



## Press release

### **SBM Offshore to write off book value of Yme platform and take settlement provision 9.95% equity placement with HAL Investments to restore the balance sheet Subject to settlement with Talisman regarding Yme, a fully underwritten rights offering**

20 December 2012

#### **Summary**

SBM Offshore announces revised expectations for the outcome of the Yme project together with associated provisions, and further announces the anticipated commitment of HAL Investments, a current shareholder, to provide and underwrite fresh equity to support the business.

- US\$ 400 million impairment charge to reflect full write down of full book value of Yme platform
- US\$ 200 million provision for SBM Offshore's estimate of settlement costs
- US\$ 29 million charge for additional costs related to Deep Panuke project
- A 9.95% private placement with HAL Investments B.V. ("HAL") at € 8.50 per ordinary share raising US\$ 193 million to ensure that banking covenants are met.
- In addition, subject to the Company reaching a settlement with Talisman in respect of the Yme project within an agreed period:
  - HAL to pay an additional sum to reflect a higher valuation for the aforementioned private placement shares;
  - HAL to underwrite in full an approximate 10% rights offering at the final private placement price.
- Total impairments and other charges to result in a 2012 estimated Net Loss of approx US\$ 100 million
- Estimated 2012 turnover of around US\$ 3.6 billion; no further change to guidance
- Publication of 2012 results brought forward to 14 February 2013
- Management Board proposes not to distribute a dividend for 2012 and 2013

Bruno Chabas, CEO of SBM Offshore said:

"We welcome the support of HAL in the important steps we are announcing today. The capital raised through the placement will allow us to restore our balance sheet. HAL has indicated its endorsement of the Management Board's long term vision for SBM Offshore and its strategic direction.

Defining the way forward for Yme has been lengthy and arduous. However, we have made significant progress and are now able to take the tough decision to fully impair the full book value of the platform and provide for settlement costs. In the weeks ahead, we aim to move forward from alignment with our client on the targeted outcome, to the practical steps of an agreement."

#### **Equity raising**

The Company expects to sign an agreement with HAL later today, including the following:

1. A private placement of 17,111,757 new ordinary shares (the "Private Placement Shares"), representing 9.95% of the currently issued share capital, at € 8.50 per ordinary share, fully placed with HAL (the "Private Placement"), providing for an equity raising of US\$ 193 million.
2. Subject to the Company reaching an agreement with Talisman in respect of a definitive solution for Yme (the "Yme Agreement") before 11 March 2013:



- HAL will pay an additional amount to the Company to reflect a revised, higher valuation for the Private Placement Shares;
- the Company will raise additional equity by means of a rights offering fully underwritten by HAL of approximately 10% of the then issued share capital (the "Rights Offering"), subject to customary conditions and the approval of the general meeting of shareholders; and
- the underwriting price will be equal to the Adjusted Issue Price (as defined below) in US\$ terms.

The net proceeds of the equity raised will be used to strengthen the Company's overall financial position and to address the financial impact of a possible Yme Agreement.

### Financial and Operational update

#### *Yme*

SBM Offshore and Talisman have been in intensive discussions on ways forward for the Yme MOPUstor since mid-year. Despite every effort on both sides, no agreement has yet been reached. As the dialogue continues, the balance of expectation is that the platform will be decommissioned. This is a departure from previous assumptions and consequently the book value of the asset has been reduced to nil through a US\$ 400 million impairment. As part of a settlement the Company expects to have to contribute to the cost of decommissioning under Talisman's responsibility, and has made a preliminary provision of US\$ 200 million. The Company will confirm the outcome as soon as final agreement is reached.

#### *Deep Panuke*

Completion activities on Deep Panuke are progressing, with start up expected in the first half of 2013. The remaining work on the platform has been identified and primarily relates to the reinstallation of piping systems, gas leak testing and commissioning completions. These works are labour intensive as each system needs to be reinstalled and tested. All work on the platform must be carried out with a small crew, reflecting the limited numbers permitted aboard the structure. The required repairs, additional contingencies and the impact of delays have resulted in a further impairment charge of US\$ 29 million.

