

SBM OFFSHORE 2016 FULL YEAR EARNINGS

February 8, 2017

SBM Offshore is pleased to report revenues and EBITDA in line with expectations, concluding a year of many achievements notwithstanding the backdrop of the prolonged market downturn. After adjusting to the new market circumstances, the offshore industry shows early signs of stabilization but with a slow recovery. SBM Offshore has continued to transform itself to address this change, safeguarding experience to reinforce a strategic position underpinned by strong cash flow from the Lease & Operate portfolio. At the end of the year the Company was awarded contracts by ExxonMobil for a Floating Production, Storage and Offloading vessel (FPSO) for development and production in Guyana, subject to Final Investment Decision; the only major new FPSO-related contracts awarded in the industry as a whole in 2016. During the year three FPSOs were delivered to clients, which were successfully integrated into the fleet. These new vessels further strengthened cash flow allowing the company to re-initiate the dividend and complete a significant EUR 150 million share repurchase program during 2016. Given its continued positive outlook for underlying cash flow generation, the Company proposes a cash dividend of US\$0.23 per share, an increase of c. 10% year-on-year. In addition the Company will be updating and reinforcing its dividend policy.

Bruno Chabas, CEO of SBM Offshore, commented:

"Experience matters. This was demonstrated by SBM Offshore teams once more this year. Three technologically complex FPSOs were delivered, on time, in line with clients' expectations, using teams across the globe. SBM Offshore is approaching 300 years of cumulative operating experience and has now delivered 118 Turnkey projects, including 34 FPSOs. And since 1959 the Company has delivered more than 450 offshore terminals. Lease and Operate continues to show solid performance with a fleet that has a production capacity of 1.6 million barrels per day.

To firmly position the Company for the future and align its business with today's reality in the oil services industry which is characterized by "lower for longer" activity, SBM Offshore initiated a strategic improvement program. This program leverages our experience and is structured around the pillars "Optimize", "Transform" and "Innovate". The importance of working closely with client teams to optimize developments combined with the ability to deliver projects on time and on budget has become crucial. As such, with its balance sheet and experienced staff, SBM Offshore is uniquely positioned to create value for customers and investors in today's oil price environment and thereby utilize its solid foundation for future growth."

Financial Highlights

- Underlying¹ Directional² EBITDA of US\$778 million and Underlying Directional EPS of US\$0.71 per share
- Directional revenue of US\$2,013 million
- Restructuring cost savings of US\$260 million, including foreign exchange rate impact; ahead of plan to date
- Cash return to shareholders totaling US\$211 million for the year in the form of dividend and share repurchases
- Cash dividend of US\$0.23 per share for 2016, a c.10% increase compared to 2015
- Proportional net debt at year-end unchanged at US\$3.1 billion, and cash/undrawn credit facilities of US\$1.9 billion
- 2017 Guidance: Directional revenue around US\$1.7 billion, Directional EBITDA around US\$ 750 million
- Recorded adjustments to accounts in-line with 2016 Year-end Update

¹ Underlying earnings adjusted for exceptional items: in 2015 compliance related items and in 2016 compliance related items and impairments as reported in the 2016 Year-End Update; further explanation on this on page 2. This explanatory note relates to any reference made to Underlying in this document.

² Directional view is a non-IFRS disclosure, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated. This explanatory note relates to any reference made to Directional in this document.

in US\$ million	Directional			IFRS		
	FY 2016	FY 2015	% Change	FY 2016	FY 2015	% Change
Revenue	2,013	2,618	-23%	2,272	2,705	-16%
Turnkey	702	1,512	-54%	1,000	1,685	-41%
Lease and Operate	1,310	1,105	19%	1,273	1,020	25%
EBIT	290	191	52%	564	239	136%
Underlying EBIT	344	348	-1%	617	395	56%
EBITDA	725	561	29%	772	462	67%
Underlying EBITDA	778	718	8%	825	619	33%
Profit attributable to Shareholders	24	24	0%	182	29	528%
Underlying Profit attributable to Shareholders	150	180	-17%	308	186	66%

in US\$ billion	Dec-31-16	Dec-31-15	% Change	Dec-31-16	Dec-31-15	% Change
Backlog	17.1	18.9	-10%	-	-	NM
Net Debt	3.1	3.1	-1%	5.2	5.2	0%

As reported in the 2016 Year-End Update in December, the 2016 results include a number of non-cash adjustments as a result of its regular year-end review taking into account uncertainties in its outlook for some areas of its operations reflected in its updated business planning assumptions. These adjustments comprise US\$90 million in total for the impairment of the Company's net investment in the Angolan construction yard Paenal and the recognition of an onerous contract for the DSCV *SBM Installer*. During 2016, the compliance related Brazilian settlement provision was increased by US\$36 million, consisting of US\$22 million plus a time value of money adjustment³ of US\$14 million. All these amounts have been used to adjust the results for 2016, to arrive at the underlying figures as reported above and throughout this document. 2015 underlying results reflect an adjustment for compliance related items amounting to US\$157 million.

Project Review

FPSO

The Company delivered three complex FPSOs to clients during the year. First, FPSO *Cidade de Maricá* (Brazil) was formally on hire as of February 7, 2016 with an initial charter contract of 20 years. Second, FPSO *Cidade de Saquarema* (Brazil) was on hire as of July 8, 2016 with an initial charter contract of 20 years. Third, FPSO *Turritella* (US Gulf of Mexico) was on hire as of September 2, 2016 with an initial lease and operate contract for 10 years with future extension options up to a total of 20 years.

The FPSO *Marlim Sul* received a decommissioning day rate through the end of the first quarter 2016, and was subsequently formally decommissioned in April 2016 and is currently laid-up in Malaysia.

Turrets & Mooring Systems

Commissioning continues in accordance with clients' schedules and contractual planning, for the two large, complex turrets for *Prelude* FLNG and FPSO *Ichthys*.

Front-End Engineering and Design (FEED) contracts

On December 20, 2016 the Company announced the award by ExxonMobil of FPSO contracts for the Liza development in Guyana, subject to final investment decision. The Company is progressing with the scope for this FEED study.

³ Represents the 2016 increase of the net present value of the future payments (instalments and bonus reductions) related to contemplated Leniency Agreement; the unwinding effect of the initial discount is recognized over time in the net financing costs according to IFRS

Project	Contract	SBM Share	Capacity, Size	Expected Delivery	Notes
Prelude, Turret	Turnkey sale	100%	95m height, 11,000 tons	2017	Commissioning ongoing
Ichthys, Turret	Turnkey sale	100%	60m height, 7,000 tons	2017	Commissioning ongoing
<i>Cidade de Maricá, FPSO</i>	20 year finance lease	56%	150,000 bpd	2016	Delivered
<i>Cidade de Saquarema, FPSO</i>	20 year finance lease	56%	150,000 bpd	2016	Delivered
<i>Turritella, FPSO</i>	10 year finance lease	55%	60,000 bpd, disconnectable	2016	Delivered

Directional Backlog

Directional backlog at the end of December 2016 remained high at US\$17.1 billion compared to US\$18.9 billion at the end of 2015. This reflects both the lower level of order intake for the Turnkey segment and the resilience of the Lease and Operate portfolio amounting to US\$ 17.0 billion at the end of 2016. Revenue generated in 2016 was \$2,013 million with total order intake of US\$186 million, including US\$110 million of new orders in Turnkey.

