SBM OFFSHORE N.V.
GENERAL SHAREHOLDERS MEETING

HILTON – ROTTERDAM
Friday 19th May 2006

D. Keller, Managing Director & CEO, SBM Offshore

In the early months of 2005, the sale of the shipbuilding activities was approved by the Shareholders and the Company, formerly IHC Caland, was renamed SBM Offshore on the 1st May. Except for NKI, the report that is presented today is for activities purely within the oil and gas services industry. The quality of the results and the forecasts that we have announced in January and that we have updated yesterday, do confirm that splitting off the shipbuilding was the right thing to do. We are now able to predict the financials of the Company in a more accurate and reliable manner, our economic model is easier to understand and the Management is very much focused on the business to take advantage of the upcoming favorable market.

In this brief, I will first summarize the financial results of the Company in 2005 and I will also highlight the major activities and other events that occurred during the year.
Then I will comment on the share price performance and the stockholding situation.
After that, we will review how the Company is doing compared to our January predictions and in particular we will discuss the exceptional order intake to date.
Finally I will summarize Management's view on the future of the Company and the main elements of our strategy.

<u>So let us start with a run through the performance in 2005.</u>
You will have noticed a substantial increase of the number of pages in our financial report. This is the combined result of increased transparency in compliance with the Tabaksblat Governance Code and the implementation of IFRS, which incorporates many additional disclosures and features a split of our Profit and Loss reporting between the sales and the lease and operate activities.

The net profit stands at 225 MM Dollars, an increase of 146% compared to 2004. It should be noted that this result is exceptionally high because it includes a substantial amount related to the sale of the Serpentina FPSO purchased by ExxonMobil under an option in the contract.
In the balance sheet, you will notice that the net debt to equity ratio has dropped from around 1.7 a year ago to 0.9. The cash flow situation is quite comfortable and provides ample capacity for financing further growth.

As we can afford it without jeopardizing our equity needs for further investments, we will propose to you a dividend based on the full net result including the exceptional revenue. The dividend will be 3.3 Dollar per share, an increase of 90% compared to previous year.

All the business units in the offshore activities have contributed positively to this result. During the year 2005, the Company was mainly busy with execution of large projects that we had in hand at the beginning of the year. It includes the construction of the production facilities for the Caspian Sea on both Agip and Petronas fields. Here, the outstanding performance on the Turkmenistan project should be noted, where purposely designed facilities were built and delivered in the Caspian thirteen months after contract, starting from a plain white sheet of paper.

It also includes the completion of two large disconnectable turrets, one for the White Rose FPSO in the North Atlantic and the other one for the Enfield FPSO for North Australia.

We were also busy with the execution of a large number of CALM buoy projects including another two deepwater export terminals.

But the major part of the success this year comes from the excellent performance of our FPSO fleet, some of which have generated substantial bonuses that were calculated from a variety of parameters that include technical performance, safety and budget effectiveness in the operations.

During the year, another major FPSO was built for Petrobras. It was brought to first oil during the spring of this year, two weeks ahead of schedule and within budget. The Company has reached a comfortable level in the execution of state-of-the-art complex facilities and this is our main competitive edge as the entrance barrier for newcomers in this business remains quite high.

Also the Sanha LPG FPSO, a unit that produces butane and propane in Angola is operating successfully, another demonstration of the Company's capability in high-tech projects.

Several major orders were obtained during the year: they include the Kikeh FPSO in partnership with the Petronas Group but this was already reported at the last AGM, another TLP platform for BHP for the Gulf of Mexico and an ultra-large turret for the P-53 FPSO in Brazil.

It also includes another two deepwater CALM buoys which places the Company market share at more than 90% in the deepwater production export terminals.

The total order intake in 2005 stands at 1.5 billion Dollars.

<u>Now the situation on the stock market</u>.

The share price went up during the year 2005 by 46% in Euros or 27% in Dollar terms which means that it has performed 20.5% better than the AEX. The stock of the Company is 100% free-float and at the end of

2005, roughly 75% of the stock was in the hands of Anglo-American institutional investors. There was only one shareholder who declared possessing more than 5% but less than 10%.
I want to express our appreciation to the investors that place their confidence in our Company. I am delighted that we were able to reward them with exceptional earnings that also translate into a good performance of the share price.

Let us look at the future starting with a few comments on this year's activities.

