
SBM OFFSHORE Q1 2011 TRADING UPDATE STRONG ORDER INTAKE

Highlights First Quarter 2011

- Turnover of US\$ 683 million, 5 % below prior year;
- Total order portfolio of US\$ 11.3 billion – not including recent major awards with an approximate total portfolio value of US\$ 2 billion;
- Letter of Intent for the supply and installation of an FPSO from OSX in Brazil;
- Letter of Intent for a 12 year lease and operate contract for the FPSO Xikomba from ENI in Angola;
- Long-term cooperation agreement with Mitsubishi Corporation to jointly pursue FPSO lease and operate projects worldwide;
- Ordered a new Diving Support Construction Vessel (DSCV).

Tony Mace, CEO of SBM Offshore: “Since the beginning of the year we have received two major orders, the first for the supply of an FPSO to OSX in Brazil and the second for a twelve year lease relocation project of the existing FPSO Xikomba for ENI in Angola. This order intake fits nicely with the Company’s strategy to obtain a good mix between lease and supply projects and ensures relocation of one of the Company’s existing FPSOs. Demand for our products remains high and there are reasonable opportunities to obtain further orders this year”.

Outlook Full Year 2011

- Turnover in the same range as 2010, almost fully secured from current portfolio;
- EBIT margin from Turnkey Systems solidly in the 10% – 15% range, taking into account a robust underlying operating margin and the 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.

1. Results

For the first quarter of 2011, consolidated turnover totalled US\$ 683 million (5% below prior year of US\$ 722 million). Segmental split was for Turnkey Systems US\$ 432 million (63% of total), Turnkey Services US\$ 39 million (6%) and Lease and Operate US\$ 212 million (31%).

Operating margins in the first quarter are in line with or ahead of plan except in the Turnkey Services segment where a slow start to the year in Offshore Contracting activities is expected to be more than compensated by a higher utilisation rate of the two vessels in the remainder of the year.

Cumulative order intake for the first three months amounted to US\$ 440 million. Order portfolio at 31 March 2011 totals US\$ 11.3 billion of which approximately US\$ 2.1 billion will be recognised as turnover in 2011.

Net debt at 31 March 2011 amounted to US\$ 1,931 million (31 December 2010: US\$ 1,711 million), with cash and cash equivalent balances of US\$ 126 million and committed, undrawn bank facilities of US\$ 616 million. Net gearing was 85%, which is in line with expectations.

Capital expenditure (i.e. excluding significant expenditure on finance lease contracts) in the first three months of 2011 amounted to US\$ 159 million (US\$ 178 million for the first three months of 2010).



2. Order Portfolio development

The following new orders have been obtained in the first quarter of 2011:

- A Letter of Intent (LOI) from OSX for the conversion, supply and installation of a floating production, storage and offloading vessel to OSX ("FPSO OSX-2") for Brazil. First oil is targeted by the third quarter of 2013.

The Company has now recently signed the full contract with OSX. The total value of this contract of US\$ 0.8 billion will be booked to the order portfolio in the second quarter of 2011.

- The Company will receive design license fees from Hyundai Heavy Industries (HHI) who has recently confirmed that it has signed contracts to construct and deliver six drill ships of the GustoMSC P10,000 class with international drilling contractors.
- The Company will also receive design license fees from the Singaporean yards Keppel Fels and Jurong Shipyard who have signed contracts to construct and deliver in total three cantilever drilling jack-ups of the GustoMSC CJ70 class with international drilling contractors. In addition the Company has received orders for the supply of associated equipment for these jack-ups.
- Several variation orders on existing contracts and Offshore Contracting services contracts.

Orders obtained since 31 March 2011:

- A Letter of Intent (LOI) on behalf of SBM Offshore's Joint Venture (JV) companies with Sonangol for a twelve year lease and operate contract from ENI Angola SpA for an oil field development on block 15/06 offshore Angola. The LOI covers the early phase of the project and allows the Company to commence engineering and procurement work. The full scope lease and operate contracts are expected to be signed in the coming months.

