

## SBM Offshore Half Year 2022 Earnings

August 4, 2022

### Record Order Book, Revised Guidance

#### Highlights

- 2022 Directional<sup>1</sup> EBITDA guidance increased from around US\$900 million to above US\$950 million
- 2022 Directional revenue guidance increased from above US\$3.1 billion to around US\$3.2 billion
- Record-level US\$31.1 billion pro-forma order book, providing cash flow visibility until 2050
- Record-level US\$8.8 billion pro-forma net cash flow from Lease and Operate backlog<sup>2</sup> corresponding to US\$315 million average annual net cash flow until 2050
- Seventh Fast4Ward<sup>®</sup> Multi-Purpose Floater (MPF) hull ordered
- New 2030 intermediate greenhouse gas (GHG) related targets, creating pathway to net-zero by 2050

The Half Year 2022 Earnings and Interim Financial Statements are published on the Company's website [here](#).

Bruno Chabas, CEO of SBM Offshore, commented:

"Our teams continue to deliver solid results, despite the challenging environment. On our overall project portfolio, strategic mitigating measures against inflation have been proving effective on controlling cost and protecting schedule. Nevertheless, parts of the portfolio remain sensitive to the pressure in the global supply chain and impact from COVID-19 pandemic. The overall profitability of the project portfolio remains robust. We have revised upwards our full year EBITDA and revenue guidance.

With the award of the FPSO *ONE GUYANA* project, our order book has increased to a new record level of US\$31.1 billion. We expect to deliver around US\$9 billion net cash flow from our Lease and Operate backlog during the period which gives unique visibility on cash flow for the next 28 years. Our market outlook for new FPSOs remains positive as the world requires energy which is not only sustainable, but also affordable and reliable. This is what the Company is delivering through its competitive Fast4Ward<sup>®</sup> FPSOs which are also characterized by low emissions intensity. We have therefore ordered our seventh Fast4Ward<sup>®</sup> MPF hull.

Our Lease and Operate division continues to deliver good results. FPSO *Liza Unity* has been successfully ramped up in industry-leading time, FPSO *Liza Destiny's* compression system was successfully upgraded and FPSO *Cidade de Anchieta* is progressing towards a safe restart.

To achieve our goal of net-zero by 2050 we have established the following intermediate targets: by 2030, we target net-zero scope 1 and 2 emissions<sup>3</sup>, a 50% reduction of scope 3 GHG intensity<sup>4</sup> and zero routine flaring<sup>5</sup> in our fleet. We are also seeing good progress under our emissionZERO<sup>®</sup> program with the aim to have a near-zero emissions FPSO available to the market by 2025.

Through our New Energies platform, we are developing new products and services compatible with our net-zero roadmap. We have co-developer positions in the USA, the UK and Northern Ireland and continue to position the Company in selected developments to accelerate our technology and to monitor and stimulate this market. Our 25MW floating offshore wind project in the south of France is progressing towards delivery in 2023.

The orderly transition from fossil to renewable energy will require companies to design and develop innovative technical solutions combined with the capability to reliably execute, finance and operate them. At the same time, it will require discipline in providing value to all stakeholders with a particular focus on profitability while balancing risk. As an energy transition company, SBM Offshore is well positioned to support, make a difference to and benefit from multiple pathways in the growing energy transition market."

## Financial Overview

in US\$ million	Directional <sup>6</sup>			IFRS <sup>6</sup>		
	1H 2022	1H 2021	% Change	1H 2022	1H 2021	% Change
<b>Revenue</b>	<b>1,763</b>	<b>1,072</b>	<b>64%</b>	<b>2,406</b>	<b>1,555</b>	<b>55%</b>
Lease and Operate	854	752	14%	694	631	10%
Turnkey	909	321	184%	1,712	924	85%
<b>Underlying<sup>7</sup> revenue</b>	<b>1,763</b>	<b>1,147</b>	<b>54%</b>	<b>2,406</b>	<b>1,630</b>	<b>48%</b>
Lease and Operate	854	827	3%	694	706	-2%
Turnkey	909	321	184%	1,712	924	85%
<b>EBITDA</b>	<b>500</b>	<b>426</b>	<b>17%</b>	<b>581</b>	<b>411</b>	<b>41%</b>
Lease and Operate	527	456	16%	342	323	6%
Turnkey	16	9	69%	283	129	120%
Other	(43)	(40)	8%	(43)	(40)	8%
<b>Underlying EBITDA</b>	<b>500</b>	<b>501</b>	<b>0%</b>	<b>581</b>	<b>486</b>	<b>20%</b>
Lease and Operate	527	531	-1%	342	398	-14%
Turnkey	16	9	69%	283	129	120%
Other	(43)	(40)	8%	(43)	(40)	8%
<b>Profit attributable to Shareholders</b>	<b>103</b>	<b>64</b>	<b>63%</b>	<b>296</b>	<b>148</b>	<b>100%</b>
<b>Underlying Profit attributable to Shareholders</b>	<b>103</b>	<b>61</b>	<b>71%</b>	<b>296</b>	<b>145</b>	<b>105%</b>
Earnings per share (US\$ per share)	0.58	0.34	71%	1.67	0.79	110%
Underlying earnings per share (US\$ per share)	0.58	0.32	79%	1.67	0.78	115%

