

Annual REPORT

S&B
OFFSHORE

2015



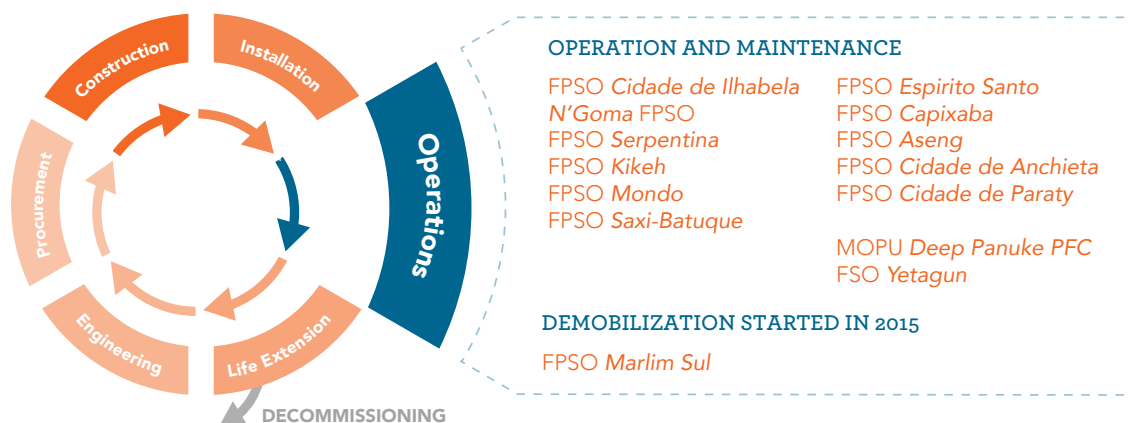
3.1 Operations and Lease Fleet

Introduction

SBM Offshore successfully increased the total production level for the FPU's that it operates. Additional throughput, compared to the previous year, was partly due to a full year of operation for the Company's highest capacity FPSO, operating offshore Brazil (first oil was achieved in November 2014) and also successful tiebacks to its semi-submersible. SBM Offshore is responsible for the full operations across the globe of:

- 11 FPSOs (consists of 10 in SBM Offshore's fleet and one third party contract for the client's own vessel)
- 2 FSOs
- 1 Semi-Submersible
- 1 MOPU

Brazil accounts for the largest share of the Company's fleet operations with a cumulated 129 million barrels of oil in 2015, contributing to a significant part of the country's output. Combined African countries follow in second place.



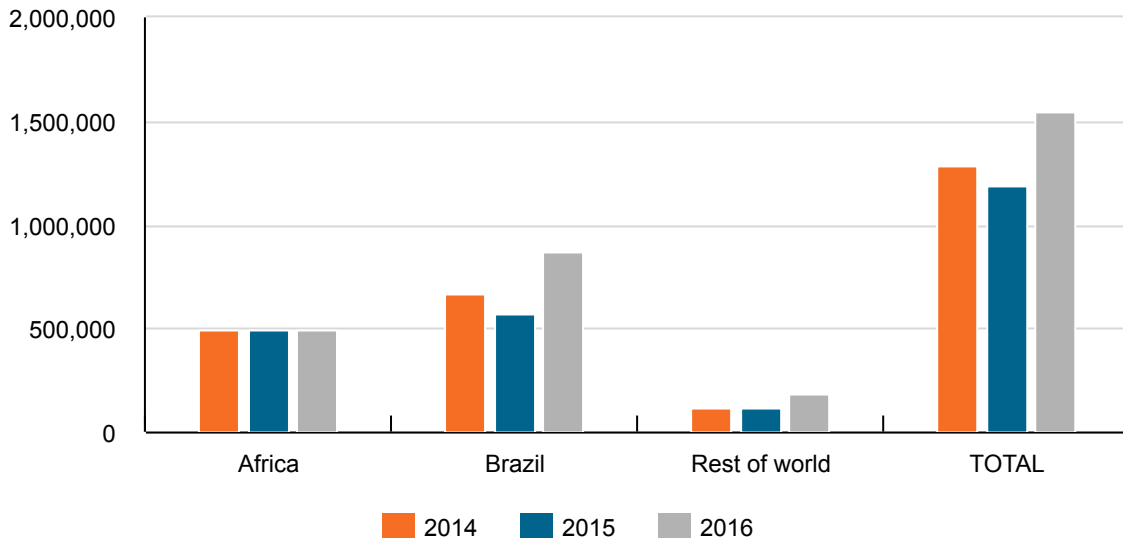
2015 Performance at a glance

- 4.6 billion cumulated to date
- 383 successful and safe cumulated offloads (6,621 cumulated to date)
- Over 271 years of cumulative operations worldwide
- Early May 2015, a three-year contract extension for Operations and Maintenance on FSO *Yetagun* was confirmed with Petronas, with further options of up to five years, as well as an extensive FSO upgrade. Of note is the vessel's record of 100% uptime with zero TRIFR
- In October 2015, successful completion of additional tie-backs to Thunder Hawk DeepDraft™ Semi-Sub from two fields for Noble Energy offshore USA – production started from the Big Bend field and the Dantzer field in 4Q 2015 – has added an additional 20k/bpd

