearing completion in the first half of 2016. 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, excluding changes in net working capital.

Post period, the *Cidade de Maricá* joint venture received the US\$140 million contractual start-up payment from the client, of which US\$78 million is booked against SBM Offshore's Directional<sup>1</sup> capital expenditure on the project.

### Project Review

#### *FPSO Cidade de Maricá (Brazil)*

On February 16, 2016 SBM Offshore announced that *Cidade de Maricá* was formally on hire as of February 7, 2016 after achieving first oil and the completion of the 72-hour continuous production test leading to final acceptance.

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

Construction is ongoing for the finance leased vessel. *Cidade de Saquarema* is nearing completion of topside commissioning at the joint venture Brasa yard outside of Rio de Janeiro. The charter contract for the vessel includes an initial period of 20 years. Delivery is scheduled for mid-2016.

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

The vessel is on location in the U.S. Gulf of Mexico. Start-up of the facility is expected in mid-2016. The charter contract includes an initial period of 10 years with extension options up to a total of 20 years.

#### *Browse FLNG FEED*

On March 23, 2016, participants in the Browse Floating Liquefied Natural Gas (FLNG) project in Australia decided not to proceed with the development. As a result, SBM Offshore's FEED activities related to the project have ceased.

#### *Deep Panuke (Canada)*

The Company's Deep Panuke production facility experienced a malfunctioning of its flarestack on March 20, 2016. The facility is shutdown for repairs which are expected to be completed within a 120 day shutdown allowance, during which time there are no consequences to dayrate income.

### Compliance

Discussions with the Brazilian authorities and Petrobras regarding a settlement agreement are progressing. Timing and size of any potential settlement remain to be confirmed. The Company took a US\$245 million provision in the 2015 accounts.

The Company is cooperating with the US Department of Justice in its enquiries following the reopening of its case in January 2016.



### Sea Lion FPSO FEED

On January 13, 2016 SBM Offshore announced that Premier Oil plc awarded the Company the Front-End Engineering and Design (FEED) contract for an FPSO for Phase 1 of its Sea Lion development in the North Falkland Basin.

### Revolving Credit Facility

SBM Offshore, together with its core relationship banks, have agreed to an amendment of its Revolving Credit Facility (RCF), providing headroom improvements to the leverage and interest coverage ratios.

The interest coverage ratio threshold has been lowered from 5.0x to 4.0x from December 31, 2016 through to maturity of the RCF at the end of 2019. The leverage covenant is temporarily being adjusted upwards to 4.25x in December 2016, 4.50x in June 2017 and 4.25x in December 2017 before reverting back to the originally agreed upon level of 3.75x through to maturity of the facility.

The agreed upon amendments, combined with a strong cash position, provide the Company will a larger degree of flexibility given the current industry downturn.

### Post-Period Events

#### *Dividend*

On April 6, 2016, the Annual General Meeting of Shareholders voted in favor of the proposed US\$0.21 per ordinary share dividend distribution. Dividends were paid in Euros using an exchange rate of 1.1368, which equates to €0.1847 per ordinary share. The cash dividend was paid on May 3, 2016 to all shareholders of record as of April 11, 2016.

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

Decommissioning activities were completed in April 2016. The vessel received a decommissioning dayrate through the end of the first quarter of 2016. The vessel will be marketed for future conversion opportunities.

### Outlook and Guidance

As the downturn persists and client investment decisions continue to be postponed, Management expects immaterial order intake in 2016 and 2017 while maintaining its positive medium to long-term outlook. The Company considers offshore development to be a crucial component of the overall energy mix to meet future demand.

The Company is reiterating its 2016 Directional<sup>1</sup> revenue guidance of at least US\$2.0 billion, of which US\$0.6-0.7 billion is expected in the Turnkey segment and US\$1.3-1.4 billion in the Lease and Operate segment. The Company also reconfirms the 2016 Directional<sup>1</sup> EBITDA guidance of around US\$750 million.

Directional<sup>1</sup> capital expenditure guidance for the remaining three finance lease vessels under construction is expected to be approximately US\$90 million. Directional<sup>1</sup> capital expenditure excludes changes in net working capital and is presented net of SBM Offshore's share of upfront client payments for FPSOs *Cidade de Maricá* and *Cidade de Saquarema*.

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### Conference Call

SBM Offshore has scheduled a conference call followed by a Q&A session at 09:00 Central European Summer Time on Wednesday, May 11, 2016.

The call 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 dialing +31 (0) 800 26 58 619 in the Netherlands, +44 (0) 80 82 37 00 30 in the UK or +1 866 928 7517 in the US and using access ID 44586863#.

A replay will be available shortly after the end of the conference call. Interested parties can listen to the replay by dialing +31 (0) 20 716 84 20 and using access code 671939# until June 11, 2016.

### Corporate Profile

SBM Offshore N.V. is a listed holding company that is headquartered in Amsterdam. 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 approximately 7,000 people worldwide. Full time company employees totaling 4,900 are spread over five regional centres, eleven operational shore bases and the offshore fleet of vessels. A further 2,100 are working for the joint ventures with several construction yards. Please visit our website at [www.sbmoftshore.com](http://www.sbmoftshore.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  
Amsterdam, the Netherlands, May 11, 2016

<b>Financial Calendar</b>	<b>Date</b>	<b>Year</b>
Half-Year 2016 Earnings – Press Release	August 10	2016
Trading Update 3Q 2016 – Press Release	November 9	2016
Full-Year 2016 Earnings – Press Release	February 8	2017
Annual General Meeting of Shareholders	April 13	2017
Trading Update 1Q 2017 – Press Release	May 10	2017



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