INTRODUCTION

Welcome to SBM Offshore’s Company Overview 2014, which focuses on the highlights from the Annual Report, while zooming in on issues most relevant to our clients and stakeholders in the current market climate.

The value of listening to clients is of paramount importance so SBM Offshore can anticipate their needs and respond quickly. Five case studies on pages 12-33 offer examples of how our solutions have been applied in practice, adding value and contributing to the goals of our oil and gas clients. Embedding sustainability in all SBM’s activities and operations is vital to our long-term development; throughout this report you will find a logo to denote special highlights.

Key drivers for our business - uptime in our offshore operations and safety every day of every year – are outlined pages 14 and 38 respectively. A brief, a la carte presentation of our product lines on pages 10-11 show our strategic focus for the future and how we can meet our clients’ needs with a spectrum of high-performance, state-of-the-art solutions. Performance Indicators are formally published in an integrated online annual report accessible through SBM Offshore’s website www.sbmoffshore.com.
We have worked together to deliver excellent operational performance for clients, achieved significant resolution of our last remaining legacy issues, furthered our governance and compliance goals and announced a reorganisation aimed at better meeting clients’ needs in response to changing market conditions. Although advances were made in our Health and Safety performance, I deeply regret that SBM Offshore had to report two fatalities of yard contractor staff on construction projects in Singapore.

Today I believe that significant strides have been taken to accomplish the transformation of SBM Offshore, mostly thanks to the entire Company rising to the mammoth challenge. With a clear path to the future, combined with SBM Offshore’s on-going reorganisation, our dynamic and entrepreneurial team will grow the business in collaboration with our clients and take proactive action to meet an evolving market.
THE INDUSTRY’S KEY FOCUS FOR THE COMING FEW YEARS WILL BE INCREASED QUALITY AND REDUCED COSTS

Sustainability will be at the heart of future growth for SBM Offshore. It does not stop at our reporting and inclusion in the Dow Jones Sustainability Index. It pertains to how we deal with all our stakeholders and how we win, build and operate our FPSO’s and other products.

OUR LONG-TERM COMMITMENT TO BRAZIL
SBM Offshore plays an essential role in the Brazilian offshore sector and we are committed to the country. The Company employs almost 5,000 people in its Regional Centre in Rio de Janeiro, onshore bases, offshore on our vessels and in our Joint Venture yard at Brasa. This year we demonstrated to the industry our technological and project management capabilities, in addition to our excellent operational performance. Producing offshore Brazil since November, FPSO Cidade de Ilhabela is an outstanding example of the standards to which we aspire. The Company worked as one to successfully deliver the vessel within a demanding schedule and local content requirements. The FPSO is currently the deepest in SBM’s operating fleet at 2,140m and has the largest capacity at 150,000 bpd of oil. Out of the total of 18 complex modules weighing 24,000 tonnes, 10 of the modules, representing 12,500 tonnes, were built at Brasa.

Several initiatives have been started which truly enhance the local communities in which we operate.

CLIENT FOCUS
Our recent past is the foundation for a bright future for SBM Offshore. By giving absolute attention to client needs and collaborating with them at every stage, we will leverage our worldwide know-how and capabilities to engineer, build and operate high-performance, state-of-the-art vessels. This will advance our clients’ projects and contribute to their production targets as well as pacify their concerns regarding costs.

The recent downturn in oil price will prompt a period of soul searching for the offshore services sector. It has been refreshing to note that the major oil companies are open to increased collaboration with the offshore services providers. It is something that I advocate in order to reverse the unsustainable, downward trend of reduced returns experienced by the majors and the service companies alike. A sharply reduced oil price can only add pressure for further project delays and we should not be surprised if the lower order intake in turnkey contracts is sustained in the medium term. Yet the potential deepwater reserves, combined with the need to go deeper as other reserves are depleted, are strong indicators of the potential growth in the medium to long term. SBM Offshore is well equipped for a continued downturn and is prepared to capitalise on the subsequent up-cycle.

Our reorganisation improves our value proposition and brings us closer to our clients
From January 1, 2015 our five Regional Centres will each be dedicated to a specific product line. The move will heighten our specialisation and place decision-making and problem-solving significantly closer to clients. Three years ago, we focused the business solely on FPSOs and now we are ready to revisit our wealth of technologies and expand our core FPSO skills where needs emerge. The relocation of our headquarters to Amsterdam during 2015 is expected to provide many advantages to SBM Offshore as a global player.

While we believe that we have created a strong defensive position, we remain proactive in today’s market environment to protect and create value. A prime example of this is our intention to pursue the development of a U.S. listed Master Limited Partnership, which will improve our competitive advantage in the short, medium and long term. Additionally, it has been an excellent year for funding whereby project financing was secured for US$1.9 billion and a new Revolving Credit Facility for US$1.0 billion. Finally, we continue to focus on our cost base, allowing us to maintain our core competencies and technological edge despite the headcount reductions.

SBM Offshore is structurally equipped to face headwinds and can draw from its practical strengths to carry the Company through a difficult 2015. We enter the period with a near record backlog of over US$21 billion, which consists of future lease and operate income with day rates that are not dependent on oil prices or on production levels. This will continue to generate income and liquidity for many years to come.

CEO BRUNO CHABAS MESSAGE

WORKING TOGETHER WITH INTEGRITY
When I joined the Company I was determined that SBM Offshore should have outstanding governance and compliance. I am now proud of the culture of zero tolerance for non-compliant behaviours and the continual vigilance and work to implement it. SBM Offshore is dedicated to operating its worldwide business activities in an open and transparent manner. This was not an easy or quick task. It has been achieved through extensive remedial actions since 2012, a strengthening of our policies and controls and by every employee embracing the Company’s compliance policy.

My commitment to our stakeholders is that we will remain vigilant and uphold best in class standards.

This year we secured an out-of-court settlement with the Dutch Public Prosecutor’s Office related to the compliance investigation. In addition, the US Department of Justice informed the Company that it is not prosecuting and has closed its inquiry into the matter. This development should help SBM Offshore to turn the page and to look to the future. The situation in Brazil is complicated, topped by a challenging political environment. However, we continue to engage and cooperate with the authorities and look forward to achieving a resolution.
MARKET TRENDS

Ongoing appetite to develop new areas and territories such as the Lower Tertiary in the Gulf of Mexico and also Mexico. Other key growth areas for deepwater exploration: East Africa, West Africa and Asia.

2014 was slow for the entire industry. With oil prices plummeting at the end of the year and gas prices also adversely affected, the situation was exacerbated, putting pressure on capital spending by our clients. SBM Offshore predicts that this trend will continue for the short term. To address this, a new organisation is in place since January 2015, with the aim to further improve the company’s client-focus for a more collaborative, solution-driven approach.

SBM Offshore either builds the vessels for outright sale as a turnkey project or for long-term lease. The lease option offers clients a cost effective and flexible way to produce their reservoirs and allows them to benefit from SBM Offshore’s 257 years of operating experience. Additionally, leasing saves the client the capital expenditures related to the vessel’s construction, as it remains under SBM Offshore ownership or part-ownership.

OVER 257 YEARS of accumulated experience in offshore operations

SBM Offshore is a leading services provider with a proven track record and a powerful track record in the global FPSO market. In terms of Total / Average capacity in bpd, the market for FPSOs can be roughly split into three segments: Newbuild FPSOs (over 150,000 bpd), large conversions and small conversion FPSOs (60,000 bpd). SBM Offshore is most active in large conversions FPSOs with typical production capabilities of 60,000 to 150,000 barrels of oil per day.

At year end 2014 SBM Offshore retained its position as leader in the industry of FPSO units in terms of Total / Average capacity in bpd.