Backlog as of December 2016			
<i>(in billion US\$)</i>	Turnkey	Lease & Operate	Total
2017	0.1	1.5	1.6
2018	-	1.5	1.5
2019	-	1.5	1.5
Beyond 2019	-	12.5	12.5
Total Backlog	0.1	17.0	17.1

Funding

At the end of the year, SBM Offshore had cash and undrawn committed credit facilities totaling US\$1,904 million compared to US\$2,681 million at year-end 2015 on an IFRS basis. On a proportional basis the period ended at US\$1,850 million versus US\$2,155 million at the end of 2015.

SBM Offshore completed the procedure for re-flagging of the FPSOs *Cidade de Maricá* and *Cidade de Saquarema* enabling the release of the pre-completion guarantees associated with FPSOs *Cidade de Maricá* and *Cidade de Saquarema*, which were confirmed in November 2016 and January 2017, respectively. As of year-end 2016, no other pre-completion guarantees relating to project financing were outstanding.

Despite the increase in debt associated with the FPSO deliveries to the fleet, the cash requirement for funding the 2016 dividend and share repurchase program, cash flow generation from Lease and Operate was sufficiently strong to maintain the proportional net debt level at US\$3.1 billion at year-end.



Transformation, retaining experience

SBM Offshore has transformed itself over the last 3 years in response to the change in market circumstances, while retaining experience. Over this period, the Company has reduced its staff and contractor headcount by more than 50%. Compared to 2014 and as of year-end 2016, this multi-year restructuring has generated approximately US\$260 million to date or US\$160 million of annual Employee Benefits savings after adjusting for positive foreign exchange rate impacts. This result represents both an acceleration and outperformance as compared to the initial target. An additional amount of approximately US\$20 million of annual savings is expected next year as a result of 2016 restructuring.

SBM Offshore has decided to safeguard its experience through retention of core capacity which represents an investment for the future; when the offshore market comes back. However, should the market downturn persist, the Company will consider additional measures to adjust its cost structure.

Operational Update

The Lease & Operate fleet uptime performance for the year was 96.8%. Operational uptime for the full year was impacted during the second quarter by downtime associated with the Deep Panuke production facility. Deep Panuke experienced a flare stack malfunctioning which was repaired in May 2016. Whilst the operational downtime at Deep Panuke affected operational performance it did not materially affect contractual income under the terms of the lease and operate contract.

Shareholder returns

SBM Offshore reached a positive free cash flow inflexion point in the first half of 2016. Given this cash flow position and the outlook for underlying cash generation, the Company decided to return an aggregate c. US\$211 million during 2016 to its shareholders representing approximately US\$ 1 per share in the form of the dividend and a share repurchase program.

In the second half of the year, a EUR 150 million share repurchase program was announced and subsequently completed. On December 20, the program finished with the repurchase of 11.44 million shares, representing approximately 5% of the original number of outstanding shares and an investment of US\$166 million cash. During the Annual General Meeting (AGM) of Shareholders on April 13, 2017, a consequent proposal for cancellation of shares will be made.

With the announcement of Full Year results 2015, SBM Offshore re-initiated its dividend program and paid US\$45 million in cash to its shareholders. This dividend represented 25% of Underlying Directional net profit and was US\$0.21 on a per share basis.

Considering its continued positive underlying cash flow outlook, the Company proposes a dividend of US\$0.23 per share in respect of 2016, to be declared at the AGM on April 13, 2017. This is a c. 10% increase per share compared to last year and represents a pay-out of approximately 30% of the Underlying Directional 2016 net result, adjusted for exceptional items. The proposed ex-dividend date is April 19, 2017. The dividend is payable within 30 days following the AGM.

The annual dividend will be calculated in US Dollars, but will be payable in Euros. The conversion into Euros will be effected on the basis of the exchange rate on April 13, 2017. Given the Company's strong cash position, the dividend will be fully paid in cash.

SBM Offshore intends to revise its dividend policy relating to future dividend proposals as follows: *"The Company's policy is to maintain a stable dividend which grows over time. Determination of the dividend is based on the Company's assessment of the underlying cash flow position and of 'Directional net income', where a target payout ratio of between 25% and 35% of 'Directional net income' will also be considered"*. The proposed change will be presented for discussion at the AGM on April 13, 2017.



Management Board

On November 30, 2016, at an Extraordinary General Meeting of Shareholders, Mr. D.H.M. Wood was appointed as Management Board member and Chief Financial Officer (CFO). Mr. Wood is appointed for a period of four years until the Annual General Meeting of Shareholders in 2021. Mr. Wood succeeded Mr. P.M. van Rossum who retired as Management Board member and CFO.

Corporate Social Responsibility

SBM Offshore has continued to improve its Process Safety performance and has achieved its best ever performance for the most severe Loss of Primary Containment (Tier 1) events since 2014. In Occupational Safety, the outstanding performance recorded in the Turnkey segment was offset by incidents related to the start-up of the three new FPSOs. As a result, the Company was not able to further improve on its robust performance in 2014 and 2015 and the Total Recordable Injury Frequency Rate (TRIFR) stood at 0.31 at the end of 2016, compared to target of below 0.27. The Company is targeting a reduction in safety-related events and is committed to addressing underlying challenges to come back to its solid safety performance as recorded for 2014 and 2015.

Environmental reporting was significantly improved by more accurate data gathering and monitoring of the actual gas composition on each unit to calculate the greenhouse gas (GHG) emission levels for 2015 and 2016. This has resulted in decreases in recorded emissions levels, leading the Company to use revised 2015 reported environmental data for comparisons.

The total volume of gas flared in 2016 remained similar to that for 2015, as revised, notwithstanding three new FPSOs being added to the fleet. Relative to the Company's increased hydrocarbon production, gas flared was reduced by 23% compared to 2015. Also total GHG emissions relative to hydrocarbon production decreased by 13% compared to 2015. The start-up of the three new FPSOs only increased energy consumption per hydrocarbon production by 3%. Both GHG emissions and energy consumption ratios show better performance than the benchmark International Association of Oil and Gas Producers (IOGP) industry average.

The Company's sustainability performance continues to improve. For the seventh consecutive year the Company was included in the Dow Jones Sustainability World index, showing SBM Offshore to be an Industry Leader for 2016/2017. This continuous improvement is a credit to the Company's strong commitment and its sustainability programs on Environmental, Social and Governance (ESG) issues driving to create a more sustainable business.

Compliance

In 2016, further progress was made with the discussions with Brazilian authorities and Petrobras. On July 16, 2016 a Leniency Agreement was signed between Brazilian authorities, Petrobras and SBM Offshore, that will become legally binding after approval by Brazilian Fifth Chamber. Until then, the Company is not under any obligation to make payments under the Leniency Agreement. The Fifth Chamber did not approve the agreement in its current form after which appeals were filed by various governmental parties who were signatories to the Leniency Agreement. Subsequently, the Higher Council decided on December 14, 2016 not to accept appeals filed by the MPF and the General Counsel for the Republic and referred the case back to the Fifth Chamber and the prosecutor handling the case for further review and determination of next steps.

SBM Offshore remains committed to engage with the prosecutor and the Fifth Chamber until the Leniency Agreement is approved by the Fifth Chamber. The Leniency Agreement further remains subject to review by the Federal Court of Accounts but this is not a condition precedent to the Leniency Agreement.

The Company continues to cooperate with the United States Department of Justice following the reopening of the investigation it had closed in November 2014 and its inquiry into Unaoil, a company that SBM Offshore had engaged with as an agent prior to 2012 in relation to delivery of barges, offshore terminals and maintenance.



