SBM OFFSHORE ANNUAL RESULTS 2010
INCREASED PROFIT AND RECORD ORDER PORTFOLIO

Financial Highlights

- Turnover US$ 3,056 million (US$ 2,957 million in 2009);
- Net profit of US$ 276 million (US$ 230 million in 2009);
- New orders totalled US$ 4,532 million (US$ 3,740 million in 2009);
- Record order portfolio US$ 11,502 million (US$ 10,032 million in 2009);
- Net debt US$ 1,711 million, net gearing 81% (US$ 1,464 million, net gearing 81% at year-end 2009);
- EPS of US$ 1.44 (US$ 1.47 in 2009), proposed dividend of US$ 0.71 per share (US$ 0.67 in 2009).

Operational Highlights

- Delivery and start of production on FPSO P-57;
- Relocation to Cachalote field and start of production on FPSO Capixaba;
- Two Semi-Submersible drilling rigs delivered;
- LOI for new 20-year lease contract for FPSO Cidade de Paraty in Brazil on Lula NE field.

Outlook 2011

- Turnover in the same range as 2010, with 90% secured from current portfolio;
- EBIT margin from Turnkey Systems in upper half of the 5% – 10% range, before taking into account the expected significant impact of finance lease accounting;
- Turnkey Services EBIT margin within the 15% – 20% range;
- Lease and Operate EBIT in the same range as underlying 2010 level.

Tony Mace, CEO of SBM Offshore: “We are pleased to announce financial results showing a strong increase in profit compared to last year and an improved EBIT margin specifically in the Turnkey Systems segment. The Company delivered several major projects throughout the year. The Company’s fleet of leased vessels has again performed very well generating substantial bonus revenues. Order intake has been satisfactory, and has led to a new record order portfolio at year-end and the Company is well positioned for a number of new order prospects in 2011. The expanded 5-year revolving credit facility, new project financing facility for FPSO Aseng and the recently announced financial partnership with Mitsubishi Corporation all strengthen the Company’s financing capacity and objective to grow the fleet of leased units”.

Key figures

US$ million	2010	2009	Change
Turnover	3,056	2,957	3.4%
EBITDA	688.4	613.3	12.2%
EBIT	362.4	293.4	23.5%
Net Profit	276	230	20.0%
EBIT margin	11.9%	9.9%	20.2%
Investments in fixed assets	519	656	(20.9%)

Dow Jones Sustainability Indexes

1. Financial Review

The consolidated result for 2010 is a net profit of US$ 276.0 million, a 20.0% increase in comparison with the 2009 net profit of US$ 230.0 million. This result includes non recurring items which generated a net gain of US$ 9.0 million in 2010 (US$ 32.4 million in 2009). Net profit attributable to shareholders amounts to US$ 240.0 million (US$ 221.0 million in 2009).

Earnings per share amounted to US$ 1.44, which is 2.0% below the level of US$ 1.47 in 2009. EPS did not increase in line with net profit due to the larger portion of net profit attributable to minority interests and due to a higher average number of shares. Proposed dividend per share is US$ 0.71, representing the Company's normal pay-out ratio of 50% of net profit.

New orders in the year totalled US$ 4,532 million (split 43% / 51% / 6% between the Lease and Operate, the Turnkey Systems and the Turnkey Services segments respectively), compared to US$ 3,740 million of new orders in 2009.

Turnover increased by 3.4% to US$ 3,056 million, in comparison with US$ 2,957 million in 2009, mainly as a result of higher Turnkey Systems revenues.

Total order portfolio at the end of the year was US$ 11,502 million compared to US$ 10,032 million at the end of 2009, an increase of 14.7% and a new record. Of this, 78% or US$ 9,003 million relates to the non-discounted value of the revenues from the Company's long-term lease contracts in portfolio at year-end.

Operating profit (EBIT) increased by 23.5% to US$ 362.4 million compared with US$ 293.4 million in 2009. EBIT margin increased to 11.9% compared to 9.9% in 2009 while the net profit margin rose to 9.0% (7.8% in 2009). The relative contributions to EBIT from the three segments were 37% from Lease and Operate, 47% from Turnkey Systems and 16% from Turnkey Services. In 2009 the corresponding split was 54% : 30% : 16%.

Segmental EBIT margins were for Lease and Operate 18.3% (2009: 21.4%), Turnkey Systems 9.4% (2009: 5.0%) and Turnkey Services 18.9% (2009: 20.3%) including intercompany projects.

EBITDA amounted to US$ 688.4 million, a 12.2% increase compared to US$ 613.3 million in 2009.

The year was marked by the following highlights:

- a Letter of Intent for one major new order in the first half of the year (FPSO Cidade de Paraty finance lease), plus a Letter of Agreement for the Tubular Bells project, several lease extensions, variation orders, and various smaller projects;
- the sale of 20% of the Company's stake in the Paenal construction yard to DSME resulting in a non-recurring reduction of net financing costs of US$ 9.0 million;
- first oil from two major projects for Petrobras, the FPSO Capixaba relocation to the Cachalote field, and the FPSO P-57 turnkey delivery and start of the 3-year operating contract;
- much higher contribution from the Turnkey Systems segment, as the good results generated from the more recent projects (including those projects accounted for as finance leases) become more predominant, and despite some further schedule and cost increases on the drilling rigs series and heavy lift crane project;
- the performance of the Lease & Operate fleet in operation in 2010 exceeded expectations, although the year was negatively impacted by impairment charges of US$ 30.8 million related to the Yme MOPUstor™, and US$ 19.9 million incurred on the tanker inventory which was laid-up for the year. The MOPUstor™ impairment resulted from additional costs. The tanker inventory impairment reduces the carrying values of two tankers (Navajo Spirit and Ballina) to market value;
- Capital expenditure in 2010 amounted to US$ 519 million, which is lower than in 2009 (US$ 656 million) but excludes investments in two leases which are accounted for as finance leases and accordingly are not reported as property, plant and equipment but under construction contracts;
- new project finance facilities of US$ 602 million for FPSO Aseng and a new, expanded 5-year Revolving Credit Facility of US$ 750 million.