SBM OFFSHORE’S VALUE PROPOSITION

As a leading services provider we offer benefits to our clients in terms of competitive, commercial solutions, backed by our strong technical competencies, EPCI delivery track record, operational experience and our reliable productivity for our fleet of FPSOs and other floating production units. To strengthen its position in its market segment, SBM Offshore is continuously developing new, differentiating solutions that meet the clients’ demands.

- Technology Development Program – to access new frontiers and production and reduce the cost of existing solutions
- Leveraging our experience and business model – already in place in Angola and Brazil – entering new countries in order to develop local sustainable business, meet local content requirements and invest in the communities
- Promoting the Company’s track record to assure clients when searching for better ‘predictability of outcome’
- Offering economical solutions across the full life cycle of projects, executing the work from cradle to grave

OPERATIONS:
KEY ACHIEVEMENTS

- 4.3 billion barrels oil equivalent (boe) for accumulated SBM Offshore’s lease fleet over 257 years
- Over 99% uptime
- First oil for FPSO Cidade de Marica
- Brownfield tie-back completed to FPSO Kikeh
- Demobilised: FPSO Kuito and FPSO Brasil – now at green recycling yards

TURNKEY:
KEY ACHIEVEMENTS

- Progress on construction and conversion work in China on twins FPSO Cidade de Marica and FPSO Cidade de Saquarema
- Progress on construction for FPSO Turritella and its disconnectable, internal turret and mooring system
- Progress on three of the world’s largest and most sophisticated turrets – 1) the Quad204 turret mooring system 2) the turret for the Prelude FLNG 3) the turret for the Ichthys FPSO
SBM PRODUCT OVERVIEW

SBM Offshore is a leader in Floating Production and Mooring Systems, Operations as well as Terminals and Services. One of the world’s foremost suppliers and operators of Floating Production, Storage and Offloading (FPSO) facilities, the Company has operating experience of over 257 contract years.

Since 2012 SBM has put a strong focus on its core competencies of FPSOs and Turret Mooring Systems in order to create a stable and predictable workload and restore confidence with all stakeholders. At the beginning of 2014 the time was considered right to widen the product portfolio and gain access to a larger pool of floating production prospects in the future. The existing Tension Leg Platforms / Turret Mooring Systems in order to create on its core competencies of FPSOs and Production Handling Terminals/Crude Oil terminals.

TERMINALS/CALM BUOYS

At the forefront of mooring technology, SBM takes pride in the nature design of its buoys, which ranges from the smallest and most affordable method of offshore mooring to the largest. SBM buoys are designed and manufactured to meet the demands of the offshore terminal industry. Traditionally simple to install, they are available in various range including turntable, and wheel-and-rail buoy, as well as an unlimited number of series. The company’s technology is in an active expansion experience of 57 years in the supply of CALM buoy worldwide.

HIGHLIGHTS

- **ACCUMULATED YEARS’ EXPERIENCE**: 257
- **UNITS**: 14
- **UPTIME**: +99%
- **BOE ACCUMULATED**: 4.3 billion
- **BOE - 2014**: 236 million
- **SUCCESSFUL & SAFE OFFLOADS - 2014**: 399
- **YEAR END 2014**:)

FLOATING LIQUEFIED NATURAL GAS (FLNG)

SBM Offshore’s proprietary, modular FLNG concept, which shapes as the Company’s expertise of integrated concept, is based on the conversion of FPSO’s (TLPs) into a design capacity of 13.5 to 18 million tons of liquefied natural gas (LNG) per annum. In a pre-investment evaluation approach for exploring oil and gas fields, the concept, known as a ‘FLEX LNG’ can be safely isolated away from the processing module.

OFFSHORE INSTALLERS

The FPSO transfer, the signature piece of the structure project (Drilling Support and Construction Vessel (DSV))s. Designed spanning the length of the Vessel from SBM's own installation vessel, the New Install, and built in 2010, the SBM Installer features the Company's patented Quad204 turret and safe transfer system. The quarter hull is equipped with a semi-submersible well intervention vessel and crew accommodation. The installation of a semi-submersible vessel allows for mild to moderate environments, and a multitude of top tensioned risers. Internal turret provides a better option for harsher environments and environments with high levels of wave activity, while the installation of a semi-submersible vessel allows for mild to moderate environments, and a multitude of top tensioned risers. Internal turret provides a better option for harsher environments and environments with high levels of wave activity.

TURRET QUAD204 TURRET

The Quad204 turret is one of the largest in the world, weighing in at over 2,000 tonnes, it is the 90-year return environmental condition. The turret can support one or more semi-submersible vessels, with up to 100 tonnes of weight capacity, with one being the recognized leader in complex mooring systems, and Turret Mooring Systems in order to create a stable and predictable workload and restore confidence with all stakeholders.
Key drivers for oil and gas operators include costs, on-time first oil, financial solutions, local content and new technology to explore new frontiers. The following pages explore examples of how SBM’s solutions are applied in practice, adding value and contributing to the goals of our clients.
Clients expect the highest level of productivity from our FPSOs and other floating production units. SBM’s dedicated teams around the world ensure that their objectives are met. With over 257 years of accumulated experience in offshore operations, the Company’s vision is to continue to provide customer orientated solutions and to ensure reliable operations.

**PERFORMANCE AT A GLANCE**

In 2014 SBM’s Operations division processed 236 Mboe and 399 successful and safe offloads. The remit in 2014 spanned the entire product lifecycle with two FPSOs starting up (offshore Angola and Brazil), 12 other FPSOs in operation offshore across the globe and finally two FPSOs at the end of the lifecycle being demobilised. In addition, Operations successfully continued on the MOPU (gas) offshore Canada for Encana and added an additional 35,000 bpd of oil to its processing capability via a successful tie-back to FPSO Kikeh from another field for Murphy Oil.

**LEASE & OPERATE – HOW IT WORKS**

SBM Offshore either builds the vessels for outright sale as a turnkey project or for long-term lease. The lease option offers clients a cost effective and flexible way to produce their reservoirs and allows them to benefit from SBM’s 257 contract years of operating experience. Additionally, leasing saves the client the capital expenditures related to the vessel’s construction, as it remains under SBM Offshore ownership or part ownership.

- 4.3 billion barrels of equivalent (boe) for SBM Offshore’s lease fleet over 257 accumulated years
- Over 99% uptime
- **Cidade de Ilhabela** produces 150,000 bbls/day

**KEY ACHIEVEMENTS IN 2014**

- First oil: FPSO **Cidade de Ilhabela** (11/2014) and **N’Goma** FPSO (11/2014)
- FPSO **Kikeh** successfully started producing a tie-back to the SNP field, adding an additional 35,000 bpd of oil and adding another successful brownfield project to the SBM Offshore portfolio
- FPSO **Mondo** – work progressed on the Moho South brownfield project to upgrade the FPSO, which includes modification to the topsides to increase throughput by up to 30,000 bbls per day
- Deep Panuke (MOPU – gas) marked its first year of successful operations

“Operational efficiency can go hand-in-hand with sustainability, as proven by the successful first year of operations for FPSO **Cidade de Paraty**, which had a flaring period of less than two months during the start of production. Overall in 2014 flaring decreased from 18.4 to 16 tonnes gas flared per tonnes of hydrocarbon production. The flaring on SBM account decreased from 37 to 35%.”
One difference for the pre-salt FPSOs compared to previous generation FPSOs is that the crude oil capacity has increased; the oil is lighter and of better quality making it easier to process offshore. However, the associated gas contains high levels of CO₂, which must be separated and re-injected at very high pressure, making the topsides significantly more complex than earlier vessels.