Outlook and Guidance

Management's expectations for order intake in 2017 remain unchanged, aligned with an outlook for the industry where recovery is expected to be gradual as clients remain cautious regarding investment in their development programs. At the same time, productive client discussions continue to take place to make deep water projects competitive in today's oil price environment. A positive medium to long-term outlook is maintained as deep water offshore is expected to remain an important element in the energy supply of the future.

The Company is providing 2017 Directional revenue guidance of around US\$1.7 billion, with around US\$1.5 billion from Lease and Operate and around US\$200 million from Turnkey. 2017 Directional EBITDA is guided at around US\$750 million.

FINANCIAL REVIEW

Overview

in US\$ million	Directional		IFRS	
	FY 2015	FY 2016	FY 2015	FY 2016
Revenue	2,618	2,013	2,705	2,272
EBIT	191	290	239	564
Underlying EBIT	348	344	395	617
EBITDA	561	725	462	772
Underlying EBITDA	718	778	619	825
Profit attributable to Shareholders	24	24	29	182
Underlying Profit attributable to Shareholders	180	150	186	308

in US\$ billion	Directional		IFRS	
	FY 2015	FY 2016	FY 2015	FY 2016
Backlog	18.9	17.1	-	-
Net Debt	3.1	3.1	5.2	5.2

Directional

Directional consolidated net income for 2016 was US\$ 24 million, stable compared to 2015. This result includes non-recurring items which generated a net loss of US\$ 126 million in 2016 compared to a net loss of US\$ 157 million in 2015. Excluding non-recurring items, 2016 Underlying consolidated Directional net income attributable to shareholders stood at US\$ 150 million, a decrease from US\$ 30 million from the previous year, mainly attributable to lower Turnkey segment activity.

Non-recurring items for 2016 underlying performance relate to (i) provision for an onerous long-term charter contract with the Diving Support and Construction Vessel (DSCV) *SBM Installer* (US\$ 31 million), (ii) the update of the provision for contemplated settlement with Brazilian authorities and Petrobras (US\$ 36 million) and the impairment of the Company's carrying amount for the net investment in the Joint Venture owning the Paenal construction yard (US\$ 59 millions). These non-recurring items are the same in both IFRS and Directional, impacting EBIT and EBITDA by US\$ 53 million, net financing costs by US\$ 14 million and Share of Profit of Equity-accounted investees by US\$ 59 million. For reference, non-recurring items for 2015 totalling US\$ 157 million, were included in EBIT and EBITDA and were related to compliance issues.

Directional earnings per share (EPS) in 2016 amounted to US\$ 0.11 compared to US\$ 0.11 per share in 2015. Adjusted for non-recurring items, Underlying Directional EPS decreased by 17% year-on-year from US\$ 0.85 in 2015 to US\$ 0.71.

New orders for the year totaled US\$ 110 million as a result of current market downturn, which compares to US\$ 248 million achieved in 2015.

Directional revenue decreased by 23% to US\$ 2,013 million compared to US\$ 2,618 million in the year-ago period. This was primarily attributable to lower Turnkey segment revenues.

Directional backlog at the end of 2016 remained high at US\$ 17.1 billion compared to US\$ 18.9 billion at the end of 2015. This reflects both the lower level of order intake for the Turnkey segment and the resilience of the Lease and Operate portfolio amounting to US\$ 17.0 billion at the end of 2016.

Directional EBITDA amounted to US\$ 725 million, representing a 29% increase compared to US\$ 561 million in 2015. This figure includes non-recurring net costs totaling US\$ 53 million.

Directional EBIT increased to US\$ 290 million after non-recurring net costs of US\$ 53 million. This compares to US\$ 191 million in 2015 which included US\$ 157 million of non-recurring costs.

IFRS

Reported consolidated 2016 IFRS total net income was US\$ 247 million versus US\$ 110 million in 2015. IFRS net income attributable to shareholders amounts to US\$ 182 million compared to US\$ 29 million in 2015.

IFRS revenue decreased by 16% to US\$ 2,272 million versus US\$ 2,705 million in 2015. This was mainly attributable to lower Turnkey segment revenues.

IFRS EBITDA amounted to US\$ 772 million, representing a 67% increase compared to US\$ 462 million in 2015.

IFRS EBIT increased to US\$ 564 million, representing 136% increase compared to US\$ 239 million in 2015.

IFRS Net Debt at the year-end totaled US\$ 5,216 million versus US\$ 5,208 million in 2015. All bank covenants were met and available cash and undrawn committed credit facilities stood at US\$ 1,537 million.

Financial Highlights

The year was marked by the following financial highlights:

- Successful delivery of FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella* which were formally on hire respectively as of February 7, 2016, July 8, 2016 and September 2, 2016.
- The Company completed its share repurchase program under the authorization granted by the Annual General Meeting of Shareholders of the Company held on April 6, 2016. In the period between August 11, 2016 and December 20, 2016, a total number of 11,442,179 shares totaling EUR 150 million were repurchased. The repurchased shares are held as Treasury shares predominantly for share capital reduction purposes and, to a lesser extent, for employee share programs.
- Award of the Front End Engineering and Design component of the contract for a FPSO by Esso Exploration and Production Guyana Limited to the Company and for which construction, installation and operation of the FPSO remain subject to a final investment decision expected in 2017. This contributed to new orders of US\$ 110 million in aggregate.
- The Company, together with its core relationship banks, signed an amendment of its Revolving Credit Facility (RCF) on April 18, 2016, providing headroom improvements to the leverage and interest coverage ratios. The agreed upon amendments, combined with a strong cash position, provide the Company with a greater degree of flexibility in navigating the current industry downturn.
- During the first half of 2016, the Company, the Ministry of Transparency, Oversight and Control (Ministério da Transparência, Fiscalização e Controle – 'MTFC'), the Attorney General's Office (Advocacia-Geral da União – 'AGU'), the Public Prosecutor's Office (Ministério Público Federal – 'MPF') and Petrobras engaged in further negotiations which resulted in the signature on Friday, July 15 of a Settlement Agreement ('Leniency Agreement'). As a result, the provision booked in December 2015 has been increased in the consolidated financial statements as at December 31, 2016, up to the amount of the present value of the financial terms of the leniency agreement being US\$ 281 million, impacting the lines "Other operating expense" of the consolidated income statement by US\$ 22 million and 'Net financing costs' by US\$ 14 million for the unwinding of the discounting impact of future settlement. As more fully explained in section 5.3.1 Highlights of the Annual Report, the agreement will become legally binding after approval of the Fifth Chamber for Coordination and Review and Anti-Corruption of the Federal Prosecutor Service and remains subject to review by the Federal Court of Accounts ('TCU'), which is not a condition precedent to the Leniency Agreement. However, the terms of this agreement remains SBM Offshore's current best estimate for an eventual settlement, given that it was duly signed by the relevant parties and the approval process is still underway.
- At the end of January 2016, the United States Department of Justice (DoJ) informed the Company that it has re-opened its past inquiry of the Company in relation to the alleged improper sales practices over the period 2007 to 2011 and has made information requests in connection with that inquiry. During the period, the Company has cooperated with the DoJ and remains committed to close out discussions on this legacy issue which the

Company self-reported to the authorities in 2012 and for which it reached a settlement with the Dutch Public Prosecutor in 2014. The Company also continues to cooperate with the DoJ for its inquiries in Unaoil, a company that SBM Offshore had engaged with as an agent prior to 2012 in relation to delivery of barges, offshore terminals and maintenance.

