



**SBM OFFSHORE  
GENERAL SHAREHOLDERS' MEETING**

**HILTON – ROTTERDAM  
Thursday 15<sup>th</sup> May 2008**

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Ladies and Gentlemen,

Once again, it is with pleasure that we meet you to report on the performance of the Company during last year and to describe how we see the future and its potential for our business.

SBM Offshore is going through a period of transition, not only in respect of the many movements in the Corporate Management and the Supervisory Board as you have seen in the agenda, but mainly for the step change in the profile of the company: the present execution capacity exceeds three million manhours per year of engineering and project management, we are now tackling much larger projects in excess of 1 billion dollars worth and the order book stands at more than 8 billion dollars.

It was one major point of our declared strategy to use the opportunity of the very high demand from the industry to grow the company at a faster rate. This is still ongoing and is expected to continue for a number of years.

All the companies of the Group are occupied to full capacity and all the fleet production units are on charter.

During this brief, we will first review the financial closing statements and the major events in our operating activities for 2007.

Secondly, we will discuss 2008, how we see the year developing so far and what is expected on the short-term horizon.

Finally, we will have a look at the mid and long-term perspectives, describe how we see the market and how we prepare the company for maintaining a steady growth rate in the future.

The reported profit for the year 2007 is 267 million dollars, 23 percent higher than the previous year and in line with the guidance that we had issued early in the year and confirmed to you at the last AGM. Of course, when we provided this guidance in January 2007, we were expecting that the higher expected turnover would boost the results further up during the year. However, as we have explained on many occasions, the market has been and continues to be quite favorable to the supply side raising the input costs. This had not been anticipated on the projects that were obtained one and half to two years ago, and the market upset had not been factored into the prices. Consequently, budgets were found under pressure on a couple of projects during their execution and this will continue for another few months with the tail-end of these projects. Of course, lessons have been learned and with respect to other activities including the later projects, everything is now under control.

This profit was generated by a turnover of 2.87 billion dollars, up 44 percent from previous years. While the margins on the turnkey segment are under pressure for the reasons that we explained, the lease business delivered the expected results and generated even quite substantial bonuses, again essentially from Petrobras and ExxonMobil leases.

We will propose to you during this meeting a dividend of 0.93 dollar per share, around 21 percent up from that of 2006. The dividend is still in line with the 50 percent of net profit policy.

During the course of 2007, another two lease contracts were obtained – one from Talisman Norway for the production of Yme field and another one from Encana of Canada – for the production of Deep Panuke field offshore Nova Scotia. Both facilities are of a jack-up type platform and they further provide the buffer storage function for exporting the liquids. These two contracts are on the strategic target to expand the lease operations both into a new product, other than FPSO, and into new geographic areas this time, the North Atlantic Ocean.

Towards the end of 2007, the FPSO Mondo was installed offshore Angola on block-15 where it commenced production early January 2008 for Exxon Mobil; another FPSO for the same client on the same block is presently being installed offshore.

These two units will have been delivered in time which is a remarkable performance in the present context, where everything tends to be late due to the overheated market.

The other projects presently under construction for the lease business, the ThunderHawk semi-sub platform for Murphy in the GOM and the BC-10 FPSO for Shell Brazil are progressing in time and are in budget.

On the turnkey segment, one remarkable contract has been obtained from Petrobras for the supply of a very large FPSO – the P-57. It is the first time that Petrobras goes to contractors to get such large production facilities on EPCI basis. In addition to this, Petrobras has also awarded us a contract to design the topsides of P-55, a very large semi-submersible production platform to produce one of their major fields. These two contracts strengthen the relations that we have with Petrobras who is definitely our largest client. In view of the huge perspectives that have been announced in the ultra-deep waters sub-salt structures offshore Brazil, this places SBM in a good position to try and get a good share of this enormous potential business.

In respect of our shareholding structure, the situation is unchanged from a year ago with 100% free float and only two declared investors holding more than 5% of the company. The share transaction turnover has increased by around 9% from previous year; during 2007, 2.4 times the total number of outstanding shares has changed hands. The largest part of our stock is still owned by Anglo-American institutional investors.

Now, I would like to take you into the Company's future, first the near term with 2008. We have advised in January a net profit forecast of 280 million dollars.

The difficulties that we are having on certain projects have been accounted for in this forecast and we consider the target realistic and certainly achievable. The tail ends of those difficult projects are in a large part contained in the first half of 2008 and of course they will not generate profits on their share of the turnover. This will tend to make the second half of the year better than the first.

We are expecting a few major orders to be received in the near future; they were already talked about in our Analysts Conference two months ago: first, one project that is most important in our 2008 workload: an FPSO for Woodside on the Cossack field in Australia. The client intends to order this unit on a turnkey sales basis, not a leasing. Engineering work is already in progress.

Then, an FPSO for Petrobras for the Cachalote field offshore Brazil: this project will involve the relocation and the adaptation of one of our existing units; it will have a portfolio value equivalent to that of a mid-size FPSO and Petrobras intends to decide quite soon.

Of course we are also expecting very soon a form of commitment from BP towards the two FPSOs needed in Angola for the Block 31. This commitment will enable us to proceed with the development of the construction yard planned in Porto Amboim.

We will continue to target further opportunities in the market to keep growing our lease fleet by a couple of units every year as well as to maintain a good backlog in the turnkey sales of facilities so that the mix of operating profits from the two segments remains well balanced. Our balance sheet is strong with an equity at 1.3 billion dollars, double that of 3 years ago and a net gearing at 65 percent. On the back of this economic strength, the company is well placed to invest in the high quality lease prospects that the market will provide.

Meanwhile, we will continue to keep focus on our historic business segment i.e. the sales of mooring technology, the after sales services and the offshore installation services which this year again have contributed in a substantial way to the earnings.

As to the longer term, you will remember that we have announced last September our progress in the development of offshore gas liquefaction technology. Since then, we are engaged into a global marketing effort with the objective to try and obtain a first contract within the next 12 months. The response from the industry is quite satisfactory and together with Linde, our partner, we are in the process of narrowing down to a shortlist of two or three candidate clients with whom to enter into more specific technical and commercial discussions.

In parallel to the progress on the road to offshore production of LNG, our Research and Development resources have been focused on new products in two key areas: the further improvement of existing technology in ultra-deepwater particularly the TLP applications and the disconnectable mooring systems, as well as the improvement of our new technologies for the exploitation of offshore gas and the development of solutions for renewable energy systems. A total of 25.5 million dollars was spent in R&D during the year 2007.

I will not expand in this address on the serious progress that we are making in the domain of social responsibility. A full CSR report is already on the web and hard copies will be sent to you early June. It demonstrates our commitment to run the business in the most socially responsible way.

Finally, I would like to conclude this address with a more personal note as I will retire at the end of this meeting.

In the 31 years that I have been employed by the company, I have enjoyed all and every one of those years. During the last 8, you gave me the privilege to be in charge of the oil and gas services segment, first as Managing Director, later as CEO. It was a lot of work but it has been a real pleasure to play a role in making of SBM what it is today.

I count on your continued support to the new Management, and I wish SBM many years of bright success.

THANK YOU.