NEW OPERATIONS
SBM Offshore’s FPSOs are production plants operating offshore, often in deep, remote and sometimes harsh environments. In December the Company’s most sophisticated FPSO unit went into production – FPSO Cidade de Ilhabela, which represents a huge transformation to a more complex processing business, requiring different skill sets and meticulous attention to Process Safety Management to ensure safe operations. The two pre-salt FPSOs in the fleet represent a huge step-change for Operations. In addition, the ultra-deep water depths (Ilhabela is the deepest in the fleet at 2,140m) and the need to re-inject gas at much higher pressure (over 500 bar), represent a new benchmark for the industry.

Asset integrity
A key focus is on further developing maintenance strategies to ensure safe and reliable operations over the lifecycle of the vessel. Contracts have gone from an average of 14 years to 20 years for the most recent contracts for the Petrobras pre-salt FPSOs. Improved monitoring systems give a better and quick understanding of the assets’ actual condition to assure its integrity and keep continuity in our performance and safety standards.

Day-to-day
Operations teams are committed to regular client visits, which help SBM anticipate their future requirements as well as meet the more day-to-day needs. In addition, open discussions with the client representatives on board the FPSOs ensure daily communication on operations.

The information feedback loop from Operations to the engineering divisions in SBM ensures that we continually improve our technologies, which down the line optimises operations and increases performance for the client.

THE FUTURE
Operations aim to optimise the Company’s revenues by ensuring high uptime. This will be achieved by driving continued performance improvement and efficiencies. In addition, proposed life cycle cost optimisation should make SBM Offshore’s operations even more competitive, yielding benefits for SBM Offshore’s partners and customers.

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| FPSO N’GOMA FPSO ENI |
| FPSO CIDADE DE MARICÁ PETROBRAS |
| FPSO CIDADE DE SAGUAREMA PETROBRAS |
| FPSO TURRITELLA SHELL |
| SEMI-SUBMERSIBLE THUNDER HAWK MURPHY/NOBLE ENERGY |
| MOPU DEEP PANUKE ENCANA |
| FPSO NKOSSA B TOTAL |
| YETAGUN FPSO PETRONAS |
| FPSO SERPENTINA EXXONMOBIL |
COST & SCHEDULE ASSURANCE

SBM FOCUSES ON KEEPING COSTS AND SCHEDULES ON TRACK FOR FPSOs

Two key issues that are guaranteed to shatter any hope of ensuring a satisfied client are delayed first oil and cost overruns. Time is money to clients and meeting scheduled delivery dates is a key objective of all clients. In addition, in the current market climate, clients are paying even closer attention to costs than ever before. SBM Offshore works hard to achieve its high standard of performance and over the years has demonstrated that it delivers projects on time and within budget.

The results of an internal review that SBM Offshore conducted of its FPSO projects delivered on a Lease & Operate basis or Sale & Operate basis from 2008 to 2014 demonstrates our performance record for on-target delivery within budget. The projects were evaluated using the same criteria that Independent Project Analysis, Inc. (IPA) used in its formal study of FPSO performance, entitled 'Great Expectations, a story about FPSO project performance'.

As illustrated in graph A, the performance record of the SBM projects evaluated shows that in terms of cost, schedule and operability these projects were by and large well above the industry average.

INDUSTRY OUTLOOK

The experience of the industry is not always so positive. The above referenced research by IPA, published in 2012, reveals that many oil and gas companies have been facing consistent problems for FPSO projects. Based on 78 projects for which performance data were provided by operators and evaluated by IPA, the conclusion was that FPSO project performance has been poor as seen in Graph B.

According to IPA’s study, on average the schedule slips by over 20% for FPSO conversions and 10% for new builds. The data also reveals that, on average, cost growth is at over 10% for new builds and around 25% for conversion projects. And in terms of project start up, IPA concludes that the industry average for FPSO projects with operability problems is 43%.

Graph A: "INDUSTRY FPSO PERFORMANCE IS POOR ACROSS ALL EXECUTION STRATEGIES"

Graph B: "CONVERSION FPSOS"

DEFINITIONS:
- Operability Problems: 0 or 1: (1 if at least 1 continuous week of unexpected shutdown during 1st year of production)
- Production Attainment: Actual Production compared to Target production during months 7 to 12
- Schedule Slip: Actual Completion schedule compared to optimal Contract schedule
- Schedule Index: IPA Index for Industry Standards – 1 for new build, 0.9 for conversion
- Cost Growth: Final Client’s Cost compared to Initial Contract Cost (SBM numbers based on final costs charged to client and based on NPV for leases)
According to IPA, one of the reasons for low FPSO project performance is ‘poor definition’. SBM’s standard approach is to take the time and effort at the Front-End Definition (FED) stage to understand client needs and outline a well-defined design basis and execution plan. There is no need for additional specifications to be added at a later stage, thereby minimising the likelihood of variation orders and cost increases.

**STAYING ON SCHEDULE**

An excellent example of one of SBM’s FPSOs being executed within budget and even delivered ahead of schedule is the Aseng FPSO, which was built for Noble Energy. The FPSO was delivered in a record 26 months (arrival on site) and came online in November 2011, 53 days ahead of the contractual schedule. The FPSO is currently operating on the Aseng Field offshore Equatorial Guinea on a 15-year lease and operate contract with Noble Energy, achieving an oil uptime of over 99%.

Aseng - a large size leased FPSO with relatively complex process facilities and crude properties - faced a set of challenges that is typical for these types of projects. However, SBM’s focus on planning and the flexible cooperation of SBM’s experienced project management team with Noble’s project team allowed these issues to be successfully managed without compromise on cost or schedule. Its conversion was executed successfully due to a number of critical success factors. These included the fact that SBM was able to roll over the preparatory work carried out in the proposal phase for critical long lead items into the earliest stage of project execution. The team established a suppliers’ base in Asia, where proximity to contractor’s offices in Kuala Lumpur facilitated the interaction and the management of the vendors.

**CONTRACTUAL STRUCTURE OF ASENG**

The contract set up for Aseng was a so-called ‘financial lease’. The FPSO is owned by the contractor (SBM Offshore), the EPC phase is financed by the contractor and the client pays a day-rate after final acceptance of the unit. The day-rate is called the Bare Boat Charter (BBC) and is amongst other items, based on the Capital Expenditure to build the unit. The production operations are contracted on a reimbursable basis with performance incentives.

**FINANCING SOLUTIONS**

**20 21**

SBM Offshore – Company Overview 2014

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**CRITICAL FACTORS FOR SBM SCHEDULE SUCCESS**

- Focus on critical deliverable processes during the engineering phase
- Application of SBM’s ten-year old Group Technical Standards ensuring past FPSO experience is taken into account
- Development of critical process deliverables pre-award allowing the design activities to hit the ground running
- A well-resourced and experienced contractor Project Management Team with delegated responsibilities
- Involvement of construction, commissioning and offshore operations personnel early in the design phase
- Open communication between client and contractor
- A procurement strategy focused on meeting schedule PO dates and local sourcing
- A proven construction strategy with long time ‘construction partners’
New project financing agreements totaling US$1.9 billion were put in place in 2014. This included project financing for FPSO Cidade de Maricá totaling US$1.45 billion from a consortium of 16 international banks, ensuring the continued construction of the high capacity vessel destined for offshore Brazil by the end of 2015. Adding to the list of past successful deals, these most recent agreements illustrate SBM’s leadership in project financing and contribute to our investors and stakeholders confidence in the financial stability of the company.

The road to completing the deal was the result of much preparation and a successful track record over many years introducing banks to the concept of investing in FPSOs. The groundwork by the SBM finance team paid off, gaining the confidence of the banks and convincing them of the appeal and potential profitability of such financing.

