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## PRELIMINARY RESULTS SBM OFFSHORE 2007 - NEW CEO IN 2008

### Highlights

- Unaudited net profit for 2007 of US\$ 267 million;
- Net operational profit up by 28% compared with 2006;
- Proposed dividend per share will be US\$ 0.93;
- Order portfolio at year-end US\$ 7.95 billion;
- Expected net profit for 2008 of US\$ 280 million;
- Tony Mace designated to replace Didier Keller as CEO.

### **1. Financial (unaudited)**

The net profit for 2007 is currently estimated at US\$ 267 million of which US\$ 263 million (US\$ 1.85 per share) is attributable to shareholders, compared with US\$ 216 million in 2006 (US\$ 1.55 per share). All operating companies have made positive contributions to this result.

Dividend proposal will be based on 50% of the full net profit. Per share the dividend will be US\$ 0.93 compared to US\$ 0.77 last year.

Excluding net gains on the sale of assets, net profit is US\$ 262 million, representing a 28% increase compared with 2006 (US\$ 205 million).

Turnover rises to US\$ 2,886 million (2006: US\$ 1,990 million), of which 76% derived from turnkey sales and services projects.

EBITDA is US\$ 547 million (2006: US\$ 478 million); EBIT is US\$ 300 million (2006: US\$ 254 million), of which close to 60% is generated from lease and operate activities.

Net debt increased from US\$ 586 million at 31 December 2006 to US\$ 882 million at 2007 year-end. Net gearing increased accordingly to around 66%. Capital expenditure reached US\$ 584 million, a figure below the previously forecast level of US\$ 750 million, for a large part due to re-planning the delivery of second-hand hulls acquired for future projects into 2008.

### **2. Development Order Portfolio**

New orders and variation orders in 2007 totalled US\$ 3.82 billion of which US\$ 1.92 billion relate to lease and operate activities and US\$ 1.90 billion relate to turnkey supply and services orders. Total year-end order portfolio increased to US\$ 7.95 billion (2006: US\$ 7.0 billion).



## 2.1. Lease and Operate Portfolio

At the beginning of 2007 the lease portfolio value amounted to US\$ 4.4 billion representing the non discounted lease revenues to be received under the twenty-one long-term “lease and operate” contracts and the three “operate only” contracts for oil and gas production facilities. A total of sixteen of the owned or part-owned units were in operation and five under construction.

The portfolio developed over the year as follows:

### *New orders and extensions:*

- In the first quarter, a contract with Talisman Energy Norge AS, operator of the PL316 license offshore Norway, for a five year lease of a MOPUstor, a production jack-up installed on a subsea storage tank, for the re-development of the Yme field;
- A three year extension from Petrobras of the lease contract of the ‘FPSO Brasil’, owned and operated in joint venture between SBM and MISC Berhad, thus extending the service of this FPSO in the Roncador field offshore Brazil until May 2012;
- A four year extension from Total Congo of the lease contract of the ‘Nkossa II’ LPG FSO, owned and operated in joint venture between SBM and Maersk, extending the service of this FSO until November 2011;
- In the fourth quarter, a contract with EnCana Corporation for an eight year lease of a production facility, based on the MOPU technology, for EnCana’s Deep Panuke natural gas project offshore Nova Scotia. This contract also includes the field logistic services;
- Further to the extension of the lease contract with Sakhalin Energy Investment Company (SEIC) reported in the second quarter 2007, under a new agreement with SEIC in December 2007 the Company has committed the availability of the FSO Okha until the end of 2008.

### *Start of operations:*

- In September the start of operation of the ‘FPSO Kikeh’ in the Kikeh field offshore Malaysia under the lease contract with Murphy;
- In December start of operation of the ‘FPSO Mondo’ in the Kizomba ‘C’ field offshore Angola under the fifteen year lease contract with Exxon Mobil.

### *Disposal of FPSO:*

- The contract with Agip for the lease and operation of the FPSO Firenze was terminated in September and the unit sold for scrap.

At the end of 2007 the count is therefore seventeen owned or part-owned units in operation and five under construction, plus a further three F(P)SO “operate only” contracts, for a total portfolio value of US\$ 5.6 billion.

## 2.2 Turnkey Supply and Services portfolio

The value of the turnkey supply and services portfolio amounted at the beginning of 2007 to US\$ 2.6 billion.

