



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

2.5.2 TURNKEY

MANAGEMENT APPROACH

SBM Offshore continues to actively engage with clients, to transform its product offering by optimizing and standardizing its floating production system designs and leveraging its technology expertise to innovate its products, including its offshore mooring systems. In line with a holistic approach, the Company is engaging with strategic partners to ensure all-encompassing solutions for clients, including due consideration to the energy transition going forward. Overall, the industry environment continues to improve, with project activity picking up steadily. SBM Offshore continues to adhere to a defined risk appetite framework as it pursues potential projects.

OPERATIONAL ACTIVITIES

SBM Offshore's consistent approach to integrating operational feedback into all phases of its projects is the foundation for optimization of its activities across the lifecycle. This also greatly contributes to the Company's capacity to continuously improve its designs and project execution processes.

SBM Offshore believes that simplification and de-risking is the solution for future projects in today's cost and schedule-conscious climate. Hence, why the Company is applying its Fast4Ward™ program, which encompasses standardization, across its entire product portfolio.

2018 PERFORMANCE

The Company's KPIs include securing new contracts and progress made on projects, in line with clients' plans. The following highlights provide visibility on performance in 2018.

FPSOs

- Work on FPSO *Liza Destiny* is progressing in accordance with the project schedule. The topside modules lifting campaign started at the end of year, to the client's satisfaction.
- The construction phase for the Company's first Fast4Ward™ FPSO hull advanced in line with plan, with first steel cut in Q1 and keel laying in Q4. This hull is reserved and planned to be allocated to the FPSO *Liza Unity* project, subject to authorizations.
- SBM Offshore signed a contract with SWS yard for a second hull for the Company's Fast4Ward™

program, allowing the construction phase to begin.

Turret Mooring Systems

- Fabrication of the TMS for Equinor's *Johan Castberg* FPSO is advancing and on schedule to meet the planned delivery date in early 2020.

Renewables

- SBM Offshore is progressing with engineering services for the EDF Renewables Provence Grand Large (PGL) offshore floating wind pilot project. The Early Works Contract with EDF Renewables was awarded in Q1 2018, following SBM Offshore's tender being selected in 2016 to provide its proprietary floating systems solution.

FEEDs

- SBM Offshore secured the FEED for the FPSO *Liza Unity* project, based on the Fast4Ward™ design. Following the FEED and subject to FID, SBM Offshore will construct, install and then lease and operate the FPSO.

FUTURE

As part of its readiness strategy as the market gradually improves, the Company continues to invest and grow its capacity, in order to provide floating solutions by optimizing, transforming, innovating and proposing various business models, such as Turnkey sale, build-own-transfer (BOT) and Lease and Operate. The Company aims at engaging early with clients, to be the preferred contractor in providing optimized conceptual solutions and business models, to support the viability of projects and maximize return.