The interim step was a US$1.0 billion framework agreement between the Export-Import Bank of China (CEXIM), Dutch Bank ING and SBM Offshore, which was signed in March 2014. The presence of the President of China, Xi Jinping, underlined the importance of this agreement, which is leading the way for the financing of future FPSOs by the Beijing-headquartered bank. CEXIM comprises the largest part (US$150 million) of the total funding allocation of US$1.45 billion for Maricá. Interest among banks was so high that it was 30% over-subscribed.

The cooperation between the three parties for the framework agreement opens the door to more opportunities on the FPSO construction front in China, with CEXIM open to committing up to one billion US dollars over the next three years. The framework was a direct follow-on from SBM Offshore’s decision to engage the Chinese yard in Guangzhou to convert and refurbish three of its FPSOs – one of which is now operating offshore Brazil.

Later on during the Year, SBM completed its second US Private Placement (USPP) financing with the Deep Panuke project for US$450 million. The positioning of SBM Offshore in the Debt Capital Market is driven by the strategy of the company to diversify its sources of financing.

This new and innovative move into such financial solutions for the offshore services industry is one that strengthens SBM’s financial position going forward and provides an assurance to our oil and gas clients that we have the ability to finance and the access to funding for any FPSO project that they wish to develop. This clearly gives SBM a competitive advantage, considering the struggle that the industry in general is currently facing.

In February 2014, SBM Offshore accepted an award from Project Finance International (PFI) for the ‘2013 African Oil & Gas Deal of the Year’ for its N’Goma FPSO, which is operating since November 2014 offshore Angola. The prestigious accolade recognised the success of the financing deal - the biggest ever seen for an Angolan FPSO, which was achieved despite the complex nature in terms of location, multiple stakeholders and timeframe. With less than three months between Request for Proposal (RFP) and Financial Close in July 2013, the US$600 million of debt on an 8.5 year tenor supported an Angolan oil field, Angolan shipyard and an Angolan operator. The project company behind N’Goma is Sanagas - a consortium comprising SBM Holding (50%), Sanangol (30%) and Angola Offshore Services (20%).

In January 2015, SBM Offshore was named as the recipient of the IJGlobal Latin American Upstream Oil & Gas Deal of the Year 2014 for the finance deal for FPSO Cidade de Maricá for the second year in a row.

DEEP PANUKE PRODUCTION FIELD CENTRE OFFSHORE CANADA

Completion of US$450 million of non-recourse senior secured debt by way of a US Private Placement (US/Canadian Debt Capital market). This is SBM’s second time to successfully utilise this type of financing. The 3.5% fixed coupon bond is rated BBB / BB (low) by Fitch and DBRS respectively and carries a seven-year maturity. The additional liquidity and greater financial flexibility have further improved SBM Offshore’s ability for securing funding for future projects. The investors’ profile for the project bond mainly includes retirement funds and insurance companies – 14 in total.

Completed Project Bond is an alternative for the financing of future FPSOs.

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The largest-ever FPSO financing completed was in July 2014. Two points that differentiate this finance deal from previous ones by SBM is that it is the largest and has the longest duration since part of the transaction has a maturity of 14 years post completion (ie: tenor of 16 years door-to-door), which demonstrates the confidence that the banks have in the long-term return on investment that the FPSO represents.

The project finance deal signed by SBM Offshore and its partners in the FPSO – Mitsubishi, Nippon Yusen Kaisha and QGOG Constellation – is at a weighted average cost of debt of 5.02%.

SBM Offshore has received a 5+1+1 years tenor corporate Revolving Credit Facility of US$1 billion in December 2014 including an accordion option of US$250 million for the financing, purchase, conversion, construction or upgrade of FPSOs.

In addition to Project financing facilities, the company has an excellent track record for setting up Corporate Bridge Loan facilities. SBM Offshore has successfully secured more than US$1 billion over the last two years in Corporate Bridge Loan facilities.

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In addition to Project financing facilities, the company has an excellent track record for setting up corporate Bridge Loan facilities. SBM Offshore has successfully secured more than US$1 billion over the last two years in corporate Bridge Loan facilities.
Within only five years a wild expanse of beach has been transformed into a world-class fabrication and integration yard and a thriving hub for a community. Angola is the newest player in pre-salt oil and gas exploration. Porto Amboim Estaleiros Navais - known as Paenal – is set to play a part in the country’s future development. Paenal already enjoys international recognition in the industry thanks to its fast-track achievements.

ANGOLA

THE YARD’S ORIGINS
Strategically close to offshore pre-salt oil discoveries, the inauguration of the Paenal shipyard in 2008 ensures an ideal base for deepwater exploration in West Africa as well as creating for Angola an offshore services capability and ensuring prosperity for local people.

Back in 2007, SBM and its partner Sonangol, Angola’s National Oil & Gas company had a vision: to create a state-of-the-art offshore fabrication yard in Angola. Its successful realisation and the positive effect it has on the country’s oil and gas industry as well on the local community is clear and is an example of how sustainable development can work. Along with the support of both partners in the yard Sonangol and DSME (a partner since 2010), SBM continues to strive to develop the yard’s full potential and to grow its personnel.

SUSTAINABLE DEVELOPMENT – PEOPLE AT PAENAL
One key issue was providing employment for local people following over 35 years of civil war. Finding the required skilled workers locally who met international standards required initiative and investment by SBM. Applying the same successful formula in Angola as it did in Brazil, talented personnel who lacked experience were trained on-site by SBM personnel. In parallel with construction of the yard, a dedicated training school was established in Porto Amboim for employees. To date over 600 workers have received training to ensure they meet the international standard.

SHIPYARD CAPABILITIES AND FACILITIES
Today the yard is capable of producing up to 10,000 tonnes of modules per year, which represents approximately two million man-hours per annum. Last year’s addition of the Heavy Lift crane has further transformed Paenal yard’s capacities and filled a gap in the regional market. Combined with Paenal’s 490-metres, purpose-built quayside, the yard is fully commissioned and can accommodate the fabrication and installation of topsides into mega FPSOs.

OPERATION OF ANGOLAN FPSOs
OPS is a 50:50 joint venture between SBM and Sonangol with over ten years of experience in operating FPSOs for Sonasing (a JV between SBM, Sonangol and Angolan Services). The latest FPSO to join the fleet was N’Goma in July 2014.
BRAZIL

SBM Offshore's other shipyard - Estaleiro Brasa – ideally located in Niterói on the outskirts of Rio de Janeiro, serves the expanding Brazilian offshore industry and was fully operational in 2012, a mere two years after work started.

The Brazilian government is strategically steering the international oil companies and oil and gas service providers in a direction that will be beneficial to the country. At the top of the priority list for international companies’ attention are the local content and the environmental obligations.

The Brasa yard is an excellent example of the way forward and demonstrates how service providers are planning to benefit from and contribute to this growth. A joint venture with Synergy Group, the yard ensures that SBM Offshore fulfills its local content quota and with an environmental strategy in place from the yard’s development plan since its inception, the Brazilian yard has a solid foundation for future operations in the country.

Oil and gas clients in Brazil, specifically Petrobras, recognise the yard’s importance in bringing their projects to fruition at the highest industry standards while equally ensuring a sustainable approach.

The yard is currently fabricating modules for the next two high capacity FPSOs that the national oil operator has contracted from SBM Offshore.

BRAZIL, SOCIO-ECONOMIC IMPACT STUDY

In 2014 SBM Offshore performed the first socio-economic impact assessment in Brazil. It was a pilot to develop the methodology in which 2013 data has been used. The assessment included the construction activities at the Brasa yard, the project execution at the office in Rio de Janeiro and the operations of the fleet of SBM Offshore FPSOs offshore Brazil.