#### *Compliance*

The investigation into potentially improper sales practices is still on going. Consequently, at this point it is not possible to provide further information or an estimate of the financial effects, if any.

#### *Guidance*

Turnover for 2012 is expected to be approximately US\$ 3.6 billion. No change is made to the guidance provided at the Q3 trading update. In view of the announced impairment and settlement charges totalling US\$ 629 million, the Company now expects to report a full year loss of around US\$ 100 million for 2012. The Company's solvency ratio at year-end 2012 is expected to be in the 26% to 28% range following the Private Placement.

#### *Dividend*

In view of the announced impairments, the anticipated loss for 2012 and in order to preserve and improve the Company's equity position, the Management Board proposes not to distribute a dividend for the financial years 2012 and 2013.

### Details Private Placement

Later today, HAL is expected to commit to subscribe for the Private Placement Shares at an issue price of € 8.50 per ordinary share, equivalent to US\$ 11.31 per ordinary share (the "Initial Issue Price"). The Initial Issue Price represents a discount to yesterday's closing price of 8.1%, and a discount of 2.9% to the VWAP of the last 30 trading days. On this basis, the net proceeds of the Private Placement are expected to be US\$ 193 million.

HAL is furthermore expected to commit to pay an additional amount to the Company in the event that the Yme Agreement is reached before 11 March 2013. It is expected that this additional amount will be paid by HAL to the



Company by way of a share premium contribution (*agjostorting*) on the Private Placement Shares, resulting in an adjusted price for the Private Placement Shares (the "Adjusted Issue Price").

Based on US\$ 200 million of settlement costs, the Adjusted Issue Price is expected to be the US\$ equivalent of € 11.00<sup>1</sup> per Private Placement Share, which price shall be decreased (and in case of a negative outcome of the formula, the price will be increased) by the amount that is the outcome of the following formula: (*the actual cash cost of the Company paid or payable pursuant to the Yme Agreement minus US\$ 200,000,000*) divided by *the number of currently issued ordinary shares (172,030,458)*.

This Adjusted Issue Price will in any event never be lower than the Initial Issue Price (€ 8.50).

The difference between the Adjusted Issue Price and the Initial Issue Price will be paid by HAL to the Company by way of a share premium contribution (*agjostorting*) on the Private Placement Shares.

The completion of the Private Placement is expected to take place as soon as practically possible before 31 December 2012.

HAL currently has an equity holding of 4.7% in the Company. At the start of the discussions between HAL and the Company regarding the Private Placement, HAL entered into confidentiality and standstill undertaking. Upon successful completion of the Private Placement, HAL will have an equity holding of 13.3% in the Company. HAL has expressed its intention to be a long term investor in the Company. The Private Placement Shares issued to HAL will be subject to a lock-up period of one year as of today.

### Details of potential Rights Offering

Subject to the Company realising its aim of reaching an agreement with Talisman in respect of a definitive solution for Yme before 11 March 2013, the Company will, subject to customary conditions, raise additional equity by means of a Rights Offering. In the Rights Offering the Company will offer new ordinary shares representing approximately 10% of the share capital issued at that date, to those shareholders that are shareholders in the Company at the date of record and that are allowed to participate in the Rights Offering under applicable securities laws (the "Eligible Shareholders"). The issue price in the Rights Offering is equal to the € equivalent of the Adjusted Issue Price, calculated on the basis of the exchange rate on the last business day before the general meeting of shareholders to approve the Rights Offering. HAL is expected to irrevocably commit to participate in the Rights Offering on a pro rata basis and to fully underwrite the Rights Offering, on customary terms and conditions, by committing to subscribe for the number of shares corresponding to the number of subscription rights that are not exercised or not paid for in the Rights Offering.

The Rights Offering will be submitted for approval to the general meeting of shareholders. HAL is expected to irrevocably commit to vote in favour of the resolutions to be adopted by the general meeting of shareholders in connection with the Rights Offering.

