



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018



2018 IN BRIEF

JANUARY

Turritella (FPSO) Handover Completed

- SBM Offshore with Shell completed the transaction for the sale of the FPSO, ensuring a safe and controlled handover of operations. This award-winning FPSO was designed and constructed by SBM Offshore to meet the challenges of the Stones field in the harsh environment of the Gulf of Mexico, where SBM Offshore operated the vessel for 16 months during the start-up phase of operations. Shell opted to exercise its right to purchase the FPSO, allowing it to assume operatorship of the Stones development in its entirety and create additional efficiencies.

FPSO Liza Destiny

- First steel cut for the construction of the topsides for the FPSO project was combined with a safety-engagement event at the two Singapore yards for the construction phase, reinforcing safety as our number one priority. This phase is in parallel with engineering, procurement and construction (EPC) work for the conversion of the tanker.

FEBRUARY

- SBM Offshore proudly supported the inaugural exhibition 'Guyana International Petroleum Business Summit & Exhibition' (GIPEX). Hosted by Guyana's Ministry of Natural Resources, this was the country's first ever event for the nascent local petroleum industry. Under our local subsidiary name – Guyana Deepwater Operations Inc. (GDO), SBM Offshore joined other industry players in supporting GIPEX. The event was ideal for meeting with local businesses and discuss the role that SBM Offshore plays in the oil and gas value chain.
- Full Year 2018 Earnings published. SBM Offshore continued 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 and EBITDA.

MARCH

- First steel cut for SBM Offshore's Fast4Ward™ FPSO hull took place at the Shanghai Waigaoqiao Shipbuilding (SWS) yard in China. The Company's first Fast4Ward™ project became a reality and is progressing per plan. Where shorter cycle times are a key value driver for clients, SBM Offshore is confident that the Fast4Ward™ program will transform the industry, delivering cost competitiveness for deep water projects through standardization. With this game-changing business model, the Company is reducing cycle time to energy delivery, de-risking projects, ensuring a reliable execution plan and improving quality and safety.

APRIL

Dry dock of FPSO Liza Destiny at Keppel shipyard

- The milestone represents progress on the EPC phase for the FPSO, ultimately destined for the Liza Phase 1 project in Guyana, which is subject to authorizations and FID. This marked an important step in the conversion phase, to prepare the vessel for the integration of the topsides later in the year. To meet the project's requirements, the conversion includes upgrade work on the hull and integration of topsides, which is being undertaken in Singapore.

Annual General Meeting (AGM) – New members of the Supervisory Board (SB) appointed

- Roeland Baan and Bernard Bajolet were appointed as members of the SB at the 2018 AGM.

MAY

- Steel cut for the turret for *Johan Castberg* project for Statoil (now known as Equinor) took place at Dubai Dry Docks World yard, in line with schedule. The event coincided with SBM Offshore's 5th Life Day which focuses on safety. The Castberg project is on track to meet delivery early 2020, in line with the client's plan.
- First Quarter 2018 Trading Update published.
- OTC 2018 'Distinguished Achievement Award'. The joint award to Shell and SBM Offshore was in recognition of the successful development of the world's deepest oil and gas project, the Stones field, using a leased FPSO, an industry-first pairing of a steel lazy wave riser system with the largest disconnectable buoy turret mooring system and an artificial lift system designed for 15,000 psi.
- Launch of Fast4Ward™ Semi-submersible solution.
- Dividend of US\$ 0.25 per ordinary share paid (in EUR) (increase of c. 9% versus amount paid in 2017).

JUNE

- FPSO *Cidade de Paraty* celebrated five years of safe and efficient offshore operations having achieved first oil in June 2013. Most impressive is the achievement of 756 consecutive days with no recordable incidents. *Paraty* was the first of a series of four pre-salt FPSOs for offshore Brazil and the first Generation 3 FPSO, increasing our knowledge of complex gas processing.