The project involves relocation of the JV's existing FPSO Xikomba, which has been operating under contract to ExxonMobil in Angola since 2003. The unit will undergo a major upgrade in order to meet the new project specific requirements. Part of that work will be performed in the PAENAL yard in Angola.

- A contract has been received relating to a Deep Water Oil Loading System required as part of an FPSO development offshore West Africa. The Company will supply the Oil Offloading Lines (Trelline™) and Fiber Optic Cables, to be suspended between a FPSO and its Deep Water Export Buoy. The Company will also perform the offshore installation of the complete Oil Loading System (including the Deep Water Buoy) in the second half of 2013, using the Company's installation vessel 'Normand Installer'.

Operations

Lease and Operate

The Petrobras FPSO Cidade de Paraty project is progressing in line with expectations. The tanker is in Keppel shipyard in Singapore undergoing conversion and refurbishment works and fabrication of modules in both Singaporean and Brazilian yards has started.

The FPSO Espadarte relocation project to the Baleia Azul field is also progressing according to plan. The FPSO has been disconnected from the Espadarte field and is currently being prepared for the tow to Singapore where construction of the additional modules has commenced.

The FPSO Aseng project is proceeding in accordance with the Company's plans with module integration works ongoing at the Keppel shipyard.



Construction of the Deep Panuke MOPU platform for EnCana has been completed in Abu Dhabi with transport to Nova Scotia scheduled to start imminently. 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 pursuant to the contract. The Company did not manage to reach agreement with the client on compensation and has started legal action to obtain judgement from the Supreme Court of Nova Scotia.

The MOPUstor™ for Talisman's Yme field remains on stand by for offshore installation in Norway. 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 as well as the completion of additional inshore works. Final agreement on cost allocation for the project has yet to be reached. Start-up of production is expected in the second half of this year.

Turnkey Systems and Turnkey Services

The Delba III drilling rig is in the final completion stage and is expected to be delivered in the first half of 2011 which is in line with previous announcements.

Commissioning activities on FPSO Okha are reaching completion at Keppel shipyard with sail-away from the yard scheduled for the first half of 2011 in agreement with our client Woodside.

The Company's two installation vessels have seen low utilisation levels in the first quarter but the remainder of the year is expected to improve significantly and order intake is good for all Services activities.

The Company has placed an order with Keppel Singmarine for 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 Company continues to focus on HSSE performance across its operations. Safety related indicators for the first quarter of 2011 are in line with the relevant industry norm.

4. Market Developments

The market for the Company's products and services remains buoyant with continuing high level of bidding activity. The Company has already secured two major projects in the first part of the year, representing a significant portfolio value, and remains optimistic for further order intake in 2011.

The offshore LNG sector continues to show signs of further development with significant activity on several projects in which the Company has an interest. In line with these developments, Petrobras recently issued the invitation to tender for supply of a FLNG for the pre-salt developments offshore Brazil.

The Company's main areas of focus remains 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 and large turret mooring systems prospects.



5. Outlook 2011

The Company updates its previously announced 2011 outlook as follows:

- Turnover is expected to be in the same range as 2010, now almost 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 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);
- Capital expenditure, excluding any new operating lease contracts (or variation orders to existing contracts) to be obtained in 2011, is expected to amount to around US\$ 0.4 billion.
- Net financing costs are expected to decrease by 20 – 25% compared to 2010, when non-recurring hedging losses were incurred and taking into account the later than expected commencement date of the Yme MOPUstor™ charter;
- Net gearing at year-end 2011 is expected to remain below 100%, with all financial ratios well within banking covenants.

6. 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 (CEST) on Thursday 5 May 2010. The dial-in number for participants will be +31 (0) 10 29 44 271 and the replay number, available for 48 hours, is +31 (0) 10 29 44 210, replay code: 11 91 244 #.

There will also be a live Audio Webcast of the Conference Call on SBM Offshore's website: www.sbmoffshore.com

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

7. Financial Agenda

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



8. Corporate Profile

The Dutch public 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, 5 May 2011

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