- As a result of an on-going review of the cost structure and continued market downturn, the Company's workforce reduction over 2016 totaled approximately 2,250 positions. Roughly 650 were full-time employees and contractor staff. The remaining 1,600 were construction yard positions related to demobilization following successful delivery of main projects over the period. Restructuring costs of US\$ 37 million were recorded during the period. The adaptation to market developments is focused on retaining core competencies.
- The Company has a long-term charter contract with the Diving Support and Construction Vessel (DSCV) *SBM Installer*. Due to the ongoing downturn which has created significant over-supply in offshore markets, the costs of the long-term chartering contract exceed the economic benefits expected to be received by the Company through the utilization of the vessel. As a result, a provision for onerous contract of US\$ 31 million has been recognized over the period.
- The activity outlook for the Company's investment (30% ownership) in the Joint Venture owning the Paenal construction yard operating in Angola has deteriorated. As a result, the Company's carrying amount for the net investment in this entity has been impaired by US\$ 59 million on the second half of 2016. Because this investment is consolidated using the equity method, this non-cash impairment is recognized in the Company's Consolidated Income Statement on the line item 'Share of profit of equity-accounted investees'.

Backlog

Directional backlog at the end of 2016 remained healthy at US\$ 17.1 billion compared US\$ 18.9 billion at the end of 2015. This reflects both the lower level of order intake for the Turnkey segment and the resilience of the Lease and Operate portfolio.

Directional Turnkey backlog decreased to US\$ 0.1 billion compared to US\$ 0.5 billion in 2015 as no major Turnkey orders were signed in 2016. As market conditions continued to be challenging during the period, the level of tendering activity was lower than in 2015 and the order intake continued to be impacted by structural delays in client final investment decisions.

Backlog as of December 31, 2016 is expected to be executed as per the below tables:

Backlog (in millions of US\$)

in million US\$	Turnkey	Lease & Operate	Total
2017	0.1	1.5	1.6
2018	0.0	1.5	1.5
2019	0.0	1.5	1.5
Beyond 2020	0.0	12.5	12.5
Total Backlog	0.1	17.0	17.1

Backlog (in millions of US\$)



Revenue

Directional Revenue decreased by 23% year-on-year despite an increase of 19% for the Lease and Operate segment:

Revenue (in millions of US\$)



Directional

Third party Directional Turnkey revenue came down 54% year-over-year to US\$ 702 million, representing only 35% of total 2016 revenue. This compares to US\$ 1,512 million, or 58% of total revenue, in 2015. The decrease is mostly attributable to the completion stage reached in the course of 2016 on Ichthys turret and FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella*, as well as the very low order intake in 2014, 2015 and 2016 as a result of the market downturn.

Directional Lease and Operate revenue increased by 19% to US\$ 1,310 million, representing 65% of total Directional revenue contribution in 2016, up from the 42% contribution of 2015. The increase in segment revenue is attributable to the start-up of FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella* while no vessel have been decommissioned during the period.

IFRS

Total IFRS revenue decreased during the year, down by 16% to US\$ 2,272 million, despite an increase of 25% for the Lease and Operate segment. This was mainly attributable to significantly lower revenue recognized in the Turnkey segment upon completion of major projects in the course of 2016 as well as low order intake in 2014, 2015 and 2016.

Profitability

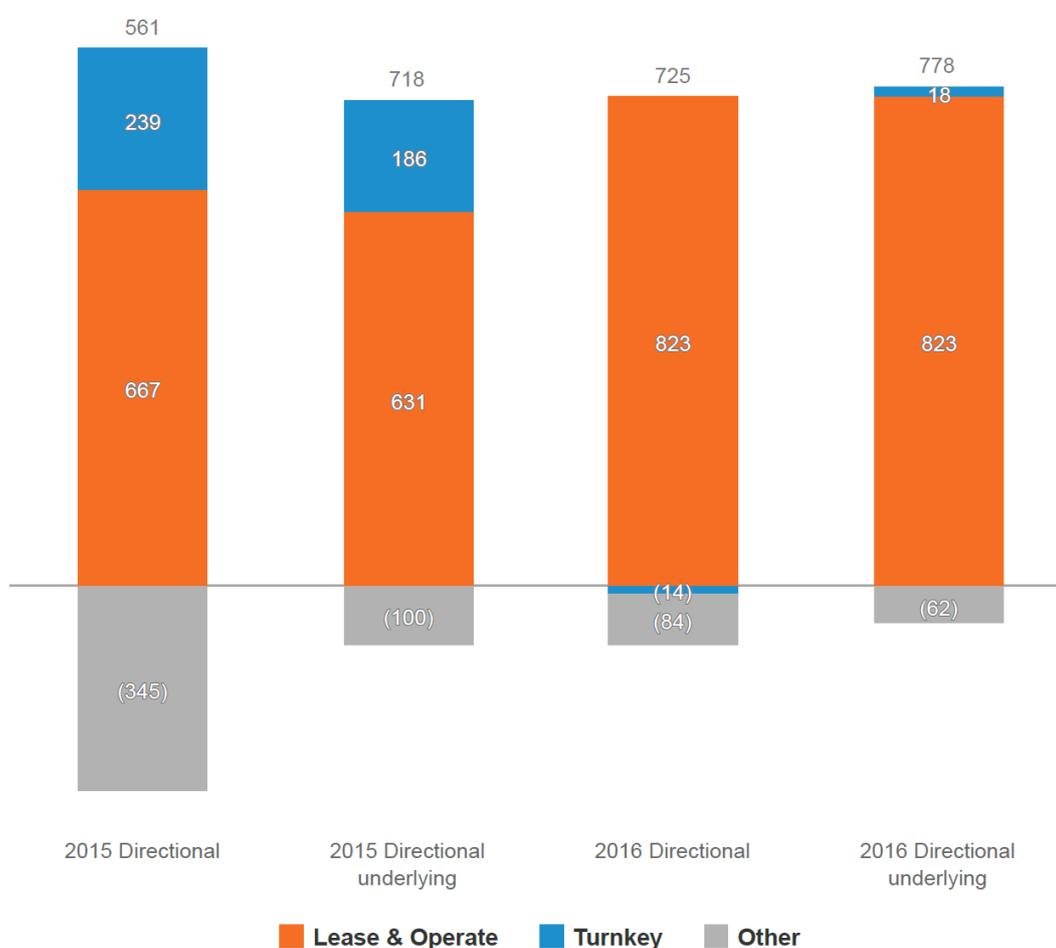
The Company's primary business segments are Lease and Operate and Turnkey plus 'Other' non-allocated corporate income and expense items. EBITDA and EBIT are analyzed by segment but it should be recognized that business activities are closely related, and that certain costs are not specifically related to either one segment or another. For example, when sales costs are incurred, including significant sums for preparing a bid, it is often uncertain whether the project will be leased or contracted on a turnkey lump sum basis.

The Company's profitability may be affected by external variables and conditions. Profitability may be sensitive to significant areas of estimation and judgements, and to potential interest rates and currency fluctuations against the US dollar as described in the Annual Report notes 5.2.7.B (a) and 5.3.29 to the financial statements, respectively.

In recent years, new lease contracts are showing longer duration and are systematically classified under IFRS as finance leases for accounting purposes whereby the fair value of the leased asset is recorded as a Turnkey 'sale' during

construction. For the Turnkey segment this has the effect of accelerating during the construction period a substantial part of the lease profits which would in the case of an operating lease be recognized through the Lease and Operate segment during the lease period. To address this lease accounting issue and IFRS 10 and 11 standards introduced in 2014, the Company has, in addition to its IFRS reporting, assessed its performance by treating all lease contracts as operating leases and consolidated all JVs related to lease contracts on a proportional basis, referred to as Directional. This provides consistency in segment presentation.