More financial information is provided in the detailed financial analysis that can be found in the appendix.

2. Development Order Portfolio

2.1 Lease and Operate

- In January 2010, the lease and operate contract for the Kuito FPSO was extended by Cabinda Gulf Oil Company Ltd. by one year to 26 January 2011. Since year-end the contract was extended until 31 March 2011 with additional extensions currently under negotiation;

- In May 2010, the operate contract for the FPSO Serpentina was extended by Mobil Equatorial Guinea Inc. for one year up to August 2011;

- In June 2010, the operate contract for the FSO Unity was extended by Total Exploration Production Nigeria Limited for one year up to 30 June 2011;

- In June 2010, the lease and operate contract for the Nkossa II was extended by Total Congo for a firm period of five years with options for further extension;

- In August 2010, the contract for a new eighteen year lease and operate order was signed with Petrobras for the relocation of the FPSO Espadarte to the Baleia Azul field, confirming the Letter of Intent received late 2009;

- In September 2010, a Letter of Agreement was issued to the Company for a five year lease and operate contract, based on a production handling agreement, for a Deep Draft Semi-submersible production facility for the Tubular Bells development. The Company will supply the production facility and the initially committed value is limited to US$ 170 million. The Tubular Bells project is subject to project sanction (expected in first half of 2011) and has not been included in the year-end order portfolio;

- In October 2010, the lease and operate contract for the FPSO Xikomba was extended by Esso Exploration Angola Limited (EEAL) for one year with a ninety days notice period for termination. Since year-end the Company has received notification of termination from EEAL and expects that the unit will be released mid-2011.

2.2 Turnkey Systems and Turnkey Services

The most significant awards during the year included:

- In May 2010, the Company and its JV partners received a Letter of Intent from Petrobras for a twenty year lease and operate contract (commencing March 2013) for the FPSO Cidade de Paraty on the Lula (formerly Tupi) Nordeste Field, offshore Brazil. Final contract negotiations are expected to be completed in the first quarter of 2011.

  The contract is considered to be a finance lease with revenue and gross margin reported accordingly within the Turnkey Systems segment during the construction phase of the project.

- A contract for the design of two windmill installation jack-up vessels including the supply of the continuous jacking systems and 800-tonnes capacity offshore cranes that will be fitted on these vessels;

- Material variation orders on several contracts as a result of modifications requested by our clients;

- Several FEED studies for production facilities and turrets, some of which are expected to lead to hardware orders;

- In Turnkey Services the order portfolio developed better than expected with orders for ten CALM buoys, several swivel stacks, offshore contracting projects and other services related orders.

3. Operations

Lease and Operate

After completion of conversion works in February, FPSO Capixaba sailed from Singapore for re-deployment at the new Cachalote field offshore Brazil; first oil was achieved at the end of May 2010. The unit is under a twelve year lease and operate contract with Petrobras.

Engineering and procurement work is progressing on the FPSO Espadarte relocation project to the Baleia Azul field. It is expected that the FPSO will be disconnected from its current location in 2011 and will be towed to Singapore for the conversion and upgrade work, with first oil at Baleia Azul in 2012.

The FPSO Aseng project is proceeding in accordance with the Company's plans with the vessel refurbishment ongoing at the Keppel shipyard. Procurement of main equipment has been completed and module fabrication work is under way.

The FPSO Cidade de Paraty project for Lula Nordeste field is in progress with engineering activities and procurement of main equipment as per schedule. Vessel refurbishment and conversion works have commenced at Keppel shipyard as well as construction of modules in Singapore and Brazil.

The construction of the Deep Panuke MOPU platform for EnCana is at the commissioning stage in the dry dock in Abu Dhabi with completion and load out scheduled later this year. During the project, modifications to the original design were requested by the client and implemented by the Company resulting in increased construction time and significant costs. The Company has claimed these additional costs from the client through change orders to the contract. The Company and client have so far not been able to reach an agreement on the level of compensation for the cost increases and extended construction time associated with the changes. Further discussions are in progress.

The MOPUstor™ for Talisman's Yme field arrived in Norway in the fourth quarter of 2010 and the platform is currently on stand by for offshore installation. The actual timing of installation and consequent start up of the unit and lease depends on an adequate weather window to allow this operation to be carried out in a safe manner. Additional costs have been incurred resulting in an impairment charge of US$ 30.8 million in the 2010 financial statements.

Turnkey Systems and Turnkey Services

The P-57 FPSO for Petrobras started production operations on the Jubarte field in December 2010. The Company will operate the FPSO for three years.

The first and second semi-submersible drilling rigs "Lone Star" and "Norbe VI" have been delivered and handed over to respective clients Queiroz Galvão Perfuraçoes S.A. and Odebrecht Oil & Gas offshore Abu Dhabi in 2010. Delivery of the third rig is progressing in line with previous announcements and is expected to be delivered in the first half of 2011.