The assessment is based on an internationally recognised methodology that distinguishes between:

Direct impacts: Referring to all impacts directly controlled such as job hires, salaries and taxes paid, purchasing of raw materials, supplies and subcontracting, and goods and services produced.

Indirect impacts: SBM’s purchases, in turn, create demand for its suppliers and subcontractors to purchase other goods and services from their own suppliers, stimulating other economic sectors of the supply chain. These indirect impacts will also generate wages and jobs in other economic sectors.

Induced impacts: Income generated through payroll by: SBM, its suppliers, its subcontractors, and other companies in the supply chain, increasing household consumption. This consumption creates increases in production and thus employment in other economic sectors, constituting what is commonly called induced impacts on employment.

The results demonstrate that our activities towards meaningful contribution to economic activity in the Brazilian economy in general.

48,221 JOBS GENERATED IN BRAZIL

4,211 Direct jobs created at Brasa yard, SBM projects and operations
30,616 Indirect jobs generated throughout supply chain
13,394 Induced jobs generated in economy

US$ 775 MILLION ADDED VALUE TO BRAZILIAN PRODUCTION

US$ 465 m Direct by SBM activities
US$ 310 m Indirect generated in other sectors

NEW TECHNOLOGY FRONTIERS

SBM OFFSHORE MADE GOOD PROGRESS IN 2014 TO ENABLE THE INDUSTRY IN ITS DEVELOPMENT OF HYDROCARBON RESERVOIRS LOCATED IN DEEPER AND HARSHER ENVIRONMENTS.
SBM is fully aware of the importance of renewable energy and is pursuing several R&D programmes for alternative energy. In 2014 there was a step change in technology for the capture of wave energy, which is deemed to be the most important source of marine renewable energy but the most difficult to capture.”

2014 saw SBM Offshore honored with an OTC Spotlight on New Technology award for its swivel technology – the fourth such award in four years – prestigious accolades that endorse the company’s position as a technology leader in the offshore industry and that demonstrate that SBM’s innovation is successfully bridging the technology gaps identified with our clients.

PERFORMANCE AT A GLANCE

During 2014 SBM Offshore focused on enhancing its market-leading position in complex floating production systems, and their associated mooring systems. The Company continued to identify key technology trends in the offshore oil & gas market, prioritising development work to address gaps in key areas of demand and offer cost effective field development solutions to clients.

The growth in the FPSO market is creating technology challenges and SBM has been continually evolving the leased production vessels that it operates to meet the challenges of the key regions of West Africa, the Gulf of Mexico and Brazil. In particular targeting the harsh Gulf of Mexico environment, having identified several technology gaps SBM is now making significant progress to provide solutions. The result is FPSO Turritella for the Shell Stones development, which when in operation in 2016 will be the world’s deepest floating production unit and only the second FPSO to exploit the High Pressure/High Temperature (HP/HT) Lower Tertiary reservoirs.

GAS PROCESSING UNITS - FLNG

2014 has seen a significant acceleration in the number of FLNG prospects emerging in the market. In tandem with this demand the Company’s solution for offshore gas monetisation, known as the Twin Hull™, is gaining momentum. Further development and extensive model basin tests took place in 2014.

With a design capacity of 1.5 to 2.0 million tonnes per annum, SBM’s mid-scale solution enables a highly economical approach for exploiting small and medium sized offshore gas fields, with faster delivery and lower investment than required for other concepts currently on the market.

A STEP UP IN FPSO TECHNOLOGY

These two high-capacity FPSOs - converted for Brazil’s prolific pre-salt region - have launched SBM firmly into a new generation of industry requirements and longer durations - Cidade de Ilhabela is a 20-year lease and operate contract.

Ilhabela is the company’s biggest FPSO with over 22,000 tonnes in topsides to accommodate the state-of-the-art processing modules necessary for these complex and deepwater reservoirs. This reflects the leap in terms of complexity compared to earlier versions engineered by SBM. What particularly marks them as a new league of vessel is the increase in production rate to be handled. Ilhabela has a capacity of 150,000 bpd of oil and the far greater level of sophisticated gas processing and compression technology they carry. SBM’s technology advances also inherently improve safety, efficiency and performance.

DEEP, DEEPER AND INDUSTRY’S DEEPEST

In line with market trends for deepwater exploration, SBM Offshore has been developing technology to meet the challenges of the key regions of the world.

The Very High Pressure Fluid Swivel represents a step-change for the industry as it breaks the current industry high pressure barrier. This swivel is specifically aimed at gas or water injection from FPSOs into ultra-high pressure reservoirs, such as the Lower Tertiary fields of the US Gulf of Mexico.

Technology highlights in 2014 included the completion and start-up of FPSO Cidade de Ilhabela – the Company’s most complex and deepest vessel – and completing the design for the most complex turret for the Stones Project, which has moved into the construction phase.
SBM Offshore supplies floating production solutions over the full product life cycle with several distinct phases:

**PRODUCT LIFE CYCLE**

**LIFE EXTENSION**

SPSO Kikeh (offshore Malaysia)
SBM Offshore and its joint venture partner MISC Bhd achieved a key milestone with the start-up of the Siakap North Petai (SNP) field through a tie-back to the Kikeh FPSO. The SNP field, a re-used development operated by Murphy Sabah Oil Co., Ltd (Murphy), is located offshore Malaysia in water depth of approximately 1,300 metres. Murphy announced first oil production from the SNP field on February 27, 2014. The event is an important milestone for a project that commenced in January 2012 at SBM Offshore’s Kuala Lumpur Regional Center and involved the fabrication and offshore lifting of four new modules and approximately 340,000 man-hours of offshore construction and commissioning work done on a live FPSO.

N’Goma FPSO (offshore Angola)
Formerly the FPSO Xikomba - in operation offshore Angola for eight years before being demobilised in 2012 and upgraded and renamed N’Goma FPSO in 2014 represents a successful life extension project for SBM when its Operations in Angola (OPS) took the reins of this vessel for a second time on a new block.

**DECOMMISSIONING**

When a contract ends, the vessel is either converted for a new contract or it is decommissioned and scrapped.
- FPSO Kuito was demobilised in late 2013, leaving Angolan waters in December 2014 and will be delivered to the green recycling yard in Turkey to be dismantled. It completed 14 years of operations for CabGoc offshore Angola (block 14)
- FPSO Brasil was demobilised in March 2014 and in November left Brazilian waters and will be delivered to the green recycling yard in China to be dismantled. The FPSO was operated offshore Brazil for 12 years under a lease and operate contract for client Petrobras.

**CONSTRUCTION**

**INSTALLATION**

**OPERATIONS**

**PROCUREMENT**

**ENGINEERING**

<table>
<thead>
<tr>
<th>Topsides</th>
<th>Hulls</th>
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<td>Turned mooring systems</td>
<td>FPSOs</td>
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<td>FLNGs</td>
<td>Semi-sub/TLPs</td>
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<tr>
<th>FPSOs</th>
<th>Semi-sub/TLPs</th>
<th>FPSOs</th>
<th>FLNGs (future)</th>
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<tbody>
<tr>
<td>Semi-sub/TLPs</td>
<td>FPSOs</td>
<td>FLNGs</td>
<td>Terminals</td>
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</table>
We succeed when our clients meet their goals - this is SBM Offshore’s number one priority. As a leading services provider we offer benefits to our clients in terms of competitive, technical and commercial solutions, backed by our strong technical competencies, EPCI delivery track record, operational experience and our reliable productivity for our fleet of FPSOs and other floating production units.