EBITDA Directional (in millions of US\$)



Reported 2016 Directional EBITDA was US\$ 725 million compared to US\$ 561 million in 2015. Directional EBITDA consisted of US\$ 823 million from the Lease and Operate segment compared to US\$ 667 million in 2015, and a loss of US\$ 14 million from the Turnkey segment compared to profit of US\$ 239 million in 2015.

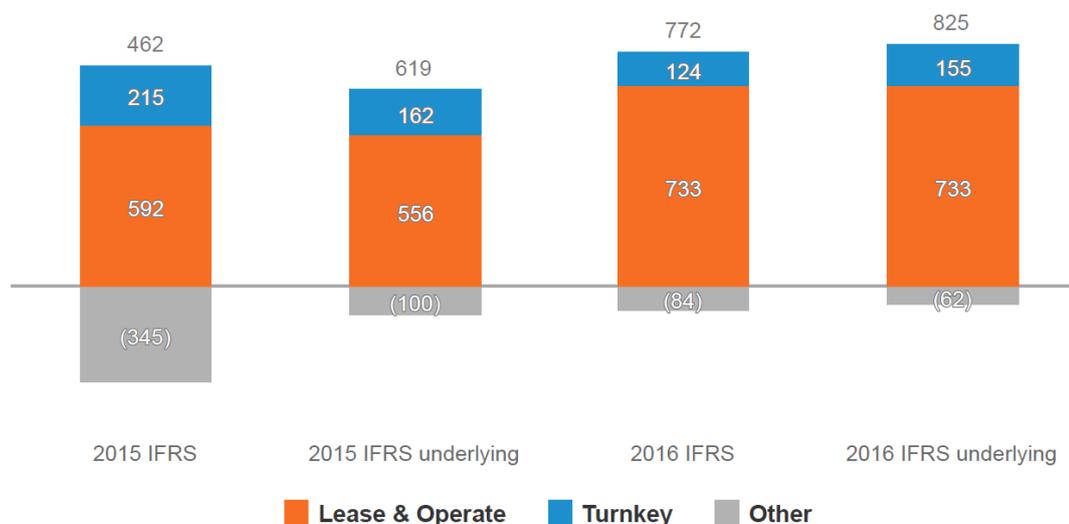
Other non-allocated expenses came at US\$ 84 million, compared to US\$ 345 million in 2015, related mainly to restructuring charges and update of provision related to potential settlement contemplated with the Brazilian authorities and Petrobras.

Adjusted for non-recurring items related to provision for onerous long-term charter contract with the DSCV *SBM Installer* (US\$ 31 million) and the update of the provision for contemplated settlement with Brazilian authorities and Petrobras (US\$ 22 million), 2016 Underlying Directional EBITDA increased by 8% to US\$ 778 million compared to US\$ 718 million in 2015. This increase is primarily attributable to the Lease and Operate segment with the three new FPSOs that came into production in 2016 and significant saving on other non-allocated costs of US\$ 38 million. The Underlying turnkey EBITDA decreased significantly due to the profit recognized in 2015 upon the sale of 45% of Company's shares in the joint venture

leasing and operating the FPSO *Turritella* while the decline of Turnkey activity year-on-year have been mitigated thanks to strong projects performance, under-recovery monitoring and significant saving on Turnkey overheads.

As a percentage of revenue, Underlying Directional EBITDA was 39% compared to 27% in 2015. Underlying Directional EBITDA margin for the Lease and Operate segment stood at 63% versus 57% in 2015, while Turnkey segment Underlying Directional EBITDA margin decreased to 3% compared to 12% in 2015.

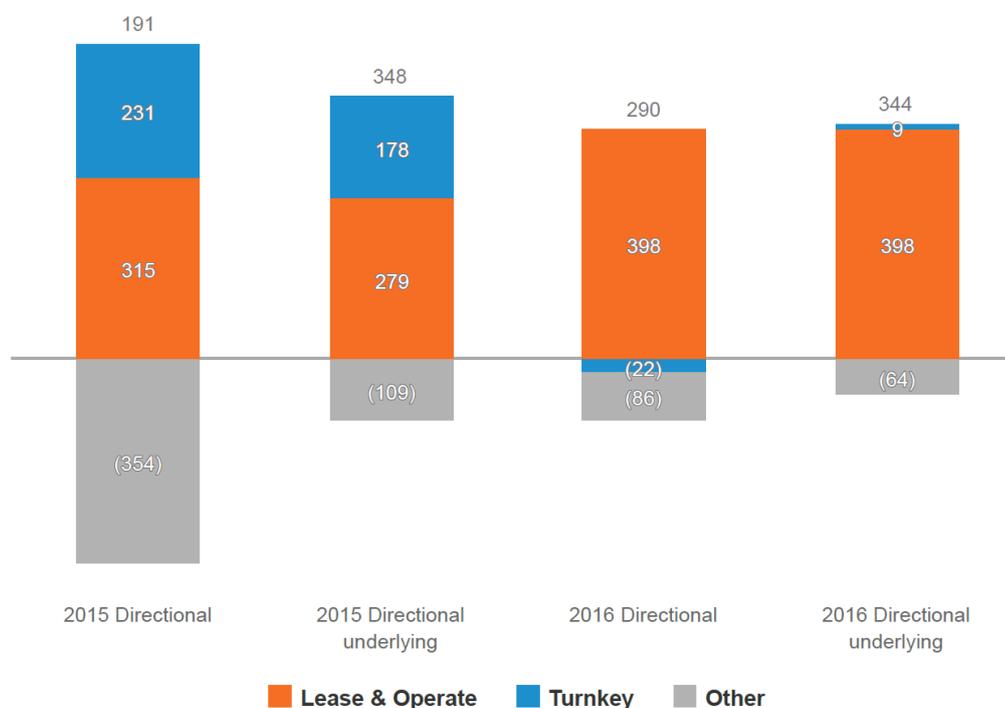
EBITDA IFRS (in millions of US\$)



IFRS EBITDA in 2016 came in at US\$ 772 million versus US\$ 462 million in 2015. Total IFRS EBITDA consisted of US\$ 733 million from the Lease and Operate segment compared to US\$ 592 million in 2015, and US\$ 124 million from the Turnkey segment compared to US\$ 215 million in 2015. Other non-allocated expenses came at US\$ 84 million with no difference compared to Directional. Adjusted for non-recurring items, 2016 Underlying IFRS EBITDA increased by 33% to US\$ 825 million compared to US\$ 619 million in 2015. This is primarily due the Lease and Operate segment and the three new FPSOs that came into production in 2016, while the Underlying IFRS turnkey EBITDA, not impacted by the sale of Company's shares in the joint venture leasing and operating the FPSO *Turritella* in 2015, remained almost stable.

As a percentage of revenue, IFRS Underlying EBITDA was 36% compared to 23% in 2015. IFRS Underlying EBITDA margin for the Lease and Operate segment stood at 58% versus 55% in 2015, while Turnkey segment EBITDA margin stood at 16% compared to 10% in 2015 driven by project performance and decrease of structural costs.

EBIT Directional (in millions of US\$)



Directional EBIT in 2016 amounted to US\$ 290 million compared to US\$ 191 million in 2015. Adjusted for same non-recurring items as EBITDA, Underlying Directional 2016 EBIT slightly decreased by 1% to US\$ 344 million versus US\$ 348 million in 2015. Underlying EBIT variations per segment are the same as for the EBITDA, the increase of Lease and Operate Underlying EBITDA (US\$ 191 millions) being however partially offset by depreciation charges (US\$ 66m) related to the three new FPSOs that came into production in 2016.

