
SBM OFFSHORE N.V. Q3 2011 TRADING UPDATE NEW RECORD ORDER INTAKE AND OUTLOOK 2011 CONFIRMED

Highlights

- Turnover for the first nine months of 2011 of US\$ 2,201 million (1% above prior year);
- Order portfolio at 30 September 2011 of US\$ 15.7 billion (53% above prior year);
- Letter of Intent for 20 year lease of FPSO Cidade de Ilhabela for the Guar Norte pre-salt field in Brazil;
- Net debt of US\$ 2,292 million (US\$ 2,195 million at half-year 2011), with all debt covenants comfortably met;
- Final delivery of the last in a series of three Semi-Submersible Drilling Rigs;
- First oil achieved ahead of schedule on FPSO Aseng and unit on hire.

Tony Mace, CEO of SBM Offshore: "The delivery of the FPSO Aseng two months ahead of schedule follows the early completion of the P57 FPSO last year and confirms our capability to deliver highly sophisticated FPSOs on time. We are also pleased the third drilling rig has been delivered to our client, completing the series of three rig orders obtained in 2006/2007. The order intake so far this year includes two FPSOs and two complex turret mooring systems, and amounts to more than US\$ 6 billion which is very satisfactory and reflects the current buoyant market conditions for our products and services."

Outlook 2011 Confirmed

- Turnover around 5% above 2010, fully secured from current order portfolio;
- EBIT margin from Turnkey Systems solidly in the 10% – 15% range;
- EBIT margin from Turnkey Services in upper half of the 15% – 20% range;
- Underlying Lease and Operate EBIT above underlying 2010 level;
- Overall, taking into account the previously announced US\$ 450 million impairment charge, the Company expects a 2011 net result around breakeven before deduction of minority interests.

1. Financial

For the first nine months of 2011 consolidated turnover totalled US\$ 2,201 million (1% above prior year of US\$ 2,180 million). Segmental split was for Turnkey Systems US\$ 1,373 million (62.4% of total), Turnkey Services US\$ 179 million (8.1%) and Lease and Operate US\$ 649 million (29.5%).

Cumulative order intake for the first nine months amounted to US\$ 6,401 million (including variation orders and other portfolio adjustments) compared to US\$ 2,490 million for the first nine months of 2010. Backlog at 30 September 2011 totals US\$ 15.71 billion of which approximately US\$ 3 billion will be recognised as turnover in 2012.

Net debt at 30 September 2011 amounted to US\$ 2,292 million (30 June 2011: US\$ 2,195 million), with cash and cash equivalent balances of US\$ 157 million and committed, undrawn bank facilities of US\$ 694 million. Net gearing was 135% (117% at mid-year 2011) which was higher than expected as equity decreased during the third quarter due to mark to market revaluation of foreign exchange and interest rate hedges charged directly to equity. By the end of 2011, net debt is expected to decrease due to major project milestone payments received from clients, reducing forecast net gearing to around 110%.

Capital expenditure in the first nine months of 2011 amounted to US\$ 669 million (US\$ 389 million for the first nine months of 2010).

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2. Market Developments

The recent difficulties in the financial markets have not been seen to affect the market for the Company's products and services and demand remains buoyant with continuing high level of bidding activity. The Company's order portfolio now exceeds US\$ 15 billion with two new major FPSO projects and two large turret mooring systems added to the portfolio so far this year. The Company still expects to confirm full scope award for the relocation and lease contract for the FPSO Xikomba before year end and remains optimistic for further order intake in 2011 and beyond.

The Company's main areas of focus remain the 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, FLNG and large turret mooring systems prospects.

3. Development Order Portfolio

3.1 Lease and Operate

The portfolio developed over the first nine months of 2011 as follows:

An extension to the contract from Total E&P Congo for the lease and operation of the LPG FSO Nkossa II for a total of seven years, until November 2018, with options for a further three years.

A Letter of Intent (LOI) from Petrobras for a twenty year charter and operation of FPSO Cidade de Ilhabela for the Guar Norte development in the pre-salt area offshore Brazil. The unit will be owned and operated by a consortium in which SBM Offshore's shareholding is 62.25%. The project schedule foresees delivery of the FPSO in 35 months from LOI. Due to finance lease accounting treatment of this project, revenue corresponding to the construction of the asset will be recognised within the Turnkey Systems segment.

Contract negotiations continue with ENI Angola SpA following a Letter of Intent (LOI) for the relocation of FPSO Xikomba for a twelve year lease and operate contract for an oil field development on block 15/06 offshore Angola. This order is not included in the third quarter 2011 portfolio value. Full contract award is expected during the fourth quarter of 2011.

Since 30 September 2011 an order has been obtained for the extension until the end of November 2011 for the lease and operate contract of FPSO Kuito from Chevron in Angola.

3.2 Turnkey Systems and Turnkey Services

The most significant awards in the first nine months included:

A contract with OSX for the conversion, supply and installation of an FPSO ("FPSO OSX-2") for Brazil.

