

## SBM Offshore Third Quarter Trading Update

November 11, 2021

### Highlights

- Strong performance despite ongoing COVID-19 challenges
- Financial results in line with management expectations and the same period last year
- 2021 Directional<sup>1</sup> EBITDA guidance maintained at around US\$900 million
- 2021 Directional revenue guidance revised from around US\$2.6 billion to above US\$2.3 billion mainly driven by a deferral in the expected timing of partner entry into an FPSO joint venture
- Year to date US\$4.1<sup>2</sup> billion project related financings arranged to fund record-breaking order book
- *Liza Unity*, first Fast4Ward<sup>®</sup> FPSO, safely arrived in Guyana, 1 of 5 major projects under construction

Bruno Chabas, CEO of SBM Offshore, commented:

"I am proud to report that we have delivered another set of solid results this quarter, in line with the comparable period last year. The pandemic has significant impact across all our activities and continues to test our staff's resilience. It is through their experience and dedication that we were able to progress on projects and have excellent results in our operations.

Under Lease and Operate, through our Ocean Infrastructure platform, our teams are successfully ensuring business continuity by applying the protocols limiting COVID-19 impacts and maintaining our assets' availability. Year to date operational uptime stands at an outstanding level of 99.2%.

Under Turnkey, through our Growing the Core platform, there are five projects in execution. FPSO *Liza Unity* has safely arrived in Guyana in line with client planning, following a successful construction and pre-commissioning campaign in Singapore. Although the pandemic continues to create challenges which make cost increases unavoidable, our teams are doing an excellent job in mitigating and minimizing impacts. At project portfolio level, SBM Offshore has been able to maintain a competitive level of performance.

Through our New Energies platform, our teams continue to pave the way for the Company's transition through technology development and strategic partnerships to capture new energy market opportunities. An extensive study is underway to drive cost out of the next generation of our Floating Offshore Wind solution.

Year to date, we have closed a record-breaking \$4.1 billion of project financings. This demonstrates not only SBM Offshore's financial strength but also evidences the confidence that our financial stakeholders have in the role that SBM Offshore will continue to play as leader in the energy transition for its clients.

We also successfully completed our fourth share repurchase program in six years. More than US\$1.2 billion has now been returned to shareholders during this period in dividends and share buybacks."

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<sup>1</sup> Directional view, presented in the Financial Statements under Operating segments and Directional reporting, represents a pro-forma accounting policy, which assumes all lease contracts are classified as operating leases and all vessel investees are proportionally consolidated. This explanatory note relates to all Directional reporting in this document.

<sup>2</sup> Financing closed at SPV levels with varying SBM Offshore equity ownership; 100% of the financing amount is disclosed.

## Financial Overview

in US\$ million	Directional		
	3Q 2021	3Q 2020	% Change
<b>Revenue</b>	<b>1,654</b>	<b>1,806</b>	<b>-8%</b>
Lease and Operate	1,134	1,334	-15%
Turnkey	519	472	10%
<b>Underlying Revenue</b>	<b>1,729</b>	<b>1,706</b>	<b>1%</b>
Lease and Operate	1,209	1,234	-2%
Turnkey	519	472	10%

  

in US\$ million	3Q 2021	3Q 2020
Non-recurring items impacting Revenue		
Deep Panuke termination fee	(75)	100

  

in US\$ billion	3Q 2021	Dec-31-20	% Change
Net Debt	5.1	4.1	24%

Backlog calculation will be provided in FY21 Earnings Update

Year to date, Underlying Directional revenues came in at US\$1,729 million compared with US\$1,706 million in the same period of 2020. Turnkey revenues increased by 10% or US\$47 million compared with the same period last year reflecting the higher level of activity. Lease and Operate was nearly constant with a decrease of 2% or US\$25 million compared with the same period last year.

Underlying Directional revenues include US\$75 million related to cash received during the first half of 2021 under the final settlement signed with the client following the redelivery of the Deep Panuke facility in July 2020. This amount was excluded from the Underlying 2020 Revenues as reported in the 2020 Annual Report given the expected receipt of the associated cash in 2021.