Commissioning activities on FPSO Okha are progressing well at Keppel shipyard with completion scheduled for the first half of 2011 in agreement with our client Woodside.

The supply and integration of the 5,000 tonnes capacity crane on the heavy lift vessel for IHC Merwede has been completed and final load tests are currently in progress.

The Company's two installation vessels did not achieve the initially expected utilisation rates during the year, but activity levels for other services and products were high.

4. Market Developments

The current high oil price should ensure the economic viability of most oil field development projects, allowing oil companies to proceed with their production plans. This is reflected in the current high level of sales and bidding activity for prospects of which the Company has targeted several and is optimistic the order intake for 2011 will be good. The Company's main areas of focus are deepwater developments in Brazil, West Africa, Asia, the Gulf of Mexico as well as the North Sea and frontier regions in the Arctic, with several FPSO and large turret mooring systems prospects.

The year 2010 saw a significant recovery in the number of orders awarded in the FPSO sector and the Company was successful with obtaining a Letter of Intent and a Letter of Agreement for two new lease contracts. The considerable value associated with the FPSO Cidade de Paraty lease and operate contract for the Lula Nordeste project, coupled with an increase in 'smaller' projects, extensions and upgrade work, has placed the Company's order portfolio at a record high.

The Company's Turnkey Systems business includes the supply of proprietary designs and equipment for the drilling platforms and offshore construction industry which continues to show growth.

Activity in the Company's Turnkey Services segment is expected to be reasonably buoyant in the future with utilisation rates of the Company's two installation vessels showing improvement. The Company plans to invest in a new DSCV (Diving Support Construction Vessel) which will be delivered in 2013 increasing the Company's deepwater offshore installation and construction capabilities for which the market is expected to grow in the coming years.

The offshore LNG sector is showing signs of further development with significant activity on several projects in which the Company has an interest. The Company, together with Chiyoda of Japan, has concluded a FEED study for Petrobras' FLNG for the pre-salt developments offshore Brazil. Other FLNG engineering studies are being performed for other clients, mostly in the Far East region.

The Company's technology development will focus on the growing areas of deepwater oil and gas production, offshore LNG production and renewable energy initiatives, where the Company sees good opportunities for its product lines in the coming years.

5. Dividend proposal

In accordance with the Company's dividend policy a dividend of 50% of net profit is proposed, with the choice of payment of the dividend in cash or in shares of SBM Offshore at the election of each shareholder. Based on the 2010 net profit to shareholders of US$ 240.0 million, the proposed dividend is US$ 0.71 per share compared to US$ 0.67 in 2009.

As in previous years, the annual dividend will be calculated in US Dollars, but will be payable in Euros. The conversion into Euros will be effected on the basis of the exchange rate on 5 May 2011. The conversion ratio for stock dividend will be determined on 30 May 2011, after the close of the NYSE Euronext Amsterdam stock exchange and will be based on the volume weighted average price of all traded ordinary shares for the period of 23-27 May 2011.

6. Outlook 2011

The Company anticipates the following in 2011:

- Turnover is expected to be in the same range as 2010, with 90% already secured from projects in hand;
- Average EBIT margin in the Turnkey Systems segment is expected to be in the upper half of the 5% – 10% range, before taking into account the impact of finance lease accounting which is expected to be significant;
- Turnkey Services average EBIT margin expected to be within the 15% – 20% range;
- Lease and Operate EBIT is expected to be in the same range as the underlying level achieved in 2010 (i.e. excluding 2010 impairment charges);
- Net financing costs are expected to decrease by up to 15% compared to 2010;
- Capital expenditure, excluding any new operating lease contracts to be obtained in 2011, is expected to amount to around US$ 0.4 billion;
- Net gearing at year-end 2011 is expected to remain below 100%, with all financial ratios well within banking covenants.

7. Analyst Presentation

The Analyst Presentation will be webcast via the SBM Offshore website (www.sbmoffshore.com) at **12h00** CET on Friday 4 March 2011.

There is also a Call-In facility for participants who want to listen to the presentation via teleconference and also have the option to ask questions during Q&A session. The dial-in number is: **+31 10 2944 271.**

Playback facilities of the presentation and Q&A session will be accessible via the Company website www.sbmoffshore.com.

8. Financial Agenda

Event	Date
Publication Annual Report and agenda Annual General Meeting of Shareholders	24 March 2011
Trading Update Q1 2011 - Press Release (07.30 CET)	5 May 2011
Annual General Meeting of Shareholders (Rotterdam)	5 May 2011
Half-year Results 2011 - Press Release (07.30 CET)	18 August 2011
Half-year Results 2011 - Analysts Presentation (Amsterdam)	18 August 2011
Trading Update Q3 2011 - Press Release (07.30 CET)	17 November 2011

9. Corporate Profile

Dutch limited liability company SBM Offshore N.V. is the holding company of a group of international, marine technology orientated companies. Its business is to serve on a global basis the offshore oil and gas industry by supplying engineered products, vessels and systems, and offshore oil and gas production services.

The product line comprises:

- Offshore import/export terminals for crude oil, refined products, LPG and LNG, mostly based on the single point mooring principle, Floating Production and/or Storage and Offloading systems (FSOs and FPSOs) and other floating production facilities based on ship hulls, semi-submersibles and Tension Leg Platforms (TLPs);
- Offshore oil and gas production services through the leasing of integrated production and storage facilities owned and operated by SBM Offshore;
- Design, construction and supply of semi-submersible drilling platforms;
- Special designs and engineering services and delivery of specific hardware components for dynamically positioned drillships, semi-submersible drilling platforms, jack-up drilling platforms, jack-up platforms for civil construction, large capacity offshore cranes, elevating and lifting systems, crane vessels and other specialised work vessels;
- Offshore construction and installation contracting services.

