

SBM OFFSHORE 2017 FULL YEAR EARNINGS

February 8, 2018

SBM Offshore delivered another year of strong performance across the board. Revenues and EBITDA were in line with latest expectations. During the year, the Company confirmed the award for the Lease and Operate contracts by ExxonMobil for the Floating Production, Storage and Offloading vessel (FPSO) *Liza*. Additionally, the Company won the Turnkey award for delivering the large complex mooring system for Statoil's *Johan Castberg* FPSO. Good progress was made in safety and environmental performance which contributed to SBM Offshore's inclusion in the Dow Jones Sustainability Index for the eighth year running. Regarding its legacy issues, the Company concluded its discussions with the US Department of Justice (DoJ) and settled with a group of insurance companies on its Yme insurance claim. Shell decided to exercise the purchase option on FPSO *Turritella*, underlining the quality of this award-winning asset, delivered by SBM Offshore. Given the Company's stable backlog and cash and liquidity position combined with a positive outlook for Turnkey activity and future significant cash flow generation from the fleet, independent of oil price, a cash dividend of US\$0.25 per share is proposed, c. 9% increase year-on-year.

Bruno Chabas, CEO of SBM Offshore, commented:

"SBM Offshore continues to deliver very robust operating and financial performance against the backdrop of a gradually recovering offshore oil and gas market. Lease and Operate set financial records in both revenues as well as EBITDA. Turnkey performed well in closing out major projects. Outstanding safety performance combined with significant progress achieved in environmental results underlines the quality and capability of the SBM Offshore team. Last year there were only four major FPSO-based project investment decisions. We were awarded the FPSO for one of these in a highly prospective new basin, and a large turret and mooring system for another. This validates our strategy to provide reliable life-time solutions based on our unique experience and illustrates our clients' preference to rely on such experience.

Key for success in today's market is to join client teams in the upfront optimization work, in order to bring break-even prices for offshore developments down to a level where these projects become economically attractive. Reliable delivery combined with short time to first oil and a rapid ramp-up to name-plate capacity is of paramount importance. As such, our Fast4Ward™ standardization project and investment in our digital FPSO concept are rewriting the FPSO story. Throughout the downturn, the Company has preserved its Turnkey capacity and experience. Currently, we are adapting the organization further to maximize synergies, organizational efficiency and flexibility in order to be ready for the market upturn. In parallel, looking ahead at tomorrow's reality where the energy mix is shifting towards a more dominant role for gas and renewables, SBM Offshore is leveraging its experience in order to benefit from the expected exponential growth of demand for these energy sources in the long term."

Financial Highlights

- Underlying¹ Directional² 2017 EBITDA of US\$806 million, an increase of c. 4% compared to last year
- Underlying Directional 2017 Earnings per share of US\$0.39, a decrease of US\$0.18 year-on-year
- Directional 2017 revenue of US\$1,676 million, a decrease of 17% year-on-year
- Directional year-end pro-forma backlog of US\$16.8 billion, stable compared with US\$17.1 billion at year-end 2016
- Cash dividend of US\$0.25 per share for 2017, a c. 9% increase compared with 2016
- Proportional net debt at year end decreased to US\$2.7 billion, with cash/undrawn credit facilities of US\$1.9 billion
- 2018 Guidance: Directional revenue around US\$1.9 billion, Directional EBITDA around US\$750 million; excluding gain on the sale of *Turritella* and the impact of the new IFRS16 standard and further assuming a partial sell-down of the ownership share of FPSO *Liza*

The 2017 Annual Report including the financial statements are published on the Company's website under 2017.annualreport.sbmoffshore.com.

¹ Underlying earnings adjusted for exceptional items: further explanation on page 2. This note relates to any reference made to Underlying in this document.

² Directional view, presented under IFRS8 Segment reporting, represents a pro-forma accounting policy, which assumes all lease contracts are classified as operating leases and all vessel joint ventures are proportionally consolidated. This note relates to any reference made to Directional in this document.

in US\$ million	Directional			IFRS		
	FY 2017	FY 2016	% Change	FY 2017	FY 2016	% Change
Revenue	1,676	2,013	-17%	1,861	2,272	-18%
Lease and Operate	1,501	1,310	15%	1,554	1,273	22%
Turnkey	175	702	-75%	307	1,000	-69%
EBITDA	596	725	-18%	611	772	-21%
Lease and Operate	954	823	16%	920	733	26%
Turnkey	21	(14)		71	124	
Other	(380)	(84)		(380)	(84)	
Underlying EBITDA	806	778	4%	822	825	0%
Lease and Operate	954	823	16%	920	733	26%
Turnkey	(86)	18		(36)	155	
Other	(62)	(62)	0%	(62)	(62)	0%
Profit attributable to Shareholders ³	(203)	(5)		(155)	182	
Underlying Profit attributable to Shareholders ³	80	121	-34%	151	308	-51%
Earnings per share [US\$ per share] ³	(1.00)	(0.03)		(0.76)	0.87	
Underlying Earnings per share [US\$ per share] ³	0.39	0.57	-32%	0.74	1.46	-49%

in US\$ billion	Dec-31-17	Dec-31-16	% Change	Dec-31-17	Dec-31-16	% Change
Pro-Forma Backlog	16.8	17.1	-2%	-	-	NM
Net Debt	2.7	3.1	-13%	4.6	5.2	-12%