In 2014 we demonstrated this with the delivery of two high capacity FPSOs, which are now successfully operating and on hire offshore Angola and Brazil. SBM’s dedicated teams around the world ensured that the clients’ objectives were met from A to Z for the engineering, procurement, construction and installation. Now our clients are benefitting from over 257 years of accumulated experience that SBM has in offshore operations.

**N’GOMA FPSO**

N’Goma FPSO achieved first oil and started producing offshore Angola November 28, 2014 for an under a 12-year lease and operate contract. It was formerly the FPSO Xikomba, which was in operation offshore Angola for eight years before being demobilised in 2012. It represents a successful life extension project for SBM Offshore when Operations took the reins of this vessel for a second time on a new block. The upgrades to the hull took place in a yard in Singapore and to leverage the capabilities of SBM’s own joint venture shipyard in Angola the construction of two modules and their integration into the FPSO took place at Paenal shipyard. SBM Offshore’s Kuala Lumpur Regional Centre project managed the FPSO.

• First time Paenal shipyard welcomed a SBM Offshore FPSO
• Second FPSO that Paenal had moored at quay (within 8 months) since opening for business in 2008
• It is the only FPSO that OPS has operated twice in two different fields (both Angola); two different clients – the life extension project demonstrates the cost effectiveness and faster schedule of choosing an FPSO conversion over a new build
• Construction of two complex modules at Paenal yard – meeting local content requirements and ensuring sustainable development for Angola
• The FPSO is owned by Sonasing – a Joint Venture company between shareholders: the Angolan National Oil Company Sonangol, SBM Offshore, and Angolan Offshore Services and demonstrates SBM’s collaborative relationship with clients and governments in the countries where it operates

- The project contributed to Angola’s sustainable growth – Paenal is a successful, state-of-the-art fabrication shipyard with 85% Angolan nationals employed – the yard is the biggest employer in the region

**FPSO CIDADE DE ILHABELA**

The Company’s most sophisticated FPSO unit achieved first oil November 24, 2014 offshore Brazil. FPSO Cidade de Ilhabela represents a huge transformation to a more complex processing business in pre-salt fields. The vessel is SBM’s latest Generation 3 FPSO model and has an increased crude oil processing capacity of 150,000 bbls per day. The upgrades to the hull took place in a yard in China and to leverage the capabilities of SBM’s own joint venture shipyard Brasao in Brazil, the construction of ten modules and their integration into the FPSO took place at Brasao shipyard. SBM Offshore’s Schiedam Regional Centre project managed the FPSO.

• Deepest FPSO for SBM Offshore
• Largest capacity FPSO in fleet at 150,000 bpd
• The FPSO with the largest topsides at 24,000 tonnes
• Ten complex modules weighing 13,000 tonnes were constructed in Brazil at Brasao yard
• Second pre-salt FPSO in fleet (building experience in this corrosive environment)
• Helping our client meet their targets

“SBM aims to responsibly recycle all vessels and structures at the end of their useful life and adheres to international guidelines such as the International Convention for the Safe and Environmentally Sound Recycling of Ships (the ‘Hong Kong Convention’) of the International Maritime Organization of the United Nations. FPSO Kuito and FPSO Brasil have been decommissioned to green recycling yards in Turkey and China.”

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SBM Offshore – Company Overview 2014

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SBM Offshore – Company Overview 2014

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"Safety remains the backbone of the company’s activities"

Ownership and accountability by all employees to actively deliver results drive our collective success and future as a company.
SBM NURTURES TALENT

The Company continues to develop its talent and pave the way for its future leaders. SBM continued its commitment to employing, retaining and developing the best talent in the industry as well as its commitment to its nationalisation programmes in the countries where it operates such as Brazil and Angola.

SBM’s ethos has always been to invest in the development of our employees, to encourage and support them to reach their true potential. Offering excellent training and career development opportunities, this is a key way to retain our experienced employees, as well as attract new talent.

YURI ASSISTANT ENGINEER, ANGOLA

A project with a clear sustainable impact in Angola is managed by SBM Offshore and OPS (a joint venture between partners Sonangol and SBM Offshore). Together they financed the construction of a girls’ orphanage in Lubango. A young Angolan, Yuri, who works for OPS, was responsible for its project management three years ago and continues to oversee its maintenance. The orphanage has had a hugely positive impact on the lives of almost 100 girls, who range from toddlers to young adults. They now lead healthy and happy lives and benefit from an education at the on-site school. While studying to be an engineer, Yuri works in the OPS head office in Luanda ensuring the operations for SBM’s Angolan fleet of FPSOs and regularly goes offshore.

PERFORMANCE AT A GLANCE

SBM Offshore is transitioning to an organisation that is more entrepreneurial, results oriented and client focused for future success. 2014 was a year of transformation and this process will continue in 2015 as the framework of the reorganisation is gradually put in place and the company gears up and the commercial mindset is embedded. The three-year implementation of this vision began in 2014 and is in response to the dynamics and difficulties that the industry is experiencing.

By aligning HR objectives with its overall objectives, the Company continues to deliver results to meet stakeholder expectation. The Company strives to excel with passion and integrity - fueled by its ambition and team energy. The objective is to instill pride in every employee for their work and to maintain a superior and consistent way of working to world-class best practices in order to achieve the desired results and sustainable growth.
SAFETY 24/7

SBM Offshore has always had its eye firmly on the safety ball and, as the industry evolves, safety remains the backbone of the company’s activities.

As oil and gas exploration goes deeper and clients’ needs become more complex this puts the playing field for the industry in a constant state of flux. SBM’s HSSE policies and practices evolve in tandem with the industry. In 2014 the Company focused on strengthening leadership in HSSE and its HSSE culture and the Company successfully delivered solid safety performance in all business activities. The Total Recordable Injury Frequency Rate (TRIFR) was improved by 45% (0.22 compared to 0.40) and the Lost Time Injury Frequency Rate (LTIFR) by 66% (0.05 compared to 0.15) compared to 2013.

However, during the period, SBM Offshore deeply regretted having to report two fatalities of yard contractor staff on construction projects in Singapore. Root cause analysis has been carried out and appropriate measures have been put into effect at the contractor facilities. These fatalities are all the more regrettable, since over the course of the 12-month period the Company achieved an improved safety performance thanks to the focused drive, commitment and involvement of its employees delivering the improvement programme in 2014.

In 2014 the number of incidents with high potential to harm people was reduced by 20% compared to 2013 and by 50% compared to 2011.

HSSE MISSION
SBM Offshore is committed to protecting people, preventing pollution and safeguarding the environment. The Company’s objective is to provide an incident free workplace and minimise the risks to the health and safety of all its personnel.

LIFE DAY
The launch of a new HSSE Culture program called ‘Life 365’ was kicked off with the first company-wide ‘Life Day’ on April 28th, 2014. Almost 10,000 people across the globe participated. This worldwide stand-down from work gave time to every employee to solely concentrate on safety, security and health. In addition to safety training and thought-provoking workshops, the day created a sense of pride and belonging to a positive, rewarding and increasingly safe work environment as well as further embedding the motto “We care for each other.”

ENVIRONMENTAL PERFORMANCE
The environmental performance has also improved compared to last year, with 13% less Green House Gas (GHG) emissions per hydrocarbon production offshore and 9% less of energy consumption and 17% less oil discharged from produced water offshore compared to 2013.
SBM Offshore ended 2014 with a good underlying financial performance, ahead of expectations for the second straight year.

FINANCIAL REVIEW

The year was marked by continued project execution with the delivery of two FPSOs, securing financing for a number of projects and continued strengthening of the balance sheet. Directional revenue increased 5% to US$3,545 million, while Directional backlog remains near record highs at US$21.8 billion. This was reinforced by strong operational performance with consistently high uptime across the fleet of over 99%.