The Board of Management — Schiedam, 4 March 2011

For further information:
SBM Offshore N.V.
Karel Doormanweg 66
3115 JD Schiedam

Post address:
P.O. Box 31
3100 AA Schiedam
The Netherlands

Contact person: Mr. Sebastiaan de Ronde Bresser

Telephone: (+377) 92 05 85 15
Mobile: (+33) 643 919 312
Fax: (+377) 92 05 89 40
E-mail: sebastiaan.derondebresser@sbmoffshore.com
Website: www.sbmoffshore.com

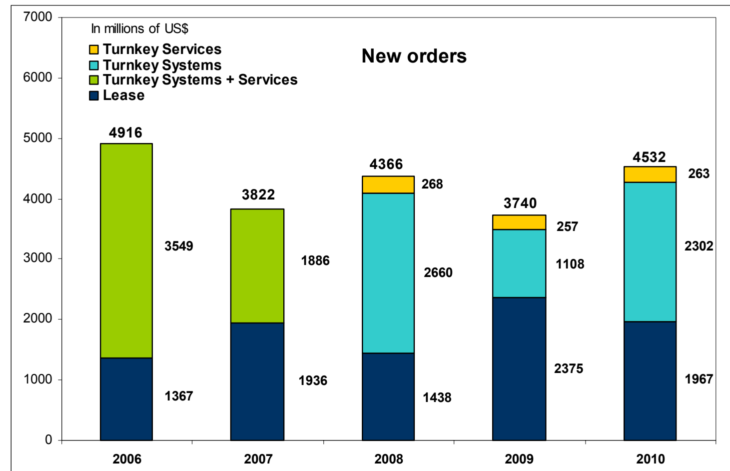
Disclaimer

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

Appendix Detailed Financial Information

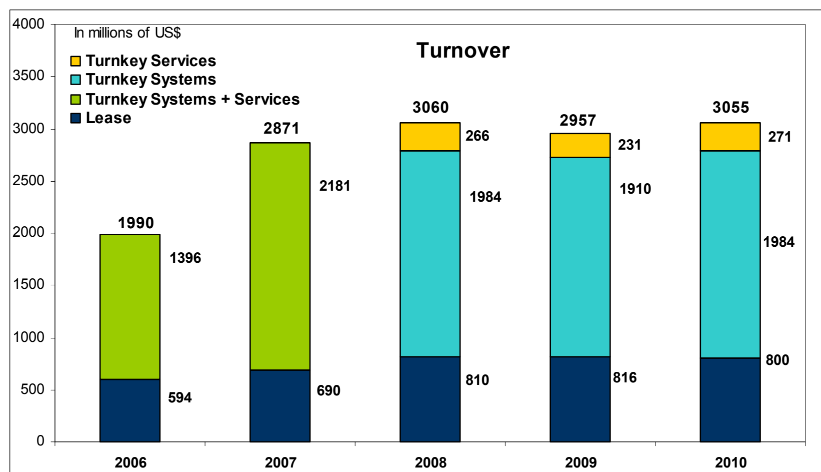
New Orders

Total new booked orders for 2010 amounted to US$ 4,532 million. This total includes US$ 2.5 billion for a 20-year lease contract for the FPSO Cidade de Paraty for Petrobras. Due to the specific contract structure and terms this contract is accounted for as a finance lease and is therefore reported partly as a Turnkey Systems sale (US$ 1.3 billion) and partly within Lease & Operate (US$ 1.2 billion).



Turnover

Total turnover rose marginally when compared with 2009 due to higher revenues recognised in the Turnkey Systems segment as the progress of certain major projects (e.g. FPSO P-57, FPSO Okha) was combined with the recognition of turnover on two contracts accounted for as finance leases (see below). Turnkey Systems third party turnover of US$ 1,984 million represents 65% of total 2010 turnover (2009: US$ 1,910 million representing 65%). Lease and Operate turnover fell by 2% to US$ 800 million (26% of total revenues; 27.6% in 2009) as the first full year of revenues from Semi-Submersible Thunder Hawk, largely compensated for the reduction in day-rate income resulting from the sale of MOPU/FSO Oguzhan (June 2009), and termination of the charter of FPSO Falcon (December 2009). Turnkey Services third party turnover increased by 17% to US$ 271 million and represents 9% of total revenues (8% in 2009).



