



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

2.1 GROUP STRATEGY

Management approach

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. To be able to achieve this vision, the development of SBM Offshore's strategy is based on the analysis of energy supply and demand, feedback from stakeholders, trends in the market, the Company's capabilities to perform in its markets and the elements in the materiality matrix (see section 1.7 Materiality-based Value Creation).

SBM Offshore aims to grow and create long-term value for its stakeholders. The Company continues to focus on the offshore floating energy production market and adheres to a defined risk appetite framework as it pursues potential projects in its core businesses and prepares for the energy transition.

Key guiding principles in the strategy are:

- Making informed choices, remaining consistent and ensuring a long-term view.
- To build on strengths, yet adapting based on clients' reality and demands.
- Time to market is essential whilst remaining cost effective. In order to achieve this, digitalization is key.
- Partnering and collaboration are fundamental to increase competitiveness and to be able to grow through learning.
- Market is picking up. The Company needs to optimize its execution model and plan resource capacity to allow growth.

Based on those principles, SBM Offshore's strategy has been built on three strategic pillars:

- **Optimize** core business activities and be the Best in Class to deliver backlog.

This means ensuring targeted uptime, the highest safety, process safety and quality performance,

delivering on time and on budget. These objectives can only be achieved by developing the Company's talents and relying on people to create value.

- **Transform** the industry by de-risking deep water developments and unlocking new field developments for our clients.

SBM Offshore's roadmap to this transformation is the Fast4Ward™ program, which will allow 'Better Performance, Delivered Faster'. The Fast4Ward™ principles are: Client First, Standardization, Flawless Execution, Integrated Supply Chain and Enabling Digital Solutions.

A Digital Transformation program has been established to support the enabling of new ways of working.

- **Innovate** as a way to maintain SBM Offshore's technology leadership position and to evolve its product portfolio in line with market needs and expectations, in particular for the energy transition to floating gas and renewable energy solutions.

SBM Offshore manages performance of these strategic pillars through a balanced score card.

In order to strengthen ways of working, SBM Offshore further streamlined its organization in February 2018. The role of Chief Strategy Officer was created to oversee strategy, sustainability, technology and governance of new business development. As a result, through centralized resources and supply chain management, project execution has become more standardized and flexible, in alignment with the Company's product strategy. A dedicated entity focused on China and Singapore was created to increase local presence and further develop relationships, as well as a global construction approach. In addition, to optimize the fleet's performance, Operations has been strengthened to embed brownfield fleet support activities.