

## SBM OFFSHORE THIRD QUARTER TRADING UPDATE

November 13, 2014

### SOLID REVENUE PERFORMANCE IN LINE WITH EXPECTATIONS

#### Highlights

- Year-to-date 2014 Directional<sup>1</sup> revenues in line with expectations at US\$2.5 billion
- Directional<sup>1</sup> Backlog as of September 30, 2014 stands at US\$21.8 billion
- Management Board intends to pursue the development of a master limited partnership (MLP)
- Settlement over alleged improper payments achieved with Dutch Public Prosecutor's Office
- FPSO *Cidade de Maricá* project financing of US\$1.45 billion secured
- FPSO *Cidade de Ilhabela* undergoing final acceptance testing offshore Brazil
- FPSO *N'Goma* successfully installed on field, awaiting final hook-up and commissioning
- Thunder Hawk Production Handling Agreement (PHA) signed with Noble Energy
- Real estate sale and leaseback concluded raising total proceeds in excess of US\$162 million
- US Private Placement of US\$450 million concluded for the Deep Panuke platform

Bruno Chabas, CEO of SBM Offshore commented:

"Subsequent to yesterday's announced settlement with the Dutch Public Prosecutor's Office, I am pleased to report that we are well underway to delivering 2014 revenue as we guided to at the beginning of this year. At the same time, we cannot ignore the slowdown visible in the entire oil and gas sector, which has affected order intake in the short term. Based on the ongoing high tendering activities, I see exciting new deepwater opportunities being realized over time. The Company's lease and operate backlog remains near historical highs and provides excellent long-term visibility for many years to come."

#### Financial Highlights

	Directional <sup>1</sup>			IFRS		
in US\$ million	Q3 2014	Q3 2013*	% Change	Q3 2014	Q3 2013*	% Change
Revenue	2,521	2,518	0%	4,045	3,301	23%
Turnkey	1,766	1,759	0%	3,289	2,614	26%
Lease and Operate	755	759	-1%	756	687	10%
Total Order Intake	2,108	10,390	-80%	n.a	n.a	NM
in US\$ billion	30-Sep-14	31-Dec-13*	% Change	30-Sep-14	31-Dec-13*	% Change
Backlog	21.8	22.2	-2%	-	-	NM
Net Debt	3.3	2.4	36%	4.7	3.4	39%

\*Restated for the introduction of IFRS 10 and 11

Year-to-date 2014 Directional<sup>1</sup> revenue came in flat at US\$2,521 million versus US\$2,518 million in the year-ago period. This was primarily driven by the ongoing investments in *Cidade de Maricá* and *Saquarema* and offset by the completion of *Cidade de Paraty* and *OSX 2* in the third quarter of 2013. Directional<sup>1</sup> Lease & Operate and Turnkey segment revenue came in at US\$755 million and US\$1,766 million respectively, essentially flat year-over-year.

Year-to-date 2014 IFRS revenue increased 23% to US\$4,045 million versus US\$3,301 million in the year-ago period. The year-over-year improvements are primarily attributable to the construction activities under the finance leases for FPSOs *Turritella*, *Cidade de Maricá* and *Saquarema*. IFRS Turnkey segment revenue came in at US\$3,289 million, up 26%, while Lease & Operate segment revenue increased 10% year-on-year to US\$756 million. The growth in Lease & Operate revenue is attributable to the start in late 2013 of FPSO *Cidade de Paraty* and Deep Panuke despite the decommissioning of FPSO *Brasil* and the end of the operating contracts for FPSOs *Frade* and *P-57*.

<sup>1</sup>Directional view is a non-IFRS disclosure, which treats all leases as operating leases and consolidates the vessel joint ventures proportionally.

Proportional net debt as of September 30, 2014 amounted to US\$3.3 billion compared to US\$2.4 billion at the end of December 2013 reflecting significant investments in the ongoing construction projects. IFRS net debt increased to US\$4.7 billion. The Company ended the quarter with cash and cash equivalent balances of US\$227 million versus US\$154 million at the end of June 2014.

IFRS capital expenditure and investments in finance lease contracts through the first nine months of 2014 amounted to a combined total of US\$2,038 million.

In August 2014 the Company secured project financing for FPSO *Cidade de Maricá* totaling US\$1.45 billion, of which SBM Offshore's proportional share is 56%, from a consortium of international banks at a weighted average cost of debt of 5.3%. The financing consists of two tranches, US\$1.0 billion with a 12 year post-completion maturity and US\$450 million with a 14 year maturity.

SBM Offshore presented a claim to its construction all risks insurers, in early September 2014, in relation to the YME platform which the Company constructed for Talisman Energy. The claim is in its early stages and SBM Offshore is in the process of engaging with its insurers. The details of the claim are confidential.

### Strategic Alternatives

As announced during the Capital Markets Day on September 14, 2014, SBM Offshore began a review of strategic alternatives regarding balance sheet optimization.

The Management Board, with the endorsement of the Supervisory Board, intends to pursue the development of a master limited partnership (MLP). The MLP would initially be comprised of interests in select FPSOs chosen from SBM Offshore's existing fleet.

Following the required regulatory approvals, the Company would expect to file a registration statement with the Securities and Exchange Commission relating to the initial public offering of common units in the MLP during the third quarter of 2015. The anticipated offering would be subject to market conditions.

### Project Review

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

Integration of the process modules for *FPSO Cidade de Ilhabela* has been completed at the Brasa yard in Brazil. The vessel is on location and completing commissioning activities with start-up of the facility expected before the end of 2014.

#### *FPSOs Cidade de Maricá & Saquarema (Brazil)*

Construction is ongoing for the two finance leased facilities. Refurbishment and conversion work continued to progress during the third quarter at the shipyard in China. Fabrication of several modules is concurrently taking place at the Brasa yard in Brazil. Start-up of the facilities is expected at the end of 2015 and early 2016 respectively.