JANUARY

FPSO LIZA DESTINY – FIRST STEEL CUT



JUNE

FPSO CIDADE DE PARATY – 2018

JULY

Leniency Agreement signed between SBM Offshore, Brazilian Authorities and Petrobras

- Normal business relations in respect to tenders with Petrobras are resumed. The Company is effectively now able to compete for new business opportunities with Petrobras (i.e. to compete for new tenders for the national oil company in Brazil).

SBM Offshore awarded FPSO *Liza Unity* contracts by ExxonMobil

- This will be SBM Offshore's largest FPSO to date. The design of this FPSO is based on our Fast4Ward™ program, incorporating its new build, multi-purpose hull combined with several standardized topsides modules. The FPSO is destined for the Liza development offshore Guyana. Following FEED, subject to FID and authorization to proceed with the next phase, SBM Offshore will construct, install and then Lease and Operate the FPSO for a period of up to two years, after which the FPSO ownership and operation will transfer to ExxonMobil.

AUGUST

- The compliance Leadership Program was put in place to reinforce managers' engagement with employees and support them in making compliance an integral part of our ways of working. This is a key part of SBM Offshore's journey of continuous improvement in compliance.

SEPTEMBER

Legacy issues

- Agreement signed between SBM Offshore and the Brazilian Federal Prosecutor's Office (MPF). The agreement means that the Company has now also reached a final settlement with the MPF over alleged improper sales practices, in addition to the settlement reached with the Brazilian Authorities and Petrobras (as announced in July).

Participation at Gastech

- As part of its strategy to meet the needs of an evolving energy mix, with a more dominant role for gas and renewables in the future. SBM Offshore had a prominent presence at the Gastech conference to promote its portfolio of floating gas and FLNG solutions.

Claim settled

- SBM Offshore reaches full & final settlement of its Yme Insurance claim.

OCTOBER

China MoUs signed

- To strengthen mutual cooperation, SBM Offshore signed three memoranda of understanding (MoUs) with key Chinese companies: ICBC Leasing, China Merchant Industry Holdings and China Petroleum Technology and Development Corporation. The MoUs are a step towards further collaboration as we continue to develop our experience and valued partnerships in China. This is another solid step along that path. The signing event coincided with SBM Offshore's participation in the Monaco Economic Board (MEB) Trade Mission to Beijing.





DECEMBER

FPSO LIZA DESTINY – MODULE LIFTING CAMPAIGN

NOVEMBER

Third Quarter Trading Update published
SBM Offshore's design for wind floater receives ABS stamp of approval

- Classification society, ABS, has issued an Approval in Principle (AIP) to SBM Offshore for its proprietary wind floater design, based on a TLP concept. The approved design has been developed to a technology maturity level of a Front End Engineering Design (FEED). The complete design was developed in-house at SBM Offshore, in collaboration with our partner, IFP Energies Nouvelles (IFPEN).

Fast4Ward™ gaining speed – SBM Offshore signs for hull #2 as keel is laid for hull #1

- Coinciding with the keel laying ceremony for its first Fast4Ward™ FPSO hull, SBM Offshore signed the contract for a second hull with SWS shipyard in China. This is evidence that SBM Offshore game changing solution is on track. The level of client endorsement to date demonstrates that the concept is winning the confidence of the clients and prospective clients.

DECEMBER

FPSO *Liza Destiny* module lifting campaign

- Topsides integration progressing well.

Expansion in China

- Official opening of new office in Shanghai, China, allows SBM Offshore to be closer to its valued Chinese partners, yards and suppliers and to better support project teams on the ground.

Final agreement in Brazil

- The Leniency Agreement with the Brazilian Federal Prosecutor's Office (MPF) of September 1, 2018 was approved by the Brazilian Fifth Chamber for Coordination and Review and Anti-corruption. This Leniency Agreement comprises a final settlement between the Company and the MPF with respect to alleged improper sales practices.

Sale of vessel

- FSO N'Kossa II was handed over to client TEPC (Total Congo) as planned, following conclusion of the charter contract on December 31, 2018.