- production capacity. SBM Offshore receives a production fee associated with produced volume in line with the Production Handling contract
- After a planned summer break, operations successfully restarted in October 2015 on the Deep Panuke MOPU (gas) offshore Canada in line with Encana's request
- November 2015 marked one year of production operations for FPSO *Cidade de Ilhabela* offshore Brazil and N'Goma FPSO offshore Angola
- During 4 Quarter 2015 SBM Offshore started preparations for three FPSOs, which will commence production in 2016, including ramping up and training of the crew and technical handover from project teams
- FPSO *Marlim Sul*, in decommissioning phase from 1 January 2015, was put on hold in line with Petrobras' request, as the client reviewed

continued production alternatives for the Marlim Sul field. The FPSO's last day of production was 31 December 2014

Oil Capacity (Barrels/Day) by Region, situation as of end of year



Overview of Operations in 2015

SBM Offshore's Operations Division operates under five pillars of value drivers:



HSSE

SBM Offshore's main drive is an incident-free workplace, with no harm to people or the environment, and no damage to the Company's assets. A step change in fleet safety was achieved in 2015. Various initiatives were implemented worldwide, such as the Annual Fleet-wide Safety

Life-Day and New Safety Leadership and Process Safety Management trainings (monthly campaigns around each of the 12 Life-Saving Rules, an initiative to motivate personnel to continuously improve safety in everything they do). A reward system is also in place for exemplary behavior. SBM Offshore's clients recognize the Company's continuous efforts in this domain. ExxonMobil Angola commended FPSO *Saxi-Batuque* team effort and leadership for six years safe operations without a Recordable Incidence. In addition, several other FPSOs achieved a noteworthy '1-Year Total Recordable Incident Free' period, including FPSOs Aseng, Kikeh, Capixaba, Mondo (2-Years) and Yetagun (3-Years).

Operational Performance

SBM Offshore is focusing on continuous improvement to deliver predictable and sustainable revenues to the Company's clients and stakeholders – achieved over 99.4% oil uptime with limited shutdown activities in 2015, resulting in oil and gas

3 Performance in 2015

production to their satisfaction. Murphy celebrated the 500th offtake performed on FPSO *Kikeh* operated by MPDC and SBM Offshore joint venture with MISC. The team on FPSO *Serpentina* operating offshore Equatorial Guinea, were congratulated by the client for the quickest billion barrels of oil in ExxonMobil's production history.

Asset Integrity

In 2015 various initiatives were undertaken to support reliability and future performance of the Company's Units:

- Improved remote monitoring on processes and equipment performance
- Consolidation in one controlled data base of a suite of equipment maintenance strategies
- Rejuvenation of the asset integrity management system, including the development of new processes such as an effective shutdown management set of procedures, which aims to minimize production disruption while insuring reliability and design life
- Development and roll-out of a new version of the computerized maintenance management system including new features for safety barriers.
- Improved information feedback loop from Operations to the engineering divisions

Commercial Performance

The team approaches operations from the client's perspective and close collaboration and dialogue are essential to smooth day-to-day operations and a quick resolution of any problems. Open discussions with the client on board representatives (OBR) ensure daily communication about operations offshore. Proximity to the client – either shared office at onshore bases or regular visits – ensure that the lines of communication stay open and that SBM Offshore anticipates their future requirements. During 2015, SBM Offshore added a new onshore base in Houston to manage future operations for Shell's FPSO *Turritella*; steps

included the recruitment of staff and the set-up of the onshore supporting infrastructure and network.

Sustainability

SBM Offshore completed the green recycling phase on two FPSOs *Kuito* and *Brasil* in shipyards in China and Turkey – see also section 3.4.3 Environment.

Looking forward : 2016 future operations

SBM Offshore will add three FPSOs to its operations in 2016 bringing the total to 15 FPSOs, 1 MOPU, 1 Semi-Sub and 2 FSOs.

- FPSO *Cidade de Maricá* – with a production capacity of 150,000 bbls per day
- FPSO *Cidade de Saquarema* – with a production capacity of 150,000 bbls per day
- FPSO *Turritella* – with a production capacity of 60,000 BOPD. Start-up of the facility for Shell is expected in mid-2016. This will represent SBM Offshore's first FPSO in the Gulf of Mexico. In June 2015 SBM Offshore welcomed Joint Venture partners Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK Line) via an agreement for the acquisition of a stake in the joint venture companies incorporated for the purpose of owning and operating FPSO *Turritella*.

Additional goals

- Optimization of the Company's revenues by ensuring high uptime. This will be achieved by driving performance improvement and efficiencies using strategies mentioned
- Optimization of life cycle costs, in particular OPEX, to make SBM Offshore's operations even more competitive, yielding benefits for its clients, partners and SBM Offshore

OPERATIONS FLEET

■ Initial Lease Period
 ■ Confirmed Extension
 ■ Contractual Extension Option
 ■ Conversion
 ■ Demobilization Phase



(1) Operator is Maersk (JV Partner)
(2) Operator is Murphy

(3) FPSO *Espadarte* relocation
(4) FPSO *Xikomba* relocation
* Expected date