The 2017 Underlying Directional results exclude a number of previously disclosed items for a total EBITDA impact of US\$210 million as follows: (i) payment of penalties to the DoJ totaling US\$238 million; (ii) income from the Yme insurance case settlement with a group of insurers of US\$125 million, after taking into account contractual sharing with our partner Repsol and net of claim-related costs incurred in 2017; (iii) a provision for US\$80 million of partner compensation related to the sale of FPSO *Turritella*; and iv) a net increase in the non-cash provision for the onerous contract related to the diving support and construction vessel *SBM Installer* of US\$17 million.

In addition to the above adjustments Underlying Directional Profit attributable to Shareholders reflects the following previously disclosed adjustments reported below EBITDA: (i) net financing cost was reduced by US\$39 million, including US\$21 million for the unwinding of the project loan and hedge related to the sale of FPSO *Turritella* and a time value of money charge⁴ for the compliance related Brazilian settlement provision of US\$18 million; (ii) the share of profit from equity accounted investees was adjusted for the impairment of the construction yard Paenal for US\$34 million.

As reported, 2016 Underlying results reflect an adjustment totaling US\$53 million in EBITDA due to the initial recognition of the provision for the onerous contract with the *SBM Installer* and an increase in the Brazil compliance related provision. The time value of money adjustment of the compliance related Brazilian settlement provision in net financing cost was US\$14 million and an impairment related to Paenal of US\$60 million was adjusted for in share of profit from equity accounted investees.

Directional revenue decreased by 17% to US\$1,676 million compared to US\$2,013 million in the year-ago period. This was primarily attributable to lower Turnkey segment revenues. The decrease is mostly attributable to the completion stage reached in the course of 2016 on the Ichthys turret and FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella* while new major awards won during 2017 are expected to materially contribute to Turnkey revenues from 2018 onward.

Underlying Directional EBITDA increased by 4% to US\$806 million compared with US\$778 million in 2016. This increase is primarily attributable to the Lease and Operate segment with full year contribution of the three FPSOs delivered in 2016. Despite the decreased activity year-on-year, underlying Turnkey EBITDA came in at a loss of US\$(86) million, which was better than expected mainly due to sound performance in project close out.

³ 2016 Directional Profit attributable to Shareholders has been restated from an amount of US\$24 million to US\$(5) million for tax of US\$29 million based on the updated Directional tax computation methodology. 2016 Underlying Directional Profit attributable to Shareholders was restated for the same amount.

⁴ Represents the increase in the 2016 estimate of the net present value of the future payments (instalments and bonus reductions) related to the contemplated Leniency Agreement; the unwinding effect of the initial discount being recognized over time in the net financing costs according to IFRS

During previous years, to calculate the Directional tax charge, SBM Offshore applied the year's IFRS effective tax rate percentage to Directional pre-tax earnings. The completion of the Company's Directional reporting during 2017 introduced an improvement in methodology for calculating Directional tax through bottom-up tax submissions, which results in a restatement of the 2016 tax charge and net profit under Directional. The increase in Directional taxes for 2016 is caused by the inclusion of revenues withholding tax at SBM Offshore ownership share in equity accounted entities under IFRS.

Project Review and Operational Update

Project	Contract	SBM Share	Capacity, Size	POC	Expected Delivery	Notes
Liza, FPSO	10 year finance lease	100%	120,000 bpd		2020	Vessel arrived in Keppel yard and conversion started; first steel cut in January 2018
Castberg, Turret	Turnkey sale	100%	Not disclosed		2020	Early EPC activity started – project management, procurement long lead items and engineering

Legend, Percentage of Completion (POC)

	<25%		25%-50%		50%-75%		>75%		100%
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SBM Offshore is progressing in line with clients' schedules for the Turnkey activities relating to its two new major contracts.

SBM Offshore is capitalizing on its experience through its Fast4Ward™ program. The program's result is an optimized design with standard specifications which leads to lower cost, higher quality and productivity on a de-risked plan with reduced safety exposure. Fast4Ward™ accelerates first oil by up to 12 months. At mid-year 2017, SBM Offshore ordered its first standard new-build, multi-purpose hull which is progressing in line with schedule. The scope of the Fast4Ward™ topsides catalogue has been further expanded. The Company is witnessing increased client interest in integrating the Fast4Ward™ concept into development plans and Front End Engineering and Design (FEED) studies.