We have announced yesterday an improvement of our 2006 end-of-year forecast. A figure of 165 MM Dollars was announced in January and through yesterday's press release, this figure has been revised to 185 MM Dollars. This good news is mainly the result of three things:

- First, the success in obtaining major contracts since January. The two units for ExxonMobil on a fifteen years lease and operate basis. These contracts are very much frontloaded and also carry a substantial lumpsum element, a portion of which will generate margins during this year. Then the Frade FPSO for Chevron, contracted on a turnkey sale basis and also several other important contracts.

- Second, the very good performance of the FPSO fleet operations which will generate bonuses in excess of those already foreseen.

- Third, the lower interest expense mainly due to pre-payment of certain project loans and re-negotiation of margins on other loan facilities.

In addition to these measurable points, there is also the general context of a buoyant business where large orders have been obtained during these first four months of 2006 and more will still be taken this year. This will very much occupy the Company to its full capacity and requires the use of temporary personnel to a maximum extent. It will generate over-recovery of our overheads and fixed charges.
Let me also mention that the Dutch engineering companies Gusto and MSC in Schiedam will have an excellent year; they have received a number of large contracts that, together with the execution of inter-company engineering services, will make them extremely busy throughout the year.

Today, when accounting for all the contracts that have been obtained so far this year, and that have been announced, the order portfolio stands at a record high of over 6 billion Dollars, which is 35% above that of a year ago.

On the mid and long-term, the high level of demand in our business will continue and we believe it will persist for a number of years. We are determined to use this buoyant market as an opportunity to grow the Company organically.

Before anything else, we need to increase our execution capacity. In this favorable market, the Human Resources are our bottle-neck. We have decided to expand the Group and create a strong execution centre in South East Asia, we have chosen Kuala Lumpur in Malaysia as our operating centre. The target is to have around 2 million manhours of EPCI capacity in the whole Group within a year from now. In parallel to this, recruitment of additional staff is ongoing in the other execution centres: Schiedam, Monaco and Houston.

Our business strategy is mainly centered on four points:

- First, to spare no effort and continue the development of new technologies. To maintain the Company's position among the leaders of the offshore oil and gas industry requires a dynamic approach in this area. This year in 2006, we have set up a budget of around 20 MM Dollars for research and development; this figure includes the investment required to prepare the Company for a major role in the upcoming gas market.
- Number two is to expand the lease business model. For example, we do intend to enter into the Gulf of Mexico and offer there, not only FPSO services but oil and gas Hub services for the producers. We are presently pursuing a few objectives in this respect.
- The third element of the strategy is to increase our momentum towards the Gas market. We are concentrating our efforts in the LNG segment and we are progressing on the back of a few prospects with the intention to play a serious role of front-runner in this business. That role will not be limited to providing technology and services but it will be expanded into every link of the value chain from the natural gas well-head to the delivery point including the liquefaction and the regasification. This is a tremendous challenge and our Gas and Power division is performing quite well. It is made of a team of young and enthusiastic engineers and managers who are very focused on the objective.
- And the last point of course is to never lose grasp of the Services and Offshore Contracting activities. In 2005 this segment has contributed about 15 MM Dollars to the bottom line. It is worth mentioning that our new deepwater installation vessel is now operational and is already working in Africa. This vessel represents a total investment of 104 MM Dollars. It is a cost-effective tailor-made vessel. We will use it both to mitigate the important risks related to deep offshore installation of our facilities and also of course to generate profit.

The balance sheet is quite satisfactory to support the investment required to grow the Company. We have peaked at a gearing level of 172 in the past and we felt very comfortable even at that level. Through our conservative financing policy we are paying down the debt quite fast and there is ample room in the balance sheet to support a fast growth of our lease activity. We see no risk that we would need to issue stock to raise the equity level neither in 2006 nor in the mid-term, the business opportunities would need to be far beyond our most optimistic assumptions for such need to arise.

In conclusion, we predict a high demand period that should last several years, probably four to six. We will use that to grow the Company earnings at a fast pace. We should see a slight improvement of the margins in general but not a dramatic change; the earning growth will mainly come from the growth of both the lease fleet and the turnkey sales turnover. Meanwhile we will concentrate on preparing for the future so that beyond this favorable period, the Company will still find fuel for growth in the long term.
We are confident in our market and we are confident in our capabilities.

On behalf of my colleagues, I want to thank you, Shareholders, for the confidence that you place in SBM Offshore and I assure you that the future will not be disappointing.
Thank you very much.