  

in US\$ million	1H 2022	1H 2021	% Change	1H 2022	1H 2021	% Change
<b>Non-recurring items impacting revenue</b>	-	(75)		-	(75)	
Deep Panuke termination fee	-	(75)		-	(75)	
<b>Non-recurring items impacting EBITDA</b>	-	(75)		-	(75)	
Deep Panuke termination fee	-	(75)		-	(75)	
<b>Non-recurring items impacting Depreciation</b>	-	78		-	78	
Deep Panuke termination fee	-	78		-	78	
<b>Total non-recurring items impacting Profit</b>	-	3		-	3	

  

in US\$ billion	Jun-30-22	Dec-31-21	% Change	Jun-30-22	Dec-31-21	% Change
Pro-forma Backlog	31.1	29.5	5%	-	-	
Net Debt	5.3	5.4	-1%	7.0	6.7	4%

Underlying Directional revenue increased to US\$1,763 million compared with US\$1,147 million for the same period in 2021. The 54% growth is driven by Turnkey revenue which increased to US\$909 million compared with US\$321 million in the year-to-date period.

This resulted from a ramp-up of Turnkey activities with five FPSOs under construction and the completion of FPSO *Liza Unity* in the first half-year of 2022. Furthermore, the earlier announced partial divestment on FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão* at the beginning of 2022 allowed the Company to recognize revenue for all the EPCI related work performed to date on these projects to the extent of the partners' ownership in lessor related SPV's.

Underlying Directional Lease and Operate revenue for the first half-year of 2022 stands at US\$854 million, an increase of US\$27 million compared with the same period prior year. This mainly reflects FPSO *Liza Unity* successfully joining the fleet partially offset by the end of the Deep Panuke MOPU and FPSO *Capixaba* lease contracts and the FPSO *Kikeh* Lease and Operate contract extension which lowered the average straight-lined day rate.

The shutdown of operations of FPSO *Cidade de Anchieta* had only a limited impact on revenue over the period due to the integration of the extension of the contract corresponding to the period of shutdown beyond the original end date of the lease. As a consequence, the total contractual lease revenue remains unchanged, whereas the revenue of the period, recognized on a straight-line basis over the full updated lease period, has been minimally impacted.

Underlying Directional EBITDA remained stable at US\$500 million compared with US\$501 million for the same period in 2021.

Although the Company recorded a significant increase in revenue related to projects under construction, there was not a commensurate impact on Directional Turnkey EBITDA which increased from US\$9 million in the year-ago period to US\$16 million. FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* are 100% owned by the Company. In accordance with the Company's policy for Directional reporting, the direct payments received during construction for these units are therefore recognized as revenue without contribution to gross margin. FPSO *Alexandre de Gusmão* did not contribute to margin during the period as it just reached the requisite gate of completion allowing margin recognition at the end of half-year 2022. Further, parts of the portfolio remain sensitive to the pressure in the global supply chain and impact from COVID-19 pandemic and the degree to which this can be mitigated varies from project to project.

Underlying Directional Lease and Operate EBITDA came in at US\$527 million in the first half-year of 2022, in line with the prior year period. This trend resulted from the same drivers as for the Underlying Lease and Operate revenue.

The other non-allocated cost was in line with the previous year and stood at US\$(43) million.