Projects under construction progressed to plan in 2014, delivering FPSOs Cidade de Ilhabela and N’Goma FPSO to their respective clients following systems acceptance. Sound financial results, steady Directional revenue growth, continued reliable operational performance and a near record backlog point to sustained progress of the turnaround commenced in 2012. The year was marked by significant milestones.

Bruno Chabas, CEO of SBM Offshore:

“The effects of the recent drop in oil prices are being felt across the offshore services industry in the form of lower order intake. This reduction is putting pressure on suppliers’ capacity. While SBM Offshore is no exception, the current macro environment should not overshadow our sound 2014 financial results. In the twelve months, we achieved significant progress on a number of operational and corporate objectives. Furthermore, the Company is uniquely positioned to weather this period of uncertainty thanks to its strong Lease and Operate backlog that provides long-term cash flow, is unaffected by movements in oil prices or production levels. As a result, the Company expects a steady increase in cash flow over the coming years as we continue to deliver the projects under construction. I remain optimistic about the medium to long-term prospects for our industry in general and SBM Offshore in particular.”

PROJECT OVERVIEW

Projects under construction progressed to plan in 2014, delivering FPSOs Cidade de Ilhabela and N’Goma FPSO to their respective clients following systems acceptance. Sound financial results, steady Directional revenue growth, continued reliable operational performance and a near record backlog point to sustained progress of the turnaround commenced in 2012. The transformation continues as the Company focuses its attention to delivering three FPSO projects by mid-2016 and completing the business improvement initiatives.

Notwithstanding the ongoing investigations by authorities in Brazil, a major milestone was reached when the Company announced a US$240 million out-of-court settlement with the Dutch Public Prosecutor’s Office.

The FPSO Turntella Operations and Maintenance contract was signed in May 2014 and Encana agreed to a settling of claims arising from the Deep Panuke project offshore Nova Scotia. Through the corporate and project financing activities completed during the course of the year, the financial position of the Company is markedly strengthened.

Consistent with SBM’s strategy to focus on its core business and to further strengthen its financial position, the sale and leaseback of the Monaco real estate portfolio was completed and the all-cash sale of the Diving Support and Construction Vessel (DSCV) SBM Installer was announced and closed. SBM Offshore was also successful in securing three refinancings and signing the renewal of its Revolving Credit Facility in 2014. A US$400 million bridge loan for the financing of the Deep Panuke platform was secured in May. In August, project financing was secured for FPSO Cidade de Maricá totalling US$1.45 billion from a consortium of international banks at a weighted average cost of debt of 5.3%. In early November, the Company refinanced the US$400 million bridge loan for the Deep Panuke Production Field Centre when it announced the completion of US$450 million of non-recourse senior secured debt by way of a USPP. The 3.3% fixed coupon bond is rated BBB-/BBB (low) by Fitch and DBRS respectively and carries a 7-year maturity. The additional liquidity and greater financial flexibility have further improved the Company’s risk profile for securing funding for future projects.

Lastly, a review of strategic alternatives regarding balance sheet optimization announced at the Capital Markets Day in September was completed in November. The Management Board, with the endorsement of the Supervisory Board, intends to pursue the development of a Master Limited Partnership (MLP). The anticipated offering is subject to market conditions.

FINANCIAL STATEMENTS

The year was marked by continued project execution with the delivery of two FPSOs, securing financing for a number of projects and continued strengthening of the balance sheet. Directional revenue increased 5% to US$3,545 million, while Directional backlog remains near record highs at US$21.8 billion. This was reinforced by strong operational performance with consistently high uptime across the fleet of over 99%.
INVESTING IN OUR FUTURE
Costs associated with research and development focused investments and the Odyssey24 programme came to US$63 million in 2014, representing a year-on-year increase of US$37 million. The programmes’ focus on step-changes in design, execution, project and supply chain management, allowing the Company to deliver its projects faster while reducing project costs by at least 5% per project. The programmes continue into 2015 and once completed are expected to benefit from a quick payback on new contract awards.

DIVESTMENT UPDATE
In August the Company announced the completion of the sale and leaseback of its Monaco real estate portfolio. The last of three buildings was sold for approximately US$62 million net of expenses, resulting in a book profit of approximately US$38 million. This was in addition to the December 2013 announced sale and leaseback transactions for two of the three buildings with sales proceeds exceeding US$100 million and resulting in a book profit of approximately US$30 million. Total proceeds, net of expenses, resulting from the transactions are in excess of US$162 million with a total book profit of approximately US$88 million.

In early December, SBM Offshore announced the US$150 million all cash sale of the DSCV SBM Installer to OS Installer AS. The Company confirmed in mid-December that OS Installer AS, a newly established Joint Venture between Ocean Yield (75%) and SBM Offshore (25%), secured bank financing and that the transaction had closed. Net of the retained equity interest in the Joint Venture, the Company received US$140 million in proceeds.

YEAR-END UPDATE
In the December 17, 2014 year-end update press release, SBM Offshore announced the reduction of the useful life of the Deep Panuke Production Field Centre to eight years, in line with the fixed contract period. This adjustment resulted in a non-cash impairment charge of approximately US$59 million. The eight-year firm contract revenue is not affected by the announcement.

In addition, the Company announced a one-off impairment charge (non-cash) of US$49 million related to a financial asset following a dispute with an external party. This charge impacted the 2014 results.

The eight-year firm contract revenue is not affected by the announcement.

HIGHLIGHTS
Directional\(^1\) consolidated net income for 2014 came in at US$84 million versus a net loss of US$58 million in 2013. This result includes divestment profits and other non-recurring items which generated a net loss of US$265 million in 2014 compared to US$433 million in 2013. Excluding divestment profits and other non-recurring items, 2014 underlying consolidated Directional\(^1\) net income attributable to shareholders stood at US$349 million, a slight decrease from US$375 million in the year ago period.

Reported consolidated 2014 IFRS net income was US$652 million versus US$375 million in 2013. IFRS net income attributable to shareholders amounts to US$575 million compared to US$314 million in 2013.

\(^{1}\)Directional is a non-IFRS disclosure, which measures all leases contracts as operating leases and all vessel joint ventures are proportionally consolidated.
### RESULTS (Directional)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012(**)</th>
<th>2011(**)</th>
<th>2010(**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (in millions of US Dollars)</td>
<td>3,549</td>
<td>3,373</td>
<td>3,059</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>84 (58)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>201 (63)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>EBITDA</td>
<td>486 (520)</td>
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### RESULTS (IFRS)

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<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
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</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>5,482</td>
<td>4,584</td>
<td>3,639</td>
<td>3,157</td>
<td>3,056</td>
</tr>
<tr>
<td>Net profit/(loss)</td>
<td>652 (175)</td>
<td>(441)</td>
<td>276 (75)</td>
<td>0 (0)</td>
<td>0 (0)</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td>726 (188)</td>
<td>(341)</td>
<td>386 (341)</td>
<td>386 (188)</td>
<td>120 (0)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>926 (592)</td>
<td>913 (661)</td>
<td>1,154 (643)</td>
<td>328 (592)</td>
<td></td>
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<tr>
<td>Shareholders’ equity at 31 December</td>
<td>2,419</td>
<td>2,039</td>
<td>1,459</td>
<td>1,284</td>
<td>1,816</td>
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<tr>
<td>Net debt</td>
<td>4,775</td>
<td>3,400</td>
<td>1,816</td>
<td>1,659</td>
<td>1,644</td>
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<tr>
<td>Capital expenditure</td>
<td>65 (188)</td>
<td>555 (655)</td>
<td>841 (655)</td>
<td>519 (188)</td>
<td></td>
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<tr>
<td>Depreciation, amortisation and impairment</td>
<td>199 (404)</td>
<td>1,154 (643)</td>
<td>328 (592)</td>
<td></td>
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<tr>
<td>Number of employees (average)</td>
<td>8,330</td>
<td>7,126</td>
<td>5,275</td>
<td>4,385</td>
<td>3,787</td>
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<tr>
<td>Employee benefits</td>
<td>861 (831)</td>
<td>831 (750)</td>
<td>750 (831)</td>
<td>654 (608)</td>
<td>608 (608)</td>
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</tbody>
</table>