Year to date, net debt increased to US\$5.1 billion driven by investments in growth as the Company is progressing with the construction of its five major projects (FPSOs *Liza Unity*, *Sepetiba*, *Prosperity*, *Almirante Tamandaré* and *Alexandre de Gusmão*). Nearly all of the Company's debt is project related and as such becomes non-recourse following project execution finalization and release of the Parent Company Guarantee.

### Framework Agreement between Sinosure and SBM Offshore

On October 20, 2021, China Export and Credit Insurance Corporation (Sinosure) and SBM Offshore signed a Framework Agreement. This Agreement follows the successful cooperation between Sinosure and SBM Offshore on the closing of the Project Finance of *Sepetiba*, which includes a significant tranche benefiting from Sinosure insurance cover which will be funded by three relationship banks. The Agreement aims to build on this cooperation for future projects, optimizing both growth in trade and economic development in China as well as obtaining Sinosure insurance cover and support in closing future financings.

## Project Review

Around 18 months into the global pandemic, the Company continues to face COVID-19 challenges. These include travel and logistical restrictions, price inflation of materials and services, yard closures and yard and supplier capacity constraints. Project teams continue to work closely with client teams and contractors to mitigate the impacts on projects' execution. The degree to which these challenges can be mitigated going forward varies from project to project. Despite this, the profitability of SBM Offshore's overall project portfolio remains robust and competitive. An update on the status of individual projects is provided below.

*Liza Unity* (FPSO) left Singapore early September and arrived in Guyana on October 25. The project continues to target first oil in 2022 in line with client schedule.

FPSO *Sepetiba* - the topsides' modules lifting campaign has started at the yard in China and the project targets first oil in 2023. The project has been impacted both by the supply chain environment and challenges at the yard. A specific mitigation plan has been implemented and its effectiveness is to be tested in the coming quarters.

*Prosperity* (FPSO) - the Fast4Ward® MPF hull entered dry dock in Singapore and the topsides' fabrication is progressing in line with project schedule.

FPSO *Almirante Tamandaré* - the topsides' fabrication is progressing as planned with the commencement of topside construction activities in Brazil. The keel laying milestone has been achieved for the Fast4Ward® MPF hull. The project continues to target first oil in the second half of 2024.

FPSO *Alexandre de Gusmão* - the Fast4Ward® MPF hull construction achieved the first steel cutting milestone in the third quarter 2021. The FPSO construction is progressing as per plan with the expected first oil in 2025.

#### *Fast4Ward® MPF hulls*

Under the Company's Fast4Ward® program, the total number of MPF hulls ordered to date stands at six. Three have been delivered to on-going projects and three are under construction of which two have been allocated to FPSO projects and one is supporting the Company's tendering activities.

*Liza Destiny* (FPSO) - The flash gas compression system on the unit is stable and continues to operate. The construction of the redesigned third stage flash gas compression system is progressing.

#### **Fleet Operational Update**

Despite the continuing challenging circumstances due to the COVID-19 pandemic, the Company is witnessing some improvements in the general operating environment, especially in countries where vaccination campaigns are progressing. Although business continuity protocols remain in place, some countries' entry restrictions and quarantine periods are being gradually reduced with a positive impact on fatigue management and associated operational risk. The priority of the Company remains to minimize the potential exposure to COVID-19, to protect the health of our employees and to minimize the impact on SBM Offshore operations.

The fleet uptime continues to demonstrate the depth of the experience and success of the SBM Offshore Operations team in mitigating the impact of the pandemic. Year to date, the Lease and Operate fleet uptime was 99.2%, in line with the fleet's lifetime historical average.

#### **Safety**

The Company's Total Recordable Injury Frequency Rate stands at 0.08 as of September 30, 2021.