The Lease and Operate fleet uptime performance for the year was 98.3%, an improvement compared to 2016, with 2017 seeing SBM Offshore operate the three major FPSOs that were commissioned during 2016.

Streamlining the Organization

Since 2014, SBM Offshore has constantly aligned its organization in view of the downturn in the offshore services industry, while preserving Turnkey capacity and protecting its experience for the future. Today's gradual recovery in the offshore oil and gas industry requires contractors to 'work as one' with clients to optimize deep water development projects. SBM Offshore will continue to adapt its organization to meet and exceed clients' expectations. Product lines will continue to bring customer focus. Staffing of projects and functional support will be managed centrally, across the globe. This is bringing further efficiency and productivity through global leveraging of the Company's experience and resource base. Integrated with the standardization program Fast4Ward™, this evolution of the organization is further enhancing SBM Offshore's competitiveness and enabling the Company to prosper in a phase of controlled growth as the cycle develops.

Directional Backlog

SBM Offshore provides a pro-forma Directional backlog overview, which provides a normalized outlook of the existing leases.

Normally, at year-end 2017, the backlog would not yet reflect the sale of FPSO *Turritella* which closed on January 16, 2018 or the agreed FPSO *Liza* operating and maintenance scope, which is pending a final work order. However, for the purposes of the pro-forma backlog represented in the table below, both have been taken into account in line with the pro-forma backlog disclosed at the end of the first half 2017.

The pro-forma Directional backlog at the end of 2017 remained stable at US\$16.8 billion despite the US\$1.7 billion of revenues mainly booked from backlog during the year, demonstrating the resilience of SBM Offshore's business model as well as successful sales of major contracts. Total order intake from FPSO *Liza*, the Castberg mooring system, the FPSO *Serpentina* extension and various others was c. US\$2.6 billion while the sale of FPSO *Turritella* reduced backlog by c. US\$1.1 billion and other adjustments caused a net decrease of c. US\$0.1 billion.

<i>(in billion US\$)</i>	Turnkey	Lease & Operate	Total
2018	0.2	1.3	1.5
2019	0.2	1.3	1.5
2020	0.2	1.5	1.7
Beyond 2020	-	12.1	12.1
Total Backlog	0.6	16.2	16.8

Net debt and liquidity

Directional net debt decreased by US\$0.4 billion to a total of US\$2.7 billion at year-end. This was primarily driven by strong cash flow generation from Lease and Operate covering uses of cash in investment, operating expenditure, interest and dividend. This includes c. US\$280 million cash received under the settlement with a group of insurers of the Company's Yme insurance case. These proceeds remain to be shared as disclosed in the Company's press release of August 11, 2017. In December, the Company paid the US\$238 million in penalties to the DoJ under the deferred prosecution agreement announced on November 30, 2017. Project financing for the FPSO *Liza* of US\$720 million was completed in December but remained undrawn at year-end.

At the end of the year, SBM Offshore's Directional cash and undrawn committed credit facilities remained stable compared to last year at US\$1.9 billion.

Dividend proposal

In line with the Company's dividend policy and further taking into account the specific circumstances relating to 2017 including the nature of the non-recurring items, the Company proposes a dividend of US\$0.25 per share in respect of 2017, to be declared at the Annual General Meeting of Shareholders (AGM) on April 11, 2018. This represents a c. 9% increase per share compared to last year and represents a pay-out of c. 64% of underlying Directional 2017 net result, which was adjusted for exceptional items. The proposed ex-dividend date is April 13, 2018. The dividend is payable within 30 days following the AGM and will be calculated in US Dollars but payable in Euros. The conversion into Euros will be effected on the basis of the exchange rate on April 11, 2018. Given the Company's cash position, the dividend will be fully paid in cash.

Corporate Social Responsibility

SBM Offshore continued to improve its safety performance and achieved its best ever Total Recordable Injury Frequency Rate (TRIFR) on record of 0.19 at year-end 2017, compared with last year's performance of 0.31. During the year, the Company focused on safety awareness with contributions from the company-wide monthly campaigns and continued implementation of the process safety framework. Going forward, the Company targets continuous improvement, building on the SBM Offshore safety culture and will continue to embed the process safety framework in its management system and operating practices.

Regarding Loss of Primary Containment, the number of most severe (Tier 1) incidents was in line with average over the past four years. However, a marked improvement compared with last year in the aggregate of Tier 1 and 2 incidents was achieved with a reduction of almost 50%.