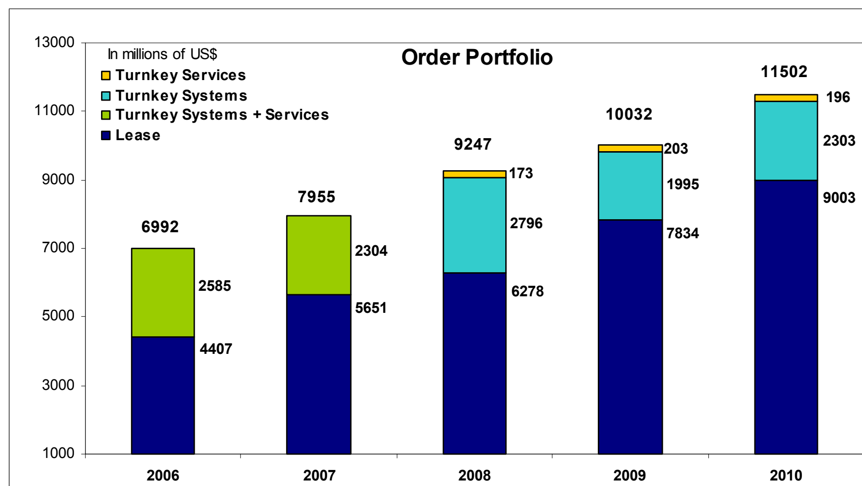
The contract for the FPSO Aseng for Noble Energy is a fifteen year front-loaded lease performed in a 60/40 joint venture with GEPetrol, which is accounted for as a finance lease. The joint venture company is considered to be under the control of SBM Offshore and is fully consolidated in the financial statements, with elimination of the GEPetrol 40% share as minority interest. This means that the entire fair value of the asset is recognised as Turnkey Systems turnover during construction with related gross margin, with the return on investment recognised as lease income during the lease period. The project was funded through 2010 by cash calls to the JV partners, with amounts contributed by GEPetrol accounted for as long term debt. On 31 December 2010 a first drawdown (US$ 300 million) on the project loan facilities was effected.

The contract for the FPSO Cidade de Paraty is also accounted for as a finance lease, but in this case the joint venture is jointly controlled by SBM Offshore, and our 50.5% share of the JV is consolidated proportionately. Thus turnover recognised is equal to our partners' 49.5% share of the EPCI "sales" price of the FPSO from SBM Offshore to the JV (i.e. eliminating the inter-company portion of the sale), plus the Company's share of the excess of the fair value of the lease over the EPCI price. As at 31 December 2010 the charter contracts with Petrobras had not been finalised, but are expected to be completed in the first quarter of 2011. Based upon the signed LOI from Petrobras, the Company has accounted for the project revenue and expenses in accordance with the stage of completion at the year-end.

In 2010, total Turnkey Systems turnover recognised in respect of construction of assets accounted for as finance leases amounted to US$ 681 million (2009: US$ 95 million).

The ongoing charter contracts for FPSOs Mondo and Saxi Batuque are similarly accounted for as finance leases. Return on investment recognised in the Lease & Operate turnover in 2010 in respect of these contracts amounted to US$ 16 million (2009: US 19 million).

Order Portfolio



The year-end order portfolio at US$ 11.50 billion is up 14.7% from last year's level of US$ 10.03 billion. The current order portfolio includes US$ 9.00 billion (2009: US$ 7.83 billion) for the non-discounted value of future revenues from the long-term charters of the lease fleet, of which US$ 4.7 billion (2009: US$ 4.8 billion) represents the bareboat element of the operating leases. Approximately 55% of the future bareboat revenues will be generated from the lease contracts which have yet to commence (FPSO Baleia Azul, MOPUstor™ Yme and MOPU Deep Panuke). The Turnkey Systems order portfolio increased by 15.5% to US$ 2.30 billion and represents more than one year of turnover. Turnkey Services backlog decreased by 3.7% to US$ 0.20 billion (approximately nine months of turnover).

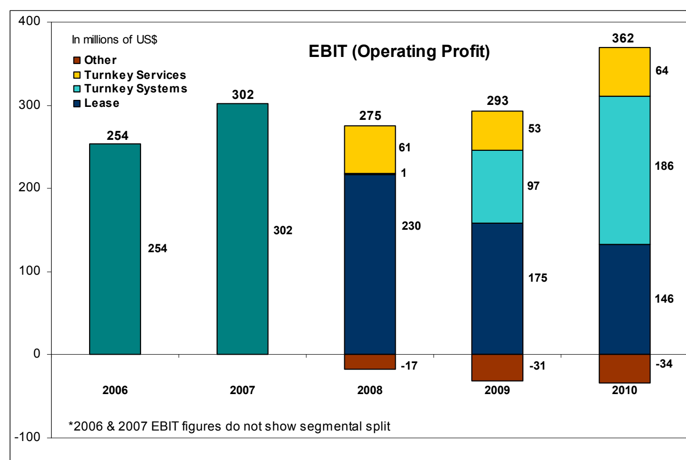
The Company's order portfolio as at 31 December 2010 is expected to be executed as follows:

US$ billion	**Turnkey Systems**	**Turnkey Services**	**Lease & Operate**	**Total**
2011	1.6	0.2	0.9	2.7
2012	0.4	-	0.9	1.3
2013	0.3	-	0.9	1.2
Beyond 2013	-	-	6.3	6.3
TOTAL	**2.3**	**0.2**	**9.0**	**11.5**

Profitability

The primary business segments of the Company are Lease and Operate, Turnkey Systems and Turnkey Services plus "Other", non allocated corporate income and expense items. EBIT is analysed per segment but it should be recognised that business activities are closely related, and certain costs are not specifically related to either one segment or another. For example, when sales costs are incurred (including significant sums for preparing the bid), it is often uncertain whether the project will be leased or contracted on a turnkey lump sum basis. Furthermore, with IFRS limiting the capitalisation of General & Administrative overheads into the asset value of the lease fleet, segmental results are skewed in favour of the lease activities. Indeed much of the Company's engineering and project management resources contribute to construction of the lease fleet 'at cost' without a Selling, General and Administration costs (S, G & A) mark-up, while the Lease and Operate segment results 'benefit' from lower capex and lower annual depreciation.

In recent years, lease contracts have tended to longer durations and are increasingly considered to be finance leases for accounting purposes, whereby the fair value of the leased asset is recorded as a Turnkey Systems "sale" during construction. This has the effect of recognising in the Turnkey Systems segment, during construction, part of the lease profits which would, in the case of an operating lease, be reported through the Lease & Operate segment during the lease.



