



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

1.3 VISION AND VALUES

OUR VISION

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. We share our experience to make it happen.

OUR VALUES

SBM Offshore's core values reflect its long history of industry leadership. They are the essence of who each SBMer is and how the Company works. The values create pride, with each employee embracing them to realize SBM Offshore's vision. They form an integrated component of organizational and individual goal setting, as well as performance evaluation.

Integrity

SBMers act professionally and in an ethical, honest and reliable manner. Transparency, doing the right thing and consistency are essential to the way the Company behaves towards all of its stakeholders.

Care

SBMers respect and care for each other and for the community. Employees value teamwork and diversity. The Company listens to all its stakeholders. Safety is paramount to everything the Company does.

Entrepreneurship

SBMers have an entrepreneurial mindset in everything they do. They deliver innovative and fit-for-purpose solutions with passion. In doing so, the Company aims to exceed its clients' expectations and proactively achieve sustainable growth through balancing risks and rewards.

Ownership

SBMers are all accountable for delivering on their commitments and pursuing the Company's objectives with energy and determination. Quality is of the essence. SBMers say what they do and do what they say.

1.4 ACTIVITIES AND MARKETS

The market recovery is currently accelerating on the back of industry fundamentals. Additionally the energy mix is changing; the demand for coal is decreasing and forecasts predict accelerated demand growth for other energy sources.

MACRO TRENDS

By 2040, the world population will grow to 8.5 billion citizens. Taking into account increasing urbanization, with 75% of the total population living in big cities close to the oceans, the global energy demand is set to grow in the coming decades. Consensus among many market analysts is that the demand for oil will also continue to grow until at least 2035 – albeit at a slower pace – and the energy mix will become more balanced. Combined with current oil field depletion, supply gaps are probable and offshore deep water oil production will continue to play a role in the years to come. Furthermore, the shift to alternative energy sources provides SBM Offshore with new market opportunities going forward. The Company is continually reviewing its strategy based on macro trends and believes that it is effectively adapting to the energy transition.

Despite the current upturn, Management remains vigilant and maintains a disciplined approach to market opportunities, particularly as oil prices are expected to be volatile. Geopolitical factors are contributing to this: tensions in the Middle East, the deteriorating situation in Venezuela, the impact of renewed USA sanctions on Iran and the trade issues between China and the USA.

SBM Offshore has a solid foundation to cope with such market volatility based on its backlog. Moreover, to better anticipate market volatility, which may affect clients' investment decisions, the Company continues to focus on an efficient cost-base, shorter cycle times and standardized ways of working. In line with this, SBM Offshore has matured its Fast4Ward™ concept into a principle-based program to be applied across its product portfolio, which will facilitate the philosophy 'Better Performance, Delivered Faster', as well as de-risk projects. Fast4Ward™ is the Company's new business model to fast-track projects, reduce risks and provide a reliable execution plan, making projects even more competitive. Fast4Ward™ fits the needs of the most economically attractive deep water developments, which require high