Environmental reporting shows that SBM Offshore achieved reductions in air emissions, energy consumption and discharges. In 2017, flaring relative to hydrocarbon production decreased by 50% compared with the previous year. The majority of the Company's fleet achieved their flaring reduction targets as set in SBM Offshore's CO2 challenge. Greenhouse gas emission levels relative to production reduced by 29% compared with the previous year. Energy consumption, relative to production, improved by almost 10%.

For the eighth consecutive year the Company was included in the Dow Jones Sustainability World index, demonstrating SBM Offshore's continued commitment and the effectiveness of its sustainability program.

Compliance

As reported on December 22, 2017, the Company learned that the Federal Prosecutor's Office (Ministério Público Federal – "MPF") has filed a damage claim based on the Brazilian Improbity Act with the Federal Court in Rio de Janeiro against a Brazilian subsidiary of the Company, an intermediate holding company in Switzerland and a number of individuals, including former employees of the SBM Offshore Group. The claim relates to the alleged improper sales practices prior to 2012 that are also the subject of the leniency agreements under discussion with other Brazilian authorities and Petrobras.

The judge handling the case will have to decide on the acceptance of the lawsuit, after which the defendants will be served with the court documents. In the context of this lawsuit, the MPF asked the court to impose a provisional measure as a means to secure damages potentially awarded. The Company continues to seek clarification of the current position in these proceedings. If and when necessary, the relevant Group companies will defend their position before the authorities and in court.

The Company remains committed to close out its legacy issues in Brazil by means of the leniency agreements and continues its discussions with various authorities involved. To enter into the leniency agreements, the Company would need to be in a position to reach satisfactory closure with all Brazilian authorities and Petrobras on all outstanding leniency issues at the same time. The filing of the damage claim by the MPF has made such satisfactory resolution more uncertain. Under the current circumstances, the Company cannot guarantee that a satisfactory resolution will be reached, nor predict the timing thereof.

As reported on November 30, 2017, the Company reached a resolution with the DoJ resolving the reopened investigation into the Company's legacy issues and the investigation into the Company's relationship with Unaoil. As part of the overall resolution, the Company paid monetary penalties for a total amount of US\$238 million.

Outlook and Guidance

Management expects the deep water oil and gas market to continue to recover on the basis of improved break-even prices of world-class reservoirs combined with clients gaining confidence in long-term returns of offshore projects. Medium term market visibility has improved as there is increased client demand for FEED scope aiming at optimizing project returns so that Final Investment Decisions (FIDs) can be taken. The Company continues to believe that deep water developments have a significant role to play in the energy mix of the future. The low level of investment in offshore projects over the past years has the potential to cause a long-term supply gap as reservoir decline rates are not offset by new production.

The Company's 2018 Directional revenue guidance is around US\$1.9 billion, with around US\$1.3 billion from Lease and Operate and around US\$600 million from Turnkey. Guidance for 2018 Directional EBITDA is around US\$750 million. This excludes the gain on the sale of FPSO *Turritella* (US\$213 million) and the expected positive impact from implementation of IFRS16 (c. US\$35 million) which the Company has decided to adopt early from 2018.

Management expects that the performance of its Turnkey division will improve in line with the gradual market recovery in 2018 with 2017 being the turning point of the current cycle.

The above guidance assumes a partial sell-down of the Company's ownership share of FPSO *Liza*, which remains subject to negotiation and Management decision. Should expectation of this scenario change, guidance will be adjusted accordingly.

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 10.00 Central European Time on Thursday, February 8, 2018.

The webcast will be hosted by Bruno Chabas (CEO), Philippe Barril (COO), Erik Lagendijk (CGCO) and Douglas Wood (CFO). Interested parties are invited to listen to the call by dialing +31 20 531 5853 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 the link below, also 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: https://ssl.webinar.nl/webcast/sbmooffshoreinvestors/20180208_1/

Financial Calendar	Date	Year
Full-Year 2017 Earnings – Press Release	February 8	2018
Annual General Meeting of Shareholders	April 11	2018
Trading Update 1Q 2018 – Press Release	May 9	2018
Half-Year 2018 Earnings – Press Release	August 9	2018
Trading Update 3Q 2018 – Press Release	November 15	2018
Full-Year 2018 Earnings – Press Release	February 14	2019

Note: date in bold was changed from May 10, 2018 before market opening to May 9, 2018 after market close as communicated in the press release of November 8, 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 lifecycle. The Company is market leading in leased floating production systems delivered to date, 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 solutions for the offshore energy industry.

As of December 31, 2017, Group companies employ approximately 4,800 people worldwide. Full time company employees totaling c. 4,300 are spread over offices in key markets, operational shore bases and the offshore fleet of vessels. A further 500 are working for the joint ventures with two construction yards. For further information, please visit our website at www.sbmoffshore.com.

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, 2018



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