#### **Joint Venture Equity Partnering Update**

As previously announced, SBM Offshore is negotiating a 45% equity divestment in the special purpose companies that are owning and operating the FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão*. The divestment of equity in the FPSO *Almirante Tamandaré* is expected to be concluded around the year end and the divestment of the FPSO *Alexandre de Gusmão* in the course of 2022. For the purposes of the guidance, it is assumed that the divestment of the FPSO *Almirante Tamandaré* is closed after the year end resulting in a shift in recognition of the associated revenues from 2021 to 2022. There is no impact on anticipated EBITDA for 2021 as the project is not forecast to meet the requisite completion stage gate allowing margin recognition in 2021.

#### **Outlook and Guidance**

The Company's 2021 Directional EBITDA guidance is maintained at around US\$900 million. 2021 Directional revenue guidance has been revised from around US\$2.6 billion to above US\$2.3 billion with around US\$1.6 billion coming from Lease and Operate and above US\$0.7 billion coming from the Turnkey segment. As described above, this revision is mainly driven by an assumed shift in the expected timing of partner entry into FPSO *Almirante Tamandaré* joint venture from late 2021 to early 2022.

This guidance includes Directional revenues and EBITDA of US\$75 million related to the cash receipts in 2021 from the Deep Panuke contract, which were both excluded from the 2020 outlook and underlying results. It also considers the currently foreseen COVID-19 impacts on projects and fleet operations. The Company highlights that the direct and indirect impact of the pandemic could continue to have a material impact on the Company's business and results and the realization of the guidance for 2021.



# Press Release

## Conference Call

SBM Offshore has scheduled a conference call, which will be followed by a Q&A session, to discuss the Third Quarter 2021 Trading Update.

The event is scheduled for Thursday, November 11, 2021 at 10.00 AM (CET) and will be hosted by Bruno Chabas (CEO), Douglas Wood (CFO), Philippe Barril (COO) and Erik Lagendijk (CGCO).

Interested parties are invited to register prior the call using the link:

<https://www.kpneventcall.nl/EventRegistration/4457da36-e770-49d7-9f95-0519361a00af>

Please note that the conference call can only be accessed with a personal identification code, which is sent to you by email after completion of the registration.

A replay will be available. Interested parties can listen to the replay by dialing +31 (0) 20 785 1180 and using access code 120362# until December 11, 2021.

## Corporate Profile

The Company's main activities are the design, supply, installation, operation and the life extension of floating production solutions for the offshore energy industry over the full lifecycle. The Company is market leading in leased floating production systems, with multiple units currently in operation.

As of December 31, 2020, the Company employed approximately 4,570 people worldwide spread over offices in our key markets, operational shore bases and the offshore fleet of vessels.

SBM Offshore N.V. is a listed holding company headquartered in Amsterdam, the Netherlands. It holds direct and indirect interests in other companies.

Where references are made to SBM Offshore N.V. and /or its subsidiaries in general, or where no useful purpose is served by identifying the particular company or companies "SBM Offshore" or "the Company" are sometimes used for convenience.

For further information, please visit our website at [www.sbmoffshore.com](http://www.sbmoffshore.com).

The Management Board  
Amsterdam, the Netherlands, November 11, 2021

<b>Financial Calendar</b>	<b>Date</b>	<b>Year</b>
Full Year 2021 Earnings	February 10	2022
Annual General Meeting	April 6	2022
First Quarter 2022 Trading Update	May 12	2022
Half Year 2022 Earnings	August 4	2022
Third Quarter 2022 Trading Update	November 10	2022

For further information, please contact:

## **Investor Relations**

Bert-Jaap Dijkstra  
Group Treasurer and IR  
Mobile: +31 (0) 6 21 14 10 17  
E-mail: bertjaap.dijkstra@sbmoffshore.com  
Website: www.sbmoffshore.com

## **Media Relations**

Vincent Kempkes  
Group Communications Director  
Mobile: +377 (0) 6 40 62 87 35  
E-mail: vincent.kempkes@sbmoffshore.com  
Website: www.sbmoffshore.com

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