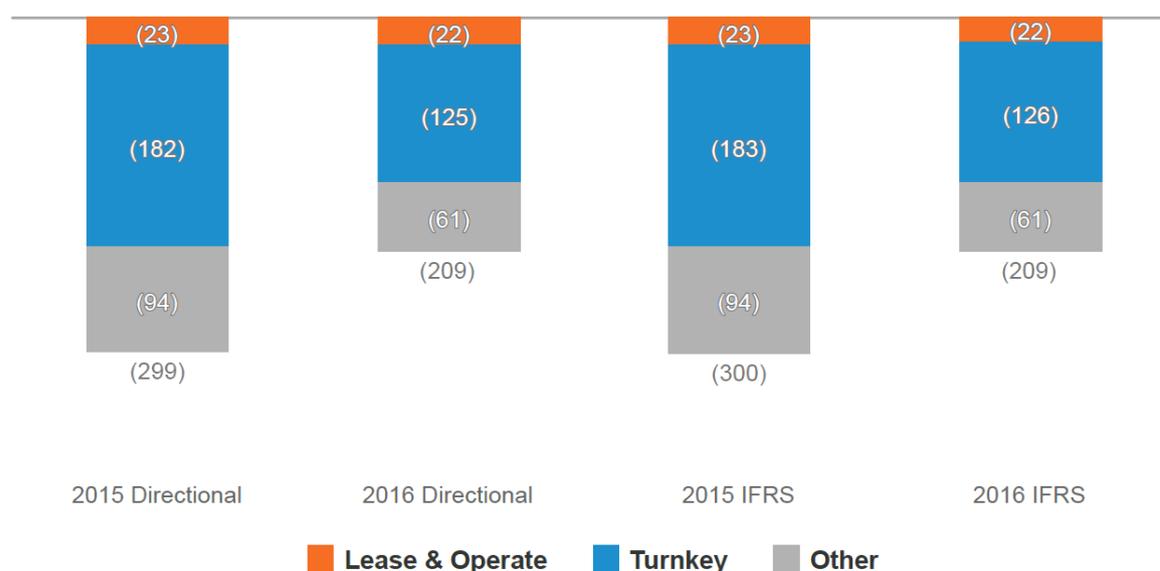
EBIT IFRS (in millions of US\$)



IFRS EBIT in 2016 amounted to US\$ 564 million compared to US\$ 239 million in 2015. Adjusted for non-recurring items Underlying 2015 EBIT increased by 56% to US\$ 617 million compared to US\$ 395 million in 2015.

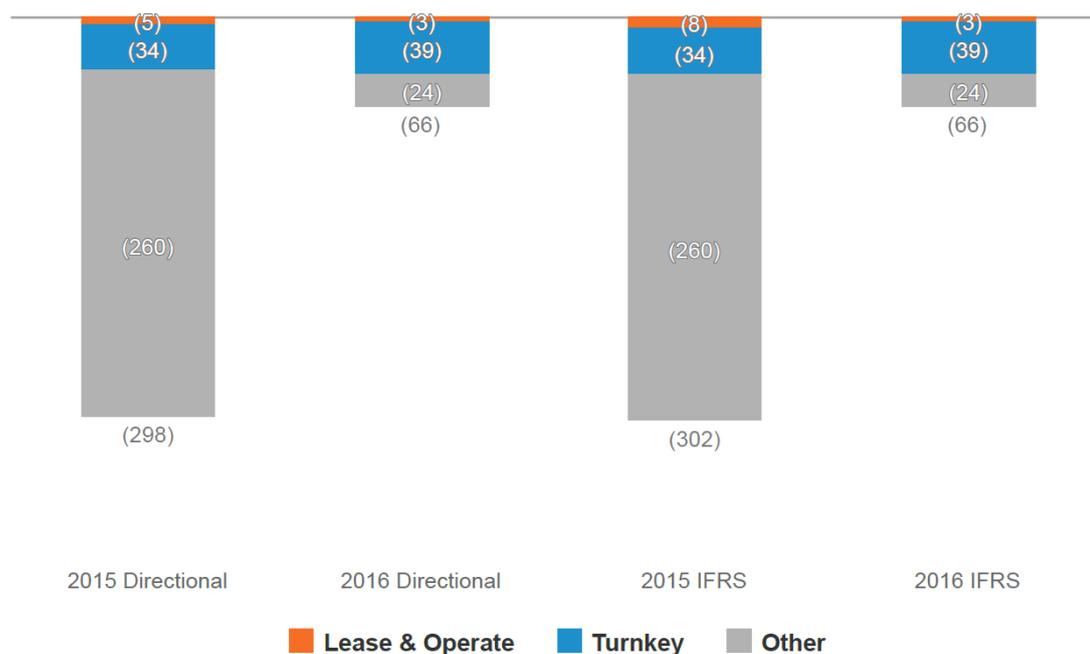
Overheads, Other Income and Expenses, Net Financing Costs, Share of Profit of Equity-Accounted Investees and Income Tax

Overheads (in millions of US\$)



Directional overheads were US\$ 209 million in 2016 compared to US\$ 299 million in 2015. This significant reduction resulted from the finalization of the Company's business improvement initiatives, material saving on general and administrative expenses, lower tendering activity and decreased costs of research and development. There is no material difference between IFRS and Directional overheads.

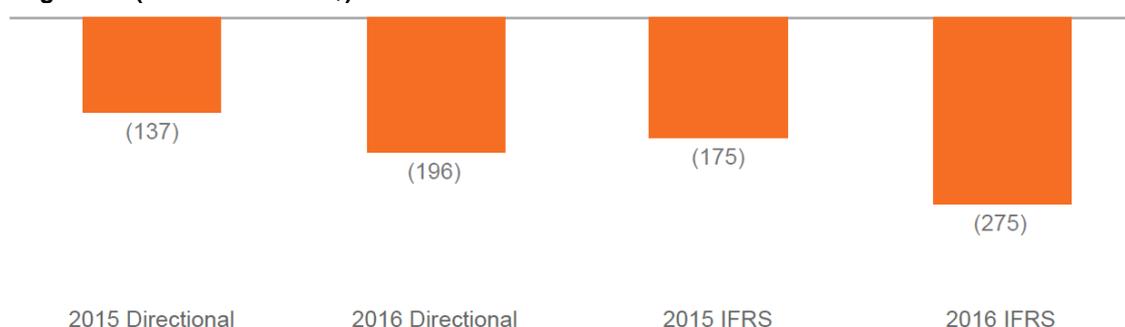
Other Operating Income And Expenses (in millions of US\$)



Directional 'Other income and expenses' showed a net cost of US\$ 66 million in 2016 compared to US\$ 298 million in 2015. This includes the restructuring costs over the period of US\$ 49 million, of which US\$ 11 million relate to provision related to long-term offices rental contracts, and US\$ 22 million related to the potential settlement discussed with Petrobras and the Brazilian authorities. The restructuring program has led to a significant decrease in staffing levels, which created overcapacity in rented office space in various Regional Centers. As a result, the obligation for the discounted future unavoidable costs has been provided for at an amount of US\$ 11 million.

In comparison, in 2015, the Directional 'Other income and expenses' were mainly made of US\$ 245 million provision related to the potential settlement discussed with Petrobras and the Brazilian authorities and US\$ 55 million of restructuring charges. There is no material difference between IFRS and Directional 'Other income and expenses'.