Assuming full take-up of the subscription rights by all Eligible Shareholders, HAL will continue to have an equity holding of 13.3% in the Company. This equity holding may increase if HAL acquires any shares related to the subscription rights that are not exercised or not paid for in the Rights Offering. Ordinary shares issued to HAL as part of the Rights Offering will be subject to a lock-up period of one year as of today.

### Other Information

#### *Change of reporting date FY results*

The Company has brought forward reporting of full year 2012 results to 14 February 2013.

<sup>1</sup> calculated on the basis of a US\$/€ exchange rate of 1.33



### HAL Investments

HAL Investments is an investment company based in Rotterdam, the Netherlands. HAL Investments is a subsidiary of HAL Holding. All shares of HAL Holding are held by HAL Trust and form the Trust's entire assets. HAL Trust's shares are quoted on the Amsterdam Stock Exchange (Ticker symbol: HAL NA).

### Analysts Conference Call

Management of SBM Offshore will be available to discuss the contents of this press release in a conference call at 09:00 hrs (CET) on Thursday 20 December 2012.

Dial-in number: + 31 10 29 44 271

Replay number: + 31 10 29 44210  
Replay Conference ID Code: 11966721# (available for 1 week)

The call will also be webcast via the SBM Offshore website: [www.sbmoffshore.com](http://www.sbmoffshore.com)

The call will be hosted by Bruno Chabas, CEO, Peter van Rossum, CFO, and Sietze Hepkema, CGCO.

### Press Conference

Management of SBM Offshore has organised a press conference today, 20 December 2012 at 13:00 am CET in the Hilton Hotel in Amsterdam.

Financial Calendar	Date	Year
Full-year Results 2012 – Press Release (07:30 CET)	14 February	2013
Full-year Results 2012 – Analysts Presentation (Amsterdam)	14 February	2013
Trading Update Q1 2013 - Press Release (07.30 CET)	23 May	2013
Annual General Meeting of Shareholders (Rotterdam 14.30 CET)	23 May <sup>2</sup>	2013
Half-year Results 2013 - Press Release (07.30 CET)	8 August	2013
Half-year Results 2013 - Analysts Presentation (Amsterdam)	8 August	2013
Trading Update Q3 2013 - Press Release (07.30 CET)	14 November	2013

<sup>2</sup> This date may be subject to acceleration.

### Corporate Profile

SBM Offshore N.V. 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 activity is the design, supply, installation and operation of Floating Production, Storage and Offloading (FPSO) vessels. These are either owned and operated by the Company and leased to our clients or supplied on a turnkey sale basis.



The Company has built over several years a large in-house engineering, procurement and project management capability, to ensure consistency from project to project, and so enable a continuous improvement process for enhancement of product quality.

Headquartered in Schiedam, the Company employs over 6,900 people worldwide, who are spread over six execution centres, eight operational shore bases, several construction yards and the offshore fleet of vessels.

The Board of Management  
Schiedam, 20 December 2012

For further information, please contact:

**Investor Relations**

Sebastiaan de Ronde Bresser  
Investor Relations Officer

Telephone: (+377) 92 05 85 15  
Mobile: (+33) 643 919 312  
E-mail: [sebastiaan.derondebresser@sbmoffshore.com](mailto:sebastiaan.derondebresser@sbmoffshore.com)

**Media Relations**

Anne Guerin-Moens  
Group Communications Director

Telephone: (+377) 92 05 30 83  
Mobile: (+377) 680 863 691  
E-mail: [anne.guerin-moens@sbmoffshore.com](mailto:anne.guerin-moens@sbmoffshore.com)

**Disclaimer**

This announcement does not constitute a prospectus or an offer of securities of any kind. Any such offer will be made, and any investor should make any investment decision, solely on the basis of information that will be contained in a prospectus to be made generally available in the Netherlands in connection with such offering.

This announcement is not an offer of securities for sale in the United States. The securities to which this announcement relates have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from, or transaction not subject to, the registration requirements under the Securities Act. There will be no public offering of the securities in the United States.

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 materialize, 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.