After reduced depreciation and net financing costs, underlying Directional net profit for first half 2022 increased to a total of US\$103 million, or US\$0.58 per share.

The first half-year of 2021 Underlying Directional revenue and EBITDA includes US\$75 million related to final cash received during the period under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020.

### Funding and Directional Net Debt

Despite the continued investment in growth, net debt slightly decreased from US\$5.4 billion to US\$5.3 billion as of June 30, 2022. This primarily resulted from the strong operating cash flow generation and the derecognition, to the extent of partners' ownership, of the net debt related to FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão* over the period following the partial divestment of the two units.

The majority of the Company's debt at half-year consisted of non-recourse project financing (US\$3.9 billion or 67% of total debt) in special purpose companies. This non-recourse balance includes the project loan related to FPSO *Liza Unity* for which the pre-completion company guarantee was released in June 2022. The remainder (US\$1.9 billion) comprised of borrowings to support the on-going FPSO construction program which will become non-recourse following project execution finalization and release of the related parent company guarantee.

As of June 30, 2022, the net cash balance stood at US\$478 million, lease liabilities totaled c. US\$47 million and the Company's Revolving Credit Facility was undrawn.

### Directional Pro-Forma Backlog

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

The pro-forma Directional backlog increased by almost US\$1.6 billion compared with the position at December 31, 2021 to a total of US\$31.1 billion. The increase was mainly the result of the awarded contract for the FPSO *ONE GUYANA* project which was offset partially by turnover for the period which consumed approximately US\$1.8 billion of backlog.

(in billion US\$)	Turnkey	Lease & Operate	Total
2H 2022	0.5	0.9	1.4
2023	0.9	1.8	2.7
2024	1.7	1.8	3.5
Beyond 2024	3.3	20.2	23.5
<b>Total Backlog</b>	<b>6.4</b>	<b>24.7</b>	<b>31.1</b>

The pro-forma Directional backlog at June 30, 2022 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers 10 years of lease and operate.
- The FPSO *Liza Unity*, *Prosperity* and *ONE GUYANA* contracts cover a maximum period of two years of lease and operate within which period the units will be purchased by the client. The impact of the sale is reflected in the Turnkey backlog, assumed at the end of the contractual lease and operate period.
- The 13.5% equity divestment in FPSO *Sepetiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals.

For further details of the overall assumptions applicable to the backlog, refer to the Half Year 2022 Earnings report.

## Project Review

Project	Client/country	Contract	SBM Share <sup>8</sup>	Capacity, Size	Percentage of Completion	Expected First Oil
<i>Sepetiba</i>	Petrobras Brazil	22.5 year Lease & Operate	64.5%	180,000 bpd	>75%	2023
<i>Prosperity</i>	ExxonMobil Guyana	2 year Build, Operate, Transfer	100%	220,000 bpd	>50% <75%	2023
<i>Almirante Tamandaré</i>	Petrobras Brazil	26.25 year Lease & Operate	55%	225,000 bpd	>25% <50%	2024
<i>Alexandre de Gusmão</i>	Petrobras Brazil	22.5 year Lease & Operate	55%	180,000 bpd	>25% <50%	2025
<i>ONE GUYANA</i>	ExxonMobil Guyana	2 year Build, Operate, Transfer	100%	250,000 bpd	<25%	2025

The continuing effects from the COVID-19 pandemic and the indirect impacts from the war between Russia and Ukraine and related pressure in the global supply chain continue to create challenges in SBM Offshore's project execution. Project teams are closely monitoring the situation and are working to mitigate possible impacts in close cooperation with the Company's suppliers and clients. The weighted average portfolio percentage of completion stands approximately at 40% as of June 30, 2022. An update on individual projects schedule is provided below considering latest known circumstances.

*FPSO Sepetiba* - Work is progressing on integration and commissioning. The project targets first oil in 2023.

*FPSO Prosperity* - Both the topsides fabrication and the module lifting campaign have safely and successfully been completed allowing for the commencement of the integration and commissioning phase. First oil is likely to occur before year-end 2023.

*FPSO Almirante Tamandaré* - The topsides fabrication and the Fast4Ward<sup>®</sup> MPF hull construction continue to progress in line with plan. The project targets first oil in the second half of 2024.

*FPSO Alexandre de Gusmão* - Site construction activities are progressing in fabrication yards, the MPF hull construction has restarted following yard shutdown. First oil is expected in 2025.