Gross margin in 2010 of US$ 511.4 million (US$ 452.3 million in 2009) consisted of US$ 165.6 million (US$ 195.3 million in 2009) from Lease and Operate activities, US$ 270.4 million (US$ 187.3 million in 2009) from Turnkey Systems, and US$ 75.4 million (US$ 69.7 million in 2009) from Turnkey Services.

EBIT increased by 23.5% compared to 2009 to US$ 362.4 million with the following highlights:

- much higher contribution from the Turnkey Systems segment, as the good results generated from the more recent projects (including those projects accounted for as finance leases) become more predominant, and despite some further schedule and cost increases on the drilling rigs series and heavy lift crane project;
- the performance of the Lease & Operate fleet in operation in 2010 exceeded expectations, although the year was negatively impacted by impairment charges of US$ 30.8 million related to the Yme MOPUstor™, and US$ 19.9 million incurred on the tanker inventory which was laid-up for the year. The MOPUstor™ impairment resulted from additional costs. The tanker inventory impairment reduces the carrying values of two tankers (Navajo Spirit and Ballina) to market value;
- excellent operating performance and higher contribution from the Turnkey Services activities despite a lower occupancy of the two installation vessels than expected at the beginning of the year;
- there were no operating gains from sale of assets in 2010 whereas in 2009 pre-tax gains of US$ 32.4 million were realised (sale of MOPU/FSO Oguzhan);
- lower Selling and Marketing and R&D charges, partially offset by higher General & Administration costs.

As a percentage of the higher turnover, operating profit increased to 11.9% (2009: 9.9%). Segmental EBIT margins were for Lease and Operate 18.3% (2009: 21.4%), Turnkey Systems 9.4% (2009: 5.0%) and Turnkey Services 18.9% (2009: 20.3%) including intercompany projects. The relative contributions to EBIT from the three segments were 37% from Lease and Operate, 47% from Turnkey Systems and 16% from Turnkey Services. In 2009 the corresponding split was 54% : 30% : 16%. Non-allocated “Other” income and expenses showed a net cost of US$ 34.1 million in 2010, compared with US$ 31.3 million in 2009.

Net financing costs at US$ 83.7 million were 40% higher than in 2009 (US$ 60.0 million) mainly as a result of the Deep Panuke project interest rate hedge which became partially ineffective (value of hedge contract exceeded underlying interest rate exposure) as reported in the mid-year financial statements. This meant that the (negative) market value of the ineffective part of the hedge contract at that time had to be charged directly to the income statement (non-cash item). In the latter part of the year the realised interest cost of the overhedged portion has also been charged to the income statement. Total impact in the 2010 results from this item amounts to US$ 22 million. Net financing costs were however favourably impacted by a non-recurring release of provisions related to financing of the Paenal Yard (US$ 9.0 million), upon divestment of 20% of the Company’s shareholding.

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

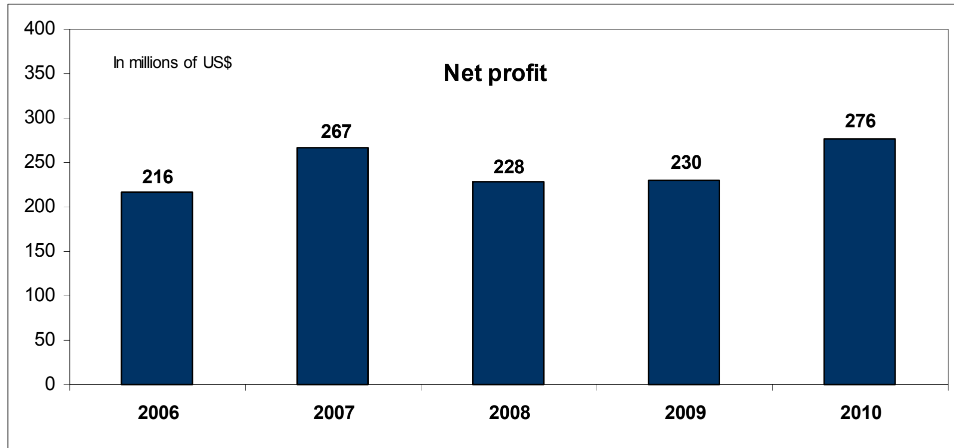
Interest income was low in 2010 with the extremely low level of short-term US interest rates.

Net financing costs also include currency variances resulting from project and overhead hedges. These currency variances were much higher in 2010 than in 2009 (US$ 13.8 million vs US$ 0.3 million for prior year) due to differences in actual currency expenditure in certain projects compared to original (hedged) expectations. This led to enhanced project results (within gross margin) but higher financial costs.

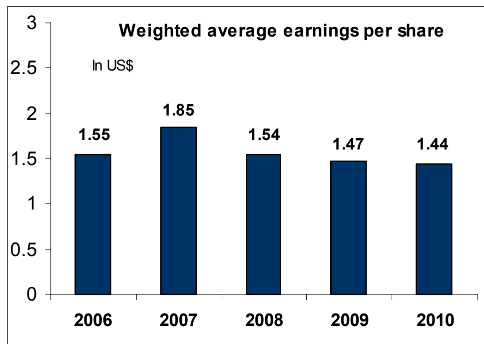
The reported Share of profit in associates was nil in 2010. In the future the Company’s share of net results in non-controlled joint ventures is likely to appear in this line item, but at the current time the Company’s accounting policy for such joint ventures continues to be the proportionate consolidation method whereby the Company’s share of each income statement or balance sheet line item is included in the consolidated financial statements.