Design license fees from construction yards for several GustoMSC proprietary designs and supply of associated equipment.

A contract with Total E&P Angola relating to a Deep Water Oil Loading System required as part of the CLOV FPSO development on Block 17 offshore Angola in West Africa.

A contract with Technip for supply of a major Turret Mooring System for the world's first FLNG facility, to be deployed by Shell at its Prelude gas field off the northwest coast of Australia.

Full project approval from BP Exploration Operating Company Ltd for the supply of a major Internal Turret Mooring System for the Quad 204 FPSO project.

Several variation orders on existing contracts and Offshore Contracting services contracts.

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4. Operations

4.1 Lease and Operate

Offshore works on both MOPU platforms, Yme offshore Norway and Deep Panuke offshore Nova Scotia are progressing and respective charters of both platforms are scheduled to commence within the first half of 2012. Ongoing legal actions on both projects mean that the Company cannot disclose any additional information on the proceedings at this stage which could prejudice its legal position.

The FPSO Aseng has been installed offshore Equatorial Guinea and oil production has commenced. The facility was delivered two months ahead of schedule.

The FPSO Espadarte relocation project to the Baleia Azul field is progressing according to plan at Keppel shipyard in Singapore, where vessel refurbishment and conversion works as well as new module fabrication is being performed. Relocation on Baleia Azul field and production start-up is expected in the second half of 2012.

The Petrobras FPSO Cidade de Paraty project is progressing in line with expectations in Keppel shipyard in Singapore, where the unit is undergoing conversion and refurbishment works, and in Singaporean and Brazilian yards for the fabrication of modules.

FPSO Cidade de Ilhabela for the Guar Norte project has entered the Guangzhou shipyard in China for vessel refurbishment works. At the same time preparation for module fabrication in Brazil continues while engineering and procurement activities are progressing well.

4.2 Turnkey Systems and Turnkey Services

Delivery of the Delba III drilling rig has been completed and handed over to the client.

FPSO Okha has been hooked up to the riser column, oil production has started successfully and the Company will continue to assist the client to achieve full production.

The supply phase of both Internal Turret Mooring systems for Shell's Prelude FLNG and BP's Quad 204 have started and procurement activities and yard selection are progressing in line with expectations.

The engineering and procurement activities for FPSO OSX2 for OSX in Brazil have started and the vessel has arrived at Keppel shipyard in Singapore to commence refurbishment and conversion works.

The Company's two installation vessels have obtained high occupancy rates in the third quarter of 2011 and this is expected to continue for the remainder of the year.

5. Outlook 2011

The Company confirms its results are on track to meet previously announced 2011 outlook, updated as follows:

- Turnover is expected to increase to around 5% above 2010, fully secured from the current order portfolio;
- Average EBIT margin in the Turnkey Systems segment is expected to be solidly in the 10% – 15% range, taking into account a robust underlying operating margin and the impact of finance lease accounting;
- Turnkey Services average EBIT margin is expected to be in the upper half of the 15% – 20% range;
- Underlying Lease and Operate EBIT is expected to be above the underlying level achieved in 2010;
- Net financing costs are expected to decrease by 35% – 40% compared to 2010, when non-recurring hedging losses were incurred;
- Capital expenditure is expected to amount to between US\$ 0.8 - 0.9 billion;
- Net gearing at year-end 2011 is expected to be around 110%, with all debt covenants comfortably met;
- Overall, taking into account the previously announced US\$ 450 million impairment charge, the Company expects a 2011 net result around breakeven before deduction of minority interests, which are projected to amount to approximately US\$ 30 million in 2011.

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6. Conference Call

Management of SBM Offshore will be available to discuss the contents of this press release in a conference call at 10:00 hrs. (CET) on Thursday 17 November 2011. The dial-in number for participants will be [+31 \(0\) 10 29 44 271](tel:+31202944271) and the replay number, available for 48 hours, is [+31 \(0\) 10 29 44 210](tel:+31202944210), replay code: [1194033 #](#).

The call will be hosted by Tony Mace, CEO and Mark Miles, CFO.

7. Financial Agenda

Extraordinary General Meeting of Shareholders (EGM) Rotterdam 15.00 CET	Wednesday, December 14, 2011
Full-year Results 2011 - Press Release 07.30 CET	Friday, March 2, 2012
Full-year Results 2011 - Analysts Presentation (Amsterdam)	Friday, March 2, 2012
Publication Annual Report and Agenda Annual General Meeting of Shareholders	Wednesday, March 28, 2012
Trading Update Q1 2012 - Press Release 07.30 CET	Wednesday, May 16, 2012
Annual General Meeting of Shareholders (Rotterdam)	Wednesday, May 16, 2012
Half-year Results 2012 - Press Release 07.30 CET	Thursday, August 16, 2012
Half-year Results 2012 - Analysts Presentation (Amsterdam)	Thursday, August 16, 2012
Trading Update Q3 2012 - Press Release 07.30 CET	Thursday, November 15, 2012

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8. 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 the Company;
- 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, 17 November 2011

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