*FPSO ONE GUYANA* - Engineering is progressing in line with plan and the project is progressing according to schedule. First oil is expected in 2025.

*Fast4Ward<sup>®</sup> MPF hulls* - Under the Fast4Ward<sup>®</sup> program, the Company has ordered a seventh MPF hull which is expected to be delivered in 2024.

*SBM Nauvata* - In order to further enhance and align its project engineering capabilities, the Company intends to acquire the 49% equity ownership currently held by its partner in the SBM Nauvata engineering center located in Bangalore, India. The acquisition is expected to be completed in 2023.

## Fleet Operational Update

### *FPSO Cidade de Anchieta*

The unit has been shutdown since January 22, 2022 following the observation of oil near the vessel. Immediately anti-pollution measures were deployed which were effective and production was shutdown. The estimated volume of oil released in relation to the incident stands at 191 m<sup>3</sup> which was reported to local authorities. While the Company regrets this incident, management commends client and SBM Offshore staff who ensured that the FPSO remained safe and under control as well as minimizing the impact to the environment. The unit remains in shutdown as inspection, cleaning and repair work is progressing. The Company is working together with client, authorities and class towards safely resuming production in the second half of 2022.

*FPSO Liza Destiny* - The upgraded flash gas compressor was successfully installed and is performing as planned.

### *Fleet Uptime*

In addition to the *FPSO Cidade de Anchieta* shutdown, the implementation of upgrades to safety systems on another asset impacted the fleet uptime which stood at 90% during the first half of 2022. The fleet's underlying performance was 97% excluding *FPSO Cidade de Anchieta*. The Company expects uptime to be back at historical performance levels in the second half of the year.

*Contract extensions* - The Company has agreed two contract extensions related to the operation of *FPSO Serpentina* (extension to August 2022) and lease and operation of *FPSO Mondo* (extension to December 2023). The combined impact of these extensions is limited.

*FPSO Capixaba* - Following the contractual planning to shutdown production in May 2022, the Company has started to prepare for the vessel's demobilization.

## New Energies

### *Provence Grand Large*

SBM Offshore is progressing on the construction of its first pilot project in floating offshore wind, which remains scheduled for commissioning in 2023. The construction and installation of three floaters for the Provence Grand Large project, jointly owned by EDF Renewables and Maple Power, will account for approximately 10% of the globally installed floating wind electricity generation capacity in 2023. This is the first floating offshore wind project under construction in France and will be the first project worldwide to be installed using tension leg mooring technology which has minimal motion and seabed footprint. This technology enhances electricity generation and reduces maintenance costs. It is also the first floating wind project to be financed by commercial banks. Lessons learned have been integrated into the Company's Float4Wind™ concept which is optimized for mass production and competitiveness for large offshore floating wind farms.

## Environment, Social and Governance

### *Safety*

The Company's Total Recordable Injury Frequency Rate year to date was 0.10, compared with the full year 2022 target of below 0.15. SBM Offshore's priority remains the health and safety of its staff, contractors and their families, along with ensuring safe operations across all the Company's activities.

### *Climate Change (GHG emissions reduction) – intermediate targets to support net-zero by 2050*

As announced in 2021, SBM Offshore has the ambition to achieve net-zero by no later than 2050, including scope 1, scope 2 and scope 3 downstream leased assets, the latter covering the emissions from its FPSO fleet. In support of its 2050 net-zero ambition, SBM Offshore has created intermediate targets, using a science-based approach<sup>9</sup> as follows:

- Reduce GHG intensity of Scope 3 downstream leased assets by 50% by 2030, from 2016 as a base year
- Offer the market emissionZERO®, leading to a near-zero<sup>10</sup> FPSO at latest by 2025
- Achieve more than 2GW floating offshore wind installed or under development by 2030
- Reach net-zero emissions on scope 1 and 2 by no later than 2025<sup>3</sup>
- Achieve Zero routine flare by 2030

*ESG Index* - As of May 12, 2022, SBM Offshore was included in the AEX ESG index. The index identifies the 25 companies that demonstrate the best ESG practices from the 50 constituents of the AEX and AMX indices.

