ANNUAL REPORT 2018

1.5 MARKET POSITIONING

SBM Offshore is active in multiple energy markets – oil, gas and renewables. Oil markets mainly supply the transportation and industry sectors, while gas and renewables feed into power generation, industry sectors and buildings. Currently, most of SBM Offshore's revenues are derived from the deep water oil and associated gas markets. The Company is the leader in its market in terms of total oil and gas production (boepd), the number of cumulative years of operating experience and the number of FPSO units delivered to date.

MARKET SEGMENTATION

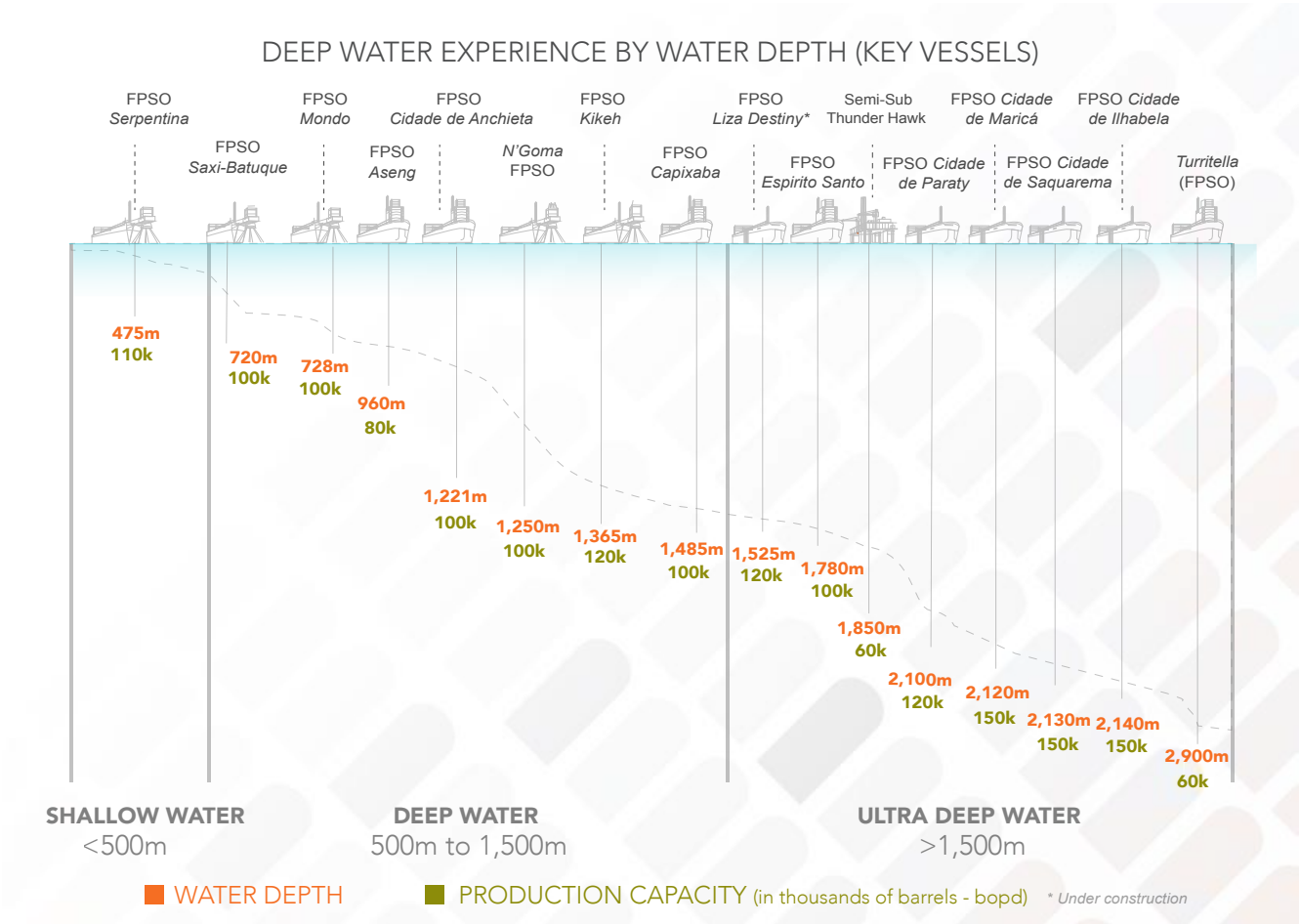
FPSO Market

The global market for FPSOs can be roughly split into three segments:

- Large conversion FPSOs: SBM Offshore's main market where oil tankers, also known as Very Large Crude Carriers (VLCCs), are converted to FPSOs with production capabilities of 60,000 to 150,000 barrels of oil per day
- Newbuild FPSOs: with production volumes of typically around 200,000 barrels of oil per day. With its first Fast4Ward™ FPSO under construction, the Company is now firmly positioned in the newbuild, large capacity FPSO business
- Small conversion FPSOs: based on smaller crude oil tankers, with production rates of up to 60,000 barrels of oil per day

In order to maintain its leading position in its focus FPSO market segments, the Company focuses on:

- Leveraging the Company's experience and business model by strengthening its position in its core markets, whilst also looking to develop sustainable business in new regions.
- Transformation programs to increase return to our customers, the main one being Fast4Ward™, which reduces delivery time via standardization and improves efficiencies and productivity through digitalization.



Deeper water typically requires more complex solutions in terms of design and operations. The chart illustrates SBM Offshore's worldwide expertise focusing on deep and ultra-deep water.

Gas

The Company has developed a solid portfolio and business strategy to meet the needs of an evolving energy mix, with a more dominant role for gas. The growing demand for long-distance transportation of natural gas as well as production of associated gas, is increasing the market for liquified natural gas (LNG) solutions. The Company is developing solutions for the floating liquefied natural gas (FLNG) market. The following segments can be identified in this market:

- Large FLNG solutions with a production capacity typically above 3 million tonnes per annum (mtpa)
- Mid-scale FLNG solutions ranging between 1 and 3 mtpa
- Smaller FLNG solutions of <1 mtpa

The Company is targeting mid-scale FLNG and has developed safe and reliable solutions for both newbuild and conversion projects. The Company's approach is rooted in 20 years of designing, building and operating large offshore gas and liquefied petroleum gas (LPG) projects, as well as numerous FLNG (pre-)FEED studies, with more than 1 million engineering manhours dedicated to FLNG.

Renewable Energy

SBM Offshore focuses on two markets for renewable energy production:

- Floating Offshore Wind (FOW)
- Wave Energy Converter (WEC)

Both markets are in development and heavily linked to the readiness of innovative technologies.

The FOW market is developing worldwide, with several pilot projects ongoing in anticipation of future commercial floating wind farm projects. The Company is leveraging its experience in past floaters' design and mooring systems to provide the market with an effective technical solution that can be designed, built and installed for commerical scale. The first application will be deployed for the Provence Grand Large project in the Mediterranean Sea. Offshore wind segmentation is mainly determined by field characteristics (i.e. wind speeds and water depth).

For wave energy, the market is yet to develop and will materialize upon the validation of new technologies. SBM Offshore's WEC is an example of such new technology. Using electro-active polymers, it brings an effective energy solution with no mechanical components, designed to achieve low CAPEX and OPEX; therefore a low Levelized Cost of Energy (LCOE). The first pilot project is under development.