Net Financing Costs (in millions of US\$)



Directional net financing costs increased to US\$ 196 million compared to US\$ 137 million in 2015. This was mainly due to interest paid on project loans for FPSOs *Cidade de Marica*, *Cidade de Saquarema* and *Turritella* joining the fleet in 2016. The 2016 average cost of debt remained low at 4.6% compared to 4.1% in 2015. More generally, once production units are brought into service, the financing costs are expensed to the P&L statement, whereas during construction interest is capitalized. It should be emphasized that the net profit contribution of newly operating leased units is limited by the relatively high interest burden during the first years of operation, although dedication of lease revenues to debt servicing leads to fast redemption of the loan balances and hence reduced interest charges going forward.

IFRS net financing costs increased by US\$ 100 million compared to 2015, mainly due to interest paid on project loans for the FPSOs joining the fleet in 2016.

Share of Profit of Equity-Accounted Investees

The Directional share of profit of equity accounted investees, mainly consisting of the Paenal and the Brasa yards, resulted in a loss of US\$ 61 million in 2016, up from a loss of US\$ 8 million in 2015, mostly driven by the impairment recognized on the Company's investment (30% ownership) in the Joint Venture owning the Paenal construction yard operating in Angola.

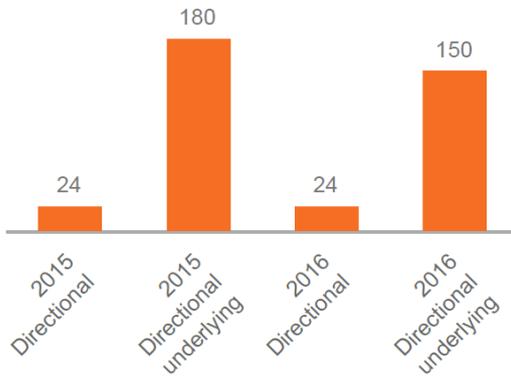
Under IFRS, the Company's share of net losses of non-controlled joint ventures amounted to US\$ 14 million in 2016 compared to a profit of US\$ 73 million in 2015. This decrease is mainly due to the impairment recognized on the net investment in the Joint Venture owning the Paenal construction yard as well as the impact in 2015 of the turnkey contribution of the N'Goma project finalized early in that year.

Income Tax

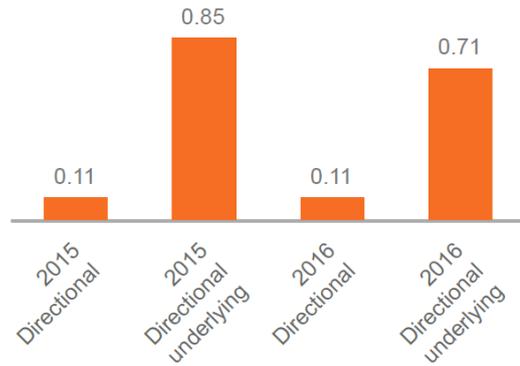
The 2016 IFRS tax expense slightly increased from US\$ 26 million in 2015 to US\$ 28 million, leading to an effective tax rate of 9.6% in 2016.

Net Income

Net Income Directional (in millions of US\$)

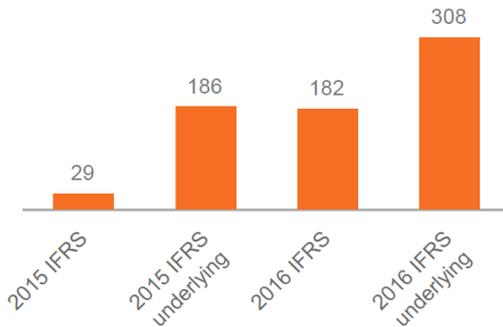


Weighted Average Earnings Per Share Directional (in US\$)

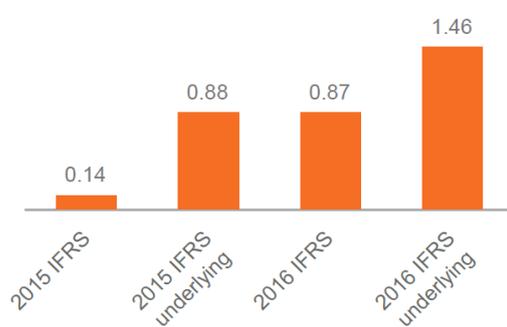


Directional consolidated net income for 2016 was US\$ 24 million, stable compared to 2015. Adjusted for non-recurring items, 2016 Underlying consolidated Directional net income attributable to shareholders stood at US\$ 150 million and a decrease by US\$ 30 million from the previous year period, mainly attributable to lower Turnkey segment activity.

Net Income IFRS (in millions of US\$)



Weighted Average Earnings Per Share IFRS (in US\$)



After IFRS non-controlling interests of US\$ 65 million included in 2016 net income and related to reported results from fully consolidated joint ventures where the Company has a minority partner (principally Brazilian FPSOs, *Aseng* and *Turritella*), IFRS net income attributable to shareholders amounted to US\$ 182 million compared to US\$ 29 million in 2015.

Statement of Financial Position

in millions of US\$	2016	2015	2014	2013	2012 ¹
Capital employed IFRS	8,996	8,806	8,134	6,383	3,420
Total equity IFRS	3,513	3,465	3,149	2,887	1,530
Net debt IFRS	5,216	5,208	4,775	3,400	1,816
Net gearing (%) IFRS	59.8	60.0	60.3	54.1	54.3
Total assets IFRS	11,488	11,340	11,118	8,749	6,635
Leverage ratio	2.84	3.70	2.56	2.50	2.01
Solvency ratio	32.4	32.3	31.1	30.2	27.1

¹ not restated for comparison purpose

Total assets remained almost stable at US\$ 11.5 billion as of December 31, 2016 compared to US\$ 11.3 billion at year end 2015. This slight variance is mainly attributable to the increasing cash position while the finalized investments in FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella* are largely offset by vessels depreciation and finance lease redemptions.

Shareholder's equity increased from US\$ 2,496 million to US\$ 2,516 million mostly due to the 2016 net income partially offset by the Share repurchase program completed over the period.

Capital Employed (Equity + Non-Current Provisions + Deferred tax liability + Net Debt) at year-end 2016 amounted to US\$ 8,996 million, an increase of 2% compared to US\$ 8,806 million in 2015. This was due in large part to the increase of non-current provisions following the reclassification as "non-current" of part of the provision for contemplated settlement with Brazilian authorities and Petrobras, as well as the new provision for onerous contracts booked over the period.

IFRS net debt was at US\$ 5,216 million versus US\$ 5,208 million in 2015. Proportional net debt at year-end amounted to US\$ 3,147 million versus US\$ 3,128 million in the year-ago period. The stability of the net debt is mainly related to strong operating cash-flow generation covering investing activities, payment of dividends and the share repurchase program over the period.

IFRS net gearing (net debt over equity + net debt) at the end of the year came at 59.8%, almost stable compared to year end 2015 (60%).

The relevant banking covenants (Solvency, Net Debt/Adjusted EBITDA, Interest Cover) were all met. As in previous years, the Company has no off-balance sheet financing.

Capital Structure

Despite the continuous market downturn, the Company's financial position has remained strong. The growth of the lease and operate segment as well as the adaptation of the Turnkey segment to a depressed market, coupled with strong cash-flows generated by the fleet strengthened equity and resulted in net debt staying constant despite payment of significant shareholder returns.

Investment and Capital Expenditures

Total investments made in 2016 reached US\$ 34 million compared to the US\$ 775 million in 2015. Highlights for fiscal year 2016 investments are:

- Capital expenditure of US\$ 14 million compared to US\$ 23 million in 2015.
- Net investments in finance leases totaling US\$ 20 million compared to US\$ 704 million in 2015.