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

Construction of the FPSO previously known as *Stones* continued in the third quarter of the year with refurbishment and conversion continuing at Keppel Singapore. Start-up of the facility is expected in the first half of 2016.

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

Following final module installation and integration at the Paenal yard in Angola, the vessel arrived on location for hook-up and commissioning activities by the client. Start-up of the facility is expected in the fourth quarter of 2014.

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### *Thunder Hawk (US Gulf of Mexico)*

The signing of a Production Handling Agreement (PHA) with Noble Energy to produce the Big Bend and Dantzler fields in the Gulf of Mexico was announced on September 16, 2014.

Production fees associated with produced volumes are estimated to be delivered over the ten year primary contract period. First oil from Big Bend and Dantzler is expected in late 2015 and first quarter 2016 respectively. Brownfield construction to upgrade the facility will be handled by Noble Energy.

### *Turrets & Mooring Systems*

The three large complex turrets for Prelude FLNG, Quad 204 and Ichthys are progressing, in close consultation with the clients, on schedule according to their respective stages of project completion. Fabrication work on Prelude FLNG has been completed in Dubai and the turret has arrived in South Korea. Expected delivery is in the first half of 2015. Integration of Quad 204 with the vessel continues in South Korea, with expected delivery early 2015. Engineering, procurement and construction of the Ichthys turret continue to progress. The lower turret cylinder has arrived in South Korea, while the gantry and manifold are expected to sail away from the yard in Singapore in early 2015. Delivery to the client is expected in the first half of 2015.

## Compliance

On November 12, 2014 SBM Offshore announced 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 (DoJ) has informed SBM Offshore that it is not prosecuting the Company and has 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. Payments will be made in three instalments, the first of which (US\$100 million) has been paid. The two further instalments of US\$70 million each will be due on December 1, 2015 and 2016 respectively.

## Post-Period Events

### *Deep Panuke (Canada)*

On November 4, 2014 SBM Offshore announced the successful completion of a US\$450 million US Private Placement (USPP) for the Deep Panuke Production Field Centre (PFC) at a 3.5% fixed coupon with 7 year maturity.

## Divestment Update

On August 29, 2014 the Company announced the completion of the sale and leaseback of its Monaco real estate portfolio. The last of three buildings was sold for approximately US\$62 million net of expenses, resulting in a book profit of approximately US\$58 million. This was in addition to the December 17, 2013 announced sale and leaseback transactions for two of the three buildings with sales proceeds exceeding US\$100 million and resulting in a book profit of approximately US\$30 million. Total proceeds, net of expenses, resulting from the transactions are in excess of US\$162 million with a total book profit of approximately US\$88 million.

The Company continues to market the DSCV *SBM Installer*, a newbuild Diving Support and Construction Vessel (DSCV), while the FPSO *Falcon* and VLCC *Alba* remain held for sale.

## Directional<sup>1</sup> Backlog

Directional<sup>1</sup> Backlog as of September 30, 2014 stood at US\$21.8 billion.

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## Outlook and Guidance

The short term market outlook remains challenging as we continue to see delays in final investment decisions and ultimately awards. The Company maintains its positive medium to long term outlook as deepwater development remains a secular growth story and tendering activity continues to be at all-time highs.

Management confidently reiterates 2014 Directional<sup>1</sup> revenue guidance of US\$3.3 billion, of which US\$2.3 billion is expected in the Turnkey segment and US\$1.0 billion in the Lease & Operate segment.

## Conference Call

SBM Offshore has scheduled a conference call followed by a Q&A session at 9:00 Central European Time on Thursday, November 13, 2014.

The call will be hosted by Bruno Chabas (CEO), Peter van Rossum (CFO) and Sietze Hepkema (CGCO). Interested parties are invited to listen to the call by dialling +31 20 716 8295 in the Netherlands, +44 203 427 1906 in the UK or +1 212 444 0481 in the US and using access ID 7802231.

A replay will be available shortly after the end of the conference call. Interested parties can listen to the replay by dialling +44 203 427 0598 and using access code 7802231 for up to 30 days.

Financial Calendar	Date	Year
Full-Year 2014 Results - Press Release	February 5	2015
Publication of AGM Agenda	March 3	2015
Annual General Meeting of Shareholders	April 15	2015
Trading Update Q1 2015 - Press Release	May 8	2015
Half-Year 2015 Results - Press Release	August 6	2015
Trading Update Q3 2015 - Press Release	November 12	2015

## Corporate Profile

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

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

Group companies employ over 10,500 people worldwide, who are spread over five execution centres, eleven operational shore bases, the joint ventures with several construction yards and the offshore fleet of vessels. Please visit our website at [www.sbmoffshore.com](http://www.sbmoffshore.com).

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

The Management Board  
Schiedam, The Netherlands, November 13, 2014

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For further information, please contact:

**Investor Relations**

Nicolas D. Robert  
Head of Investor Relations

Telephone: +377 92 05 18 98  
Mobile: +33 (0) 6 40 62 44 79  
E-mail: [nicolas.robert@sbmoffshore.com](mailto:nicolas.robert@sbmoffshore.com)  
Website: [www.sbmoffshore.com](http://www.sbmoffshore.com)

**Media Relations**

Anne Guerin-Moens  
Group Communications Director

Telephone: +377 92 05 30 83  
Mobile: +33 (0) 6 80 86 36 91  
E-mail: [anne.guerin-moens@sbmoffshore.com](mailto:anne.guerin-moens@sbmoffshore.com)  
Website: [www.sbmoffshore.com](http://www.sbmoffshore.com)

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