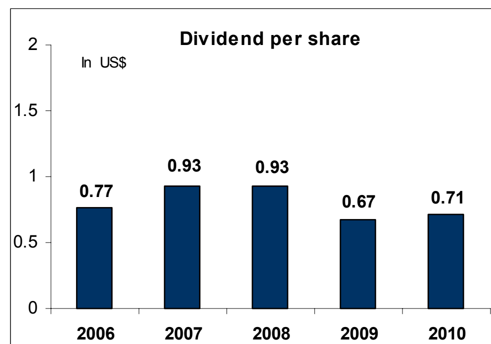
Dow Jones Sustainability Indexes Member 2010/11

Income tax in 2010 was US$ 2.65 million (1.0% of pre-tax profit), reflecting significant losses in the Dutch operations of the Company, the recognition of a research tax credit in the U.S. and the relatively low tax burden elsewhere. This compares to a net tax burden of US$ 3.7 million (1.6% of pre-tax profit) in 2009. The corporate tax burden excludes deemed profit taxes and withholding taxes levied outside each group company's country of incorporation, which are considered to be project costs and reported within cost of sales. In 2010 these taxes amounted to US$ 33 million (2009: US$ 29 million).



Detailed allocation of net profit between business segments is not provided. Minority interest in the 2010 net profit amounts to US$ 36.1 million which is well above the 2009 minority share of US$ 9 million due to higher reported results from fully consolidated joint ventures where the Company has a minority partner (principally concerns FPSOs Aseng and Capixaba). Net profit attributable to shareholders accordingly amounts to US$ 240.0 million (US$ 221.0 million in 2009).





As reported earlier the dividend proposal will be US$ 0.71 per share, which represents a 50% pay-out ratio, payable 50% in cash or in SBM Offshore shares with a rounding premium for those shareholders selecting the latter option.

Dow Jones Sustainability Indexes

Statement of financial position

US$ million	2006	2007	2008	2009	2010
Capital employed	1,754.0	2,257.4	2,740.9	3,325.8	3,878.7
Total equity	1,119.0	1,337.7	1,240.9	1,816.8	2,123.4
Net Debt	585.8	874.7	1,464.0	1,464.0	1,711.1
Net gearing (%)	52	65	118	81	81
Net Debt: Unadjusted EBITDA ratio	1.23	1.60	2.76	2.39	2.49
Capital expenditure	309.0	551.0	999.8	656.0	519.0
Current ratio	1.14	1.15	0.79	0.91	1.32

Shareholders' equity increased by 15.0% to US$ 2,073 million as a result of the retained profit and the reduction of the negative value of the Company's hedge portfolio explained below. These unrealised losses are charged directly against equity in accordance with hedge accounting rules and result from the Company's policy of full hedging of identified interest rate and forex exposures and the significant movements in US interest rates and foreign exchange rates.

Capital Employed (Equity + Provisions + Deferred tax liability + Net Debt) at year-end 2010 is US$ 3,878.7 million which is US$ 553 million (16.6%) above last year's level due to the ongoing investments in leased production facilities (partly financed with new debt), plus retained profits and adjustments to equity in respect of derivative financial instruments. With the strengthening of the US$ in the early part of the year, followed by weakness in the latter few months, equity has been positively impacted by US$ 90 million in 2010 on marking to market the Company's portfolio of forward exchange contracts. On the other hand, and despite the increase in longer term swap rates towards the end of the year, the mark to market of the interest rate hedge portfolio generated a negative impact in equity of US$ 26 million. The combined equity impact amounted to US$ 64 million (positive).

At 31 December 2010 the Company has undrawn committed long-term bank facilities totalling US$ 897 million (Revolving Credit Facility, Deep Panuke and Aseng project loans) available for financing capital investment in 2011. The relevant banking covenants were all comfortably met.

There continues to be no off-balance sheet financing.

The current ratio increased sharply due to the ongoing investments in assets for which the lease contracts are accounted for as finance leases. Until completion of these investments, the assets are recorded within construction contracts.

Capital Expenditure

Total capital expenditure for 2010 (comprising of additions to property, plant & equipment plus capitalised development expenditure) amounted to US$ 519.0 million (2009: US$ 656 million). The majority of this total is related to new investment in the lease fleet for which the major elements are:

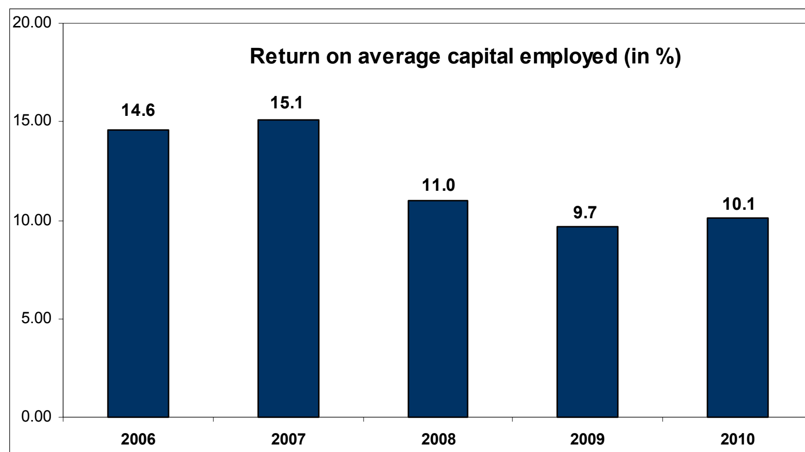
- completion of the FPSO Capixaba for Petrobras;
- ongoing expenditure on the conversion and equipment procurement for the MOPUstor™ jack-up facility for Talisman's Yme field in Norway, the MOPU gas platform for EnCana's Deep Panuke field in Canada, and the FPSO Espadarte upgrade for relocation to Petrobras' Baleia Azul field in Brazil;
- completion of Phase I of the Angolan yard Paenal;
- LNG related products development work and patents;
- a VLCC hull for future conversion into a FPSO.