Total capital expenditures for 2016, which consist of additions to property, plant and equipment plus capitalized development expenditures, were related to minor investments.

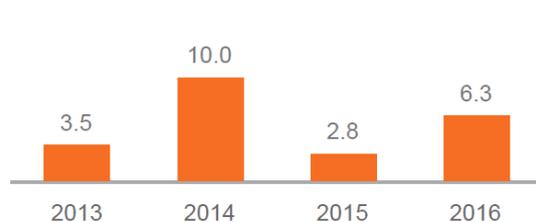
Due to the classification of the contracts as finance leases under IFRS, investments in the units were recorded as construction contracts, with the investments in finance leases ultimately recorded as financial assets. The net investment in these finance lease contracts amounted to US\$ 20 million in 2016, which compares to US\$ 704 million in 2015, and is reported as operating activities in the consolidated cash-flow statement.

The decrease in property, plant and equipment in 2016 to US\$ 1,474 million, compared to US\$ 1,686 million at the end of 2015, resulted from the very low level of capital expenditure less normal depreciation and amortisation.

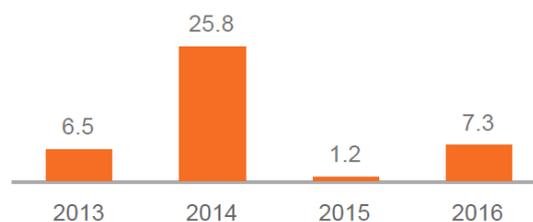
Return on Average Capital Employed and Equity

Both IFRS Return on Average Capital Employed (ROACE) and Return on Average Shareholders' Equity (ROAE) increased, to 6.3% and 7.3% respectively in 2016. This was primarily the result of the higher EBIT and Net Result reported under IFRS in 2016 while equity and capital employed remained almost stable.

Return on Average Capital Employed (%)



Return on Average Equity (%)



Cash Flow/Liquidities

Cash and undrawn committed credit facilities amounted to US\$ 1,904 million, US\$ 221 million of which can be considered as being dedicated to specific project debt servicing or otherwise restricted in its utilization.

The Enterprise Value to EBITDA ratio at year-end 2016 came in at 12.4 lower than the previous year, due mainly to significant increase in the Company's IFRS EBITDA.

in millions of US\$	2016	2015	2014	2013	2012 ¹
IFRS EBITDA	772	462	925	592	681
Cash	904	515	452	208	715
Cash flow from operations	488	(538)	(1,356)	(1,044)	1,134
EV : IFRS EBITDA ratio at 31/12	12.4	19.3	8.6	14.3	6.3

¹ not restated for comparison purpose

Provided below is a reconciliation of net income before taxes to Cash Flow from Operations:

in millions of US\$	2016	2015
Net income before taxes	275	137
Adjustments for non-cash items		
Depreciation of property, plant and equipment	216	212
Net impairment / (impairment reversal)	32	9
Amortisation of intangible assets	3	1
Adjustments for investing and financing items		
Share in net income of associates and joint ventures	(30)	(73)
Finance income	(26)	(25)
Finance costs excluding impairment	301	200
(Gain) / loss on disposal of property, plant and equipment	(2)	1
(Gain) / loss on disposal of subsidiary	0	3
Adjustments for equity items		
Share-based payments	16	20
Reclassification of exchange differences relating to the disposal of foreign subsidiaries	0	0
Subtotal	787	484
Changes in operating assets and liabilities		
Decrease / (increase) in investments	0	3
Decrease in operating receivables (excluding WIP)	20	178
Increase in WIP (excluding reclass to Financial Assets)	(301)	(836)
Decrease in operating liabilities	(240)	(548)
Total changes in operating assets and liabilities	(521)	(1,204)
Reimbursement finance lease assets	237	206
Income taxes paid	(15)	(24)
Net cash generated from operating activities	488	(538)



Analyst Presentation & Conference Call

SBM Offshore has scheduled a conference call and webcast of its presentation to the financial community followed by a Q&A session at 0900 Central European Time on Thursday, February 9, 2017.

The presentation will be hosted by Bruno Chabas (CEO), Douglas Wood (CFO), Philippe Barril (COO) and Erik Lagendijk (CGCO). Interested parties are invited to listen to the call by dialing +31 20 531 5851 in the Netherlands, +44 203 365 3210 in the UK or +1 (866) 349 6093 in the US. Interested parties may also listen to the presentation via webcast through a link posted on the Investor Relations section of the Company's website.

The live webcast and replay, which should be available shortly after the call, will be available at: http://player.companywebcast.com/sbwoffshore/20170209_1/en/Player.

Financial Calendar	Date	Year
Publication of the AGM Agenda	March 1	2017
Annual General Meeting of Shareholders	April 13	2017
Trading Update 1Q 2017 – Press Release	May 10	2017
Half-Year 2017 Earnings – Press Release	August 8	2017
Trading Update 3Q 2017 – Press Release	November 7	2017

Corporate Profile

SBM Offshore N.V. is a listed holding company that is headquartered in Amsterdam. It holds direct and indirect interests in other companies that collectively with SBM Offshore N.V. form the SBM Offshore group ("the Company").

SBM Offshore provides floating production solutions to the offshore energy industry, over the full product life-cycle. The Company is market leading in leased floating production systems with multiple units currently in operation and has unrivalled operational experience in this field. The Company's main activities are the design, supply, installation, operation and the life extension of Floating Production, Storage and Offloading (FPSO) vessels. These are either owned and operated and maintained by SBM Offshore and leased to its clients or supplied on a turnkey sale basis. The Company's product portfolio also includes: Semi-submersibles, Tension Leg Platforms (TLPs), Floating Gas Systems, Turret Mooring Systems, Brownfield Services, Offshore Contracting, Offshore (off)loading terminals and Renewable Energy floaters.

As of December 31, 2016, Group companies employ approximately 4,750 people worldwide. Full-time company employees totalling c. 4,250 are spread over five regional centers, ten operational shore bases and the offshore fleet of vessels. A further 500 are working for the joint ventures with several construction yards. Please visit our website at www.sbwoffshore.com for more information.

The companies in which SBM Offshore N.V. directly and indirectly owns investments are separate entities. In this communication "SBM Offshore" is sometimes used for convenience where references are made to SBM Offshore N.V. and its subsidiaries in general, or where no useful purpose is served by identifying the particular company or companies.

The Management Board
Amsterdam, the Netherlands, February 8, 2017



For further information, please contact:

Investor Relations

Bert-Jaap Dijkstra
Investor Relations Director

Telephone: +31 (0) 20 236 3222
Mobile NL: +31 (0) 6 21 14 10 17
Mobile MC: +33 6 4391 9302
E-mail: bertjaap.dijkstra@sbmoffshore.com
Website: www.sbmoffshore.com

Media Relations

Vincent Kempkes
Group Communications Director

Telephone: +31 (0) 20 2363 170
Mobile: +31 (0) 6 25 68 71 67
E-mail: vincent.kempkes@sbmoffshore.com
Website: www.sbmoffshore.com

Disclaimer

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation. Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. Such forward-looking statements are subject to various risks and uncertainties, which may cause actual results and performance of the Company's business to differ materially and adversely from the forward-looking statements. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "may", "will", "should", "would be", "expects" or "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans, or intentions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. SBM Offshore NV does not intend, and does not assume any obligation, to update any industry information or forward-looking statements set forth in this release to reflect subsequent events or circumstances. . Nothing in this press release shall be deemed an offer to sell, or a solicitation of an offer to buy, any securities.