

Annual REPORT

S&B
OFFSHORE

2015



Financing and lease of the facility

As part of the lease and operate contract, SBM Offshore supplies the FPSO against a fixed bareboat charter rate over the lease period. To construct the FPSO substantial investment is required. The projects are financed partially with equity, complemented with debt financing and/or bonds.

To spread risk and reduce pressure on the balance sheet, facilities are mostly co-owned with joint venture partners. These are financial partners and are usually not involved in the day-to-day operation of the FPSO nor do they take construction risks for the initial supply of the FPSO.

SBM Offshore sources loan financing from institutional banks and has also accessed the USPP market. Entering into a Master Limited Partnership (MLP) as an alternative source of financing is in progress, while an initial offering is dependent on several factors.

Variations in the Value Chain

Some of SBM Offshore's product lines operate in a slightly different value chain. Although the majority of the Company's contracts are based on the lease and operate business model, it also supplies FPSOs and specific FPSO equipment, such as Turret Mooring Systems, on a turnkey supply basis. The Company sells directly to oil companies, but also to other FPSO providers, if appropriate.

Part of the operating activities are devoted to the modification of existing floating offshore installations, to enable the Company's clients to extend the production life of the facility, to tie-in smaller fields nearby or to upgrade with new technology.

The Company has one facility in operation, the Thunder Hawk DeepDraft™ Semi-submersible, under a production handling agreement, in which

the Company is paid for the service of producing oil and gas against a certain fee per barrel or equivalent in gas produced.

For Floating Liquefied Natural Gas (FLNG) the value chain potentially extends to the end user by including transportation of LNG to the gas company to secure supply, as FLNG investments are often based on 15 to 20 years supply contracts.

1.7 2015 in Brief and Key Figures

Key Events (in chronological order)

- Received Production Readiness Notice (PRN) for *N'Goma* FPSO
- Signed Memorandum of Understanding with CGU and AGU in Brazil
- Signed extension contract for FSO Yetagun
- Signed brownfield project for FSO Yetagun
- Divested shareholding in FPSO *Turritella* bringing in JV partners
- Completed the project financing of FPSO *Cidade de Saquarema*
- Invited to participate in Petrobras tenders for the Sépia and Libra FPSOs
- Signed contract for Browse FLNG FEED for 3 Turret Mooring Systems (TMS)
- Bruno Chabas reappointed CEO for a further four years at EGM
- First oil for additional tie-backs to Thunder Hawk Semi-Sub
- Reduced worldwide workforce by 3,200 (including contractors) by year-end significantly reducing fixed costs

KEY FIGURES

OIL PRODUCTION UPTIME

99.4%



DAILY OIL PRODUCTION

630k barrels



36% REDUCTION OF
GAS FLARED PER PRODUCTION ON
SBM OFFSHORE ACCOUNT

0 FATALITIES (WORK-RELATED)

0.22 TOTAL RECORDABLE
INJURY FREQUENCY RATE



40 TRAINING HOURS
PER PERMANENT EMPLOYEE

2,467

EMPLOYEES
COMPLETED THE ANTI-CORRUPTION
E-LEARNING IN 2015



7,020

NUMBER OF
EMPLOYEES

OPERATING REVENUE

US\$ million 2,705

OPERATING PROFIT (EBIT)

US\$ million 239

TOTAL EQUITY

US\$ million 3,465

EQUITY RATIO

30.6%



MARKET CAPITALIZATION

US\$ million 2,739



ENTERPRISE VALUE

US\$ million 8,915



TOTAL ASSETS

US\$ million 11,340

NET PROFIT

US\$ million 110



EBITDA

US\$ million 462



Note: figures shown are IFRS