### RATIOS (%) (IFRS)

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<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity / net assets</td>
<td>30 (31)</td>
<td>38 (39)</td>
<td>38 (54)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current ratio</td>
<td>170 (194)</td>
<td>117 (86)</td>
<td>117 (148)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on average capital employed</td>
<td>10.0 (3.5)</td>
<td>(9.5)</td>
<td>11.0 (5.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on average shareholders’ equity</td>
<td>25.8 (8.5)</td>
<td>(5.8)</td>
<td>12.4 (26.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit (EBIT) / net turnover</td>
<td>13.3 (4.1)</td>
<td>1.0 (10.8)</td>
<td>12.6 (4.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit/(loss) / net turnover</td>
<td>11.9 (3.8)</td>
<td>(2.1)</td>
<td>9.0 (14.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt / total equity</td>
<td>152 (118)</td>
<td>119 (145)</td>
<td>77 (75)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise value/EBITDA</td>
<td>7.5 (12.9)</td>
<td>6.5 (6.8)</td>
<td>7.6 (6.8)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### INFORMATION PER SHARE (US$)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit/(loss)</td>
<td>2.75 (0.56)</td>
<td>(0.44)</td>
<td>(2.77)</td>
<td>1.44 (0.71)</td>
<td></td>
</tr>
<tr>
<td>Dividend</td>
<td>0.00 (0.00)</td>
<td></td>
<td>0.00 (0.00)</td>
<td>0.00 (0.71)</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity at 31 December</td>
<td>11.54</td>
<td>9.77</td>
<td>7.71 (7.49)</td>
<td>12.29</td>
<td></td>
</tr>
</tbody>
</table>

### SHARE PRICE (€) (IFRS)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 31 December</td>
<td>9.78 (14.80)</td>
<td>10.50</td>
<td>15.90</td>
<td>16.75</td>
<td>16.75</td>
</tr>
<tr>
<td>- highest</td>
<td>15.65 (16.18)</td>
<td>16.39</td>
<td>20.91</td>
<td>17.14</td>
<td></td>
</tr>
<tr>
<td>- lowest</td>
<td>8.74 (10.04)</td>
<td>7.71</td>
<td>11.73</td>
<td>11.39</td>
<td></td>
</tr>
<tr>
<td>Price / earnings ratio</td>
<td>4.3 (37.2)</td>
<td>NA (NA)</td>
<td>NA (NA)</td>
<td>15.8 (15.8)</td>
<td></td>
</tr>
<tr>
<td>Number of shares issued (x 1,000)</td>
<td>208,695</td>
<td>208,747</td>
<td>189,142</td>
<td>171,440</td>
<td>168,668</td>
</tr>
<tr>
<td>Market capitalisation (US$ mn)</td>
<td>2,490</td>
<td>2,427</td>
<td>2,625</td>
<td>3,535</td>
<td>3,784</td>
</tr>
</tbody>
</table>

### HUMAN RESOURCES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employees (including Construction Yards)</td>
<td>10,215</td>
<td>9,936</td>
<td>7,493</td>
<td>6,220</td>
<td>5,758</td>
</tr>
<tr>
<td>Contract / Permanent Ratio</td>
<td>19% (22%)</td>
<td>21% (21%)</td>
<td>25% (25%)</td>
<td>28% (25%)</td>
<td></td>
</tr>
<tr>
<td>Total Permanent Employees (including Construction Yards)</td>
<td>8,234</td>
<td>8,358</td>
<td>5,883</td>
<td>4,655</td>
<td>4,114</td>
</tr>
<tr>
<td>Total Contractors (including Construction Yards)</td>
<td>1,961</td>
<td>1,578</td>
<td>1,565</td>
<td>1,565</td>
<td>1,644</td>
</tr>
<tr>
<td>Total percentage of Females in Permanent Workforce</td>
<td>16% (24%)</td>
<td>20% (21%)</td>
<td>22% (22%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Part-time Workforce</td>
<td>3% (3%)</td>
<td>2% (3%)</td>
<td>3% (3%)</td>
<td>3% (3%)</td>
<td></td>
</tr>
<tr>
<td>% of Part-time Females</td>
<td>75% (75%)</td>
<td>70% (61%)</td>
<td>62% (62%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of Part-time Males</td>
<td>25% (25%)</td>
<td>30% (30%)</td>
<td>38% (38%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### EMPLOYEE TURNOVER RATE

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover Rate</td>
<td>13.6% (13.6%)</td>
<td>13.8% (13.8%)</td>
<td>11.7% (11.9%)</td>
<td>10.1% (10.1%)</td>
<td></td>
</tr>
<tr>
<td>Resignation</td>
<td>7.9% (10.1%)</td>
<td>8.2% (8.1%)</td>
<td>6.6% (6.6%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demiseal</td>
<td>4.2% (3.7%)</td>
<td>3.6% (3.1%)</td>
<td>2.7% (2.7%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement</td>
<td>0.3% (0.4%)</td>
<td>0.5% (0.3%)</td>
<td>0.7% (0.7%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fatalities non work related</td>
<td>0.1% (0.1%)</td>
<td>0.1% (0.1%)</td>
<td>0.1% (0.1%)</td>
<td>0.0% (0.0%)</td>
<td></td>
</tr>
</tbody>
</table>

### APPRAISALS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Appraisals Completed</td>
<td>96% (90%)</td>
<td>84% (84%)</td>
<td>92% (92%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### COMPETENCY TRAINING INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013(*)</th>
<th>2012</th>
<th>2011(*)</th>
<th>2010(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offshore Training Hours per Eligible Employee</td>
<td>66 (95)</td>
<td>47 (55)</td>
<td>41 (41)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Onshore Training Hours per Eligible Employee</td>
<td>20 (28)</td>
<td>21 (18)</td>
<td>28 (28)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OUR GLOBAL PRESENCE

USA
1
Thunder Hawk
1
FPSO Turritella

Canada
1
PFC Deep Panuke

Canada
1
PFC Deep Panuke

Myanmar
1
FPSO Yetagun

Malaysia
1
FPSO Kikeh

Brazil
6
FPSO Marlim Sul
FPSO Espirito Santo
FPSO Capixaba
FPSO Cidade de Ancheta
FPSO Cidade de Paraty
FPSO Cidade de Ilhabela

Equatorial Guinea
3
FPSO Mondo
FPSO Saxi Batuque
N’Goma FPSO

Equatorial Guinea
2
FPSO Serpentina
FPSO Aseng

Angola
3
FPSO Mondo
FPSO Saxi Batuque
N’Goma FPSO

Angola
2
FPSO Serpentina
FPSO Aseng

Representative Offices
Paris, Dubai, Jakarta

Regional Centre
Site Office
Dubai, Abu Dhabi, Guangzhou, Singapore
Operations Head Office
MOPU Production Field Centre
Construction Yard
DeepDraft Semi-Submersible.

Unit in Operation
Unit under Construction
Leased only
Operated only