Capital expenditure in 2010 on the FPSO Aseng for Noble Energy and the FPSO Cidade de Paraty for Petrobras is excluded from the total amount above. Due to the classification of the contracts as finance leases, investment in the units were recorded through construction contracts, with the investments in finance lease to be ultimately recorded in financial fixed assets.

The increase in property, plant and equipment in 2010 to US$ 2,942 million (31 December 2009: US$ 2,830 million) resulted from capital expenditure in 2010 less depreciation and amortisation and less the impact of deconsolidation of 20% of the shares in the Paenal Yard joint venture to DSME, and the transfer of one tanker to construction contracts.

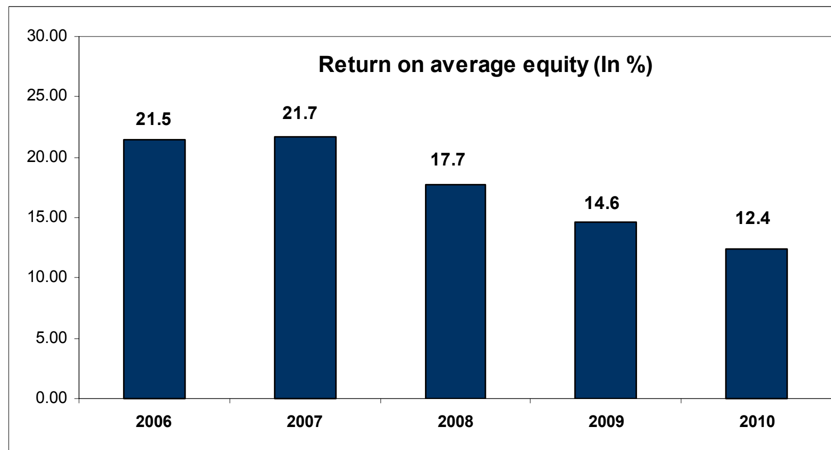
The Company's investments comprise the external costs (shipyards, subcontractors, and suppliers), internal costs (manhours and expenses in respect of design, engineering, construction supervision, etc.), third party financial costs including interest, and such overhead allocation as allowed under IFRS. The total of the above costs (or a proportionate share in the case of joint ventures) is capitalised in the Company's consolidated balance sheet as the value of the respective facility. No profit is taken on completion/delivery of such a system for a lease and operate contract which is classified as an operating lease.

Return On Average Capital Employed and Equity



ROACE (Return On Average Capital Employed) rose marginally in 2010 to 10.1%. This was achieved through improved operating performance and despite the following:

- profitability from the Lease and Operate activities was impacted significantly by the impairment charges on the Yme MOPUstor™ and the tanker inventory;
- higher average capital employed finances assets still under construction without commensurate EBIT contribution (no new leases commenced in 2010, except for the relocated FPSO Capixaba);
- growth in capital employed was also amplified by the upward movement in the total market value of the exchange rate/interest rate hedge portfolio.



Return On average shareholders' Equity (ROE) at 12.4 % was below the level achieved in recent years due to the same factors as mentioned above, the increased net financing costs (including the hedge losses explained earlier), plus the 9.2% equity issue of November 2009.

As noted earlier the minority share of 2010 net profit is higher than in previous years and accordingly has a significant impact on ROE. Return on total equity (before deduction of minority) amounted to 14.0% in 2010 (2009: 15.0%).

Cash flow / liquidities

US$ million	2006	2007	2008	2009	2010
Net profit	216.3	266.8	227.9	230.0	276.0
Depreciation and amortisation	223.3	246.3	255.0	319.8	326.0
Cash flow	439.6	513.1	482.9	549.8	602.0
EBITDA	477.5	548.3	530.1	613.3	688.4
Net liquidities/securities	339.7	274.1	230.1	146.7	103.4
Cash flow from operations (*)	592.4	331.1	577.0	548.5	293.5
EV: EBITDA ratio at 31/12	11.3	9.9	6.4	7.7	8.1
EBITDA: interest cover ratio (**)	15.2	24.5	13.1	10.2	9.0

(*) As per the consolidated statement of cash flows
(**) From 2010 based on adjusted EBITDA

Cash flow and EBITDA were each well above prior year due to the increased contribution from Turnkey Systems activities.

Net liquidities decreased to US$ 103.4 million, of which US$ 28 million can be considered as being dedicated to specific project debt servicing or otherwise restricted in its utilisation.

The EV to EBITDA ratio at year-end 2010 was at 8.1 higher than the previous year, due to the respective growth in market capitalisation (16.5%) and net debt (16.9%) exceeding the growth in EBITDA (12.2%).

ATTACHMENTS TO PRESS RELEASE

4 March 2011

1-5 Consolidated income statement

2-5 Consolidated statement of comprehensive income

3-5 Consolidated statement of financial position

4-5 Consolidated statement of changes in equity

5-5 Consolidated cash flow statement