The major completions during the year included the following projects:

- Supply of compression barges for Kashagan development in the Caspian Sea for Agip KCO;
- Supply of Deep Water CALM Buoy for Greater Plutonio FPSO for BP offshore Angola;
- Supply of ‘Neptune’ SeaStar® TLP for BHP for Neptune field in the Gulf of Mexico;
- Supply and installation of the GAP™ between the ‘FPSO Kikeh’ and the dry-tree unit for Kikeh field offshore Malaysia;
- Delivery and integration of the internal turret into the ‘P53’ FPSO for Petrobras.



The most significant awards during the year included:

- A contract with Tanker Pacific Offshore Terminals Pte Ltd (TPOT) for the design and supply of an external turret mooring system for the SuTu Vang FSO on CuuLong field offshore Vietnam;
- A contract with Delba Perforadora Internacional S.A. from Brazil for the supply of a Dynamically Positioned Semi-Submersible Drilling Unit. The rig will be delivered first quarter 2010;
- A contract with BP Norge AS for the turnkey supply of an internal turret for the Skarv development. The turret will be delivered end of 2009 to Samsung Heavy Industries in Korea for integration into the FPSO hull.

The above awards, combined with orders for standard CALM type tanker loading terminals, a swivel stack, components for jack up systems for rigs, offshore cranes, offshore contracting activities and with the carry over of a number of large projects, such as the FPSO Frade and the turnkey element of FPSO Saxe-Batuque, bring the turnkey supply and services portfolio to US\$ 2.3 billion at the end of 2007.

### 2.3 Developments since the beginning of 2008

In the first month of the year the Company has reported the following:

- Petrobras has confirmed in writing on 7 January 2008 that SBM Offshore is the winning bidder for the turnkey supply and three year operation of the FPSO P-57. Contract discussions are ongoing.

The portfolio value of this order is approximately US\$ 1.25 billion.

### 3. Expectations for 2008

The projected 2008 net profit is US\$ 280 million.

Balanced contributions to EBIT are expected from lease and operate and turnkey supply and services activities.

Capital expenditure is expected to accelerate to around US\$ 1.2 billion, depending on accounting treatment for prospective lease contracts.

Net gearing will increase back to a level well above 100%.

### 4. Market Developments

With an order portfolio 14% larger than a year ago, the occupation of the engineering and project management capacity for the short and mid term is secured. The supply market of 2007 that has placed the results under some pressure is expected to develop more favourably during the year; already there are signs of capacity in construction yards becoming more available. The demand for the Company's products is expected to remain steady for the short and mid terms and the target to keep growing the lease fleet by two units equivalent per annum through 2008 and beyond is unchanged.

It should be noted that the Company's activities are generally two to three years down-cycle from exploration drilling and therefore volatility of the oil price will not have a significant impact on the Company's short-term financial performance.



Meanwhile the Company intends to continue to place a high priority on further development of technology, particularly in respect of the growing challenges of the deeper waters and the offshore natural gas exploitation.

## 5. CEO

Didier Keller, Managing Director and CEO will retire at the Annual General Meeting of Shareholders on 15 May 2008, having reached normal pensionable age, and after 31 years of service, of which the last six as Managing Director and the last four as the Company's CEO.

The Supervisory Board will propose to the 2008 AGM that Mr. Tony Mace (56) be appointed Managing Director of the Company and following such approval would appoint Mr. Mace as CEO. Mr. Mace joined the Board of Management on 28 August 2007 as a non-statutory Director with special responsibility for the development of the Company's products and partnerships related to LNG activities. Mr Mace is a British engineer who has served the Company since 1977. During his career at SBM Offshore he has been Engineering Project Manager on some of the Company's most prestigious projects, Chief Engineer in the Monaco office, and President of the combined group companies in Houston.

## 6. Conference Call

Management of SBM Offshore will be available to discuss the contents of this press release in a conference call at 18.15 hrs on Tuesday 29 January 2008. The dial-in number for participants will be +31 (0) 20 531 5871 and the replay number, available for 48 hours, is +31 (0) 70 315 4300 replay code: 14 44 14#.

## 6. Financial Agenda

Preliminary Results 2007 – Press Release & Conference Call	29 January	2008
Final Results 2007 - Press Release	11 March	2008
Final Results 2007 - Analysts Presentation (Amsterdam)	12 March	2008
Annual Report 2007	End April	2008
Annual General Meeting of Shareholders 2008	15 May	2008
Ex-dividend Date	19 May	2008
Half-year Results 2008 - Press Release	19 August	2008
Half-year Results 2008 - Analysts Presentation (Amsterdam)	20 August	2008

## 7. 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, 29 January 2008

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