## Outlook and Guidance

The Company's 2022 Directional revenue guidance is revised from above US\$3.1 billion to around US\$3.2 billion, of which around US\$1.7 billion is expected from the Lease and Operate segment and above US\$1.5 billion from the Turnkey segment. 2022 Directional EBITDA guidance is increased from around US\$900 million to above US\$950 million. This revision is mainly a result of the fact that it has been possible to mitigate some of the potential risks foreseen at the beginning of the year, for example confirmation of the extension to the FPSO *Cidade de Anchieta* contract commensurate with the period of shutdown with associated revenue and margin recognized on a straight-line basis over the full updated lease period.

This guidance considers the currently foreseen impacts from both the pandemic and the war between Russia and Ukraine on projects and fleet operations. The Company highlights that the direct and indirect effects of these events could continue to have a material impact on the Company's business and results and the realization of the guidance for 2022.

## Conference Call

SBM Offshore has scheduled a conference call together with a webcast, which will be followed by a Q&A session, to discuss the 2022 Half Year Earnings release.

The event is scheduled for Thursday, August 4, 2022 at 10.00 AM (CEST) and will be hosted by Bruno Chabas (CEO), Philippe Barril (CTO), Øivind Tangen (COO) and Douglas Wood (CFO).

Interested parties are invited to register prior to the call using the link: [Half Year 2022 Earnings Conference Call](#)

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.

The live webcast will be available at: [Half Year 2022 Earnings Webcast](#)

A replay of the webcast, which is available shortly after the call, can be accessed using the same link.

## Corporate Profile

SBM Offshore designs, builds, installs and operates offshore floating facilities for the offshore energy industry. As a leading technology provider, we put our marine expertise at the service of a responsible energy transition by reducing emissions from fossil fuel production, while developing cleaner solutions for renewable energy sources.

More than 5,000 SBMers worldwide are committed to sharing their experience to deliver safe, sustainable and affordable energy from the oceans for generations to come.

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

The Management Board  
Amsterdam, the Netherlands, August 4, 2022

Financial Calendar	Date	Year
Third Quarter 2022 Trading Update	November 10	2022
Full Year 2022 Earnings	February 23	2023
Annual General Meeting	April 13	2023
First Quarter 2023 Trading Update	May 11	2023
Half Year 2023 Earnings	August 10	2023

For further information, please contact:

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## Market Abuse Regulation

This press release may contain inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

## Disclaimer

Some of the statements contained in this release that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. These statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. Such forward-looking statements are subject to various risks and uncertainties. The principal risks which could affect the future operations of SBM Offshore N.V. are described in the 'Risk Management' section of the 2021 Annual Report.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results and performance of the Company's business may vary materially and adversely from the forward-looking statements described in this release. SBM Offshore does not intend and does not assume any obligation to update any industry information or forward-looking statements set forth in this release to reflect new information, subsequent events or otherwise.

Nothing in this release shall be deemed an offer to sell, or a solicitation of an offer to buy, any securities. The companies in which SBM Offshore N.V. directly and indirectly owns investments are separate legal entities. In this release "SBM Offshore" and "SBM" are sometimes used for convenience where references are made to SBM Offshore N.V. and its subsidiaries in general. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

"SBM Offshore<sup>®</sup>", the SBM logomark, "Fast4Ward<sup>®</sup>", "emissionZERO<sup>®</sup>" and "Float4Wind<sup>™</sup>" are proprietary marks owned by SBM Offshore.

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<sup>1</sup> Directional reporting, presented in the Financial Statements under Operating Segments and Directional Reporting, represents a pro-forma accounting policy, which treats all lease contracts as operating leases and consolidates all co-owned investees related to lease contracts on a proportional basis based on percentage of ownership. This explanatory note relates to all Directional reporting in this document.

<sup>2</sup> Reflects a pro-forma view of the Company's Directional backlog and expected net cash from Lease and Operate after tax and debt service. Please refer to Half Year 2022 Earnings for details.

<sup>3</sup> Aiming for 100% sourcing of green energy by 2030 and considering investments in certified projects to balance any residual GHG emissions from Scope 1 & 2, reaching a 'net-zero' level on total GHG emissions.

<sup>4</sup> Reduce GHG intensity of Scope 3 downstream leased assets by 50% by 2030, compared to 2016 as a base year.

<sup>5</sup> Routine flaring of gas considered as flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market. Applies to GHG emissions from Scope 3 downstream leased assets.

<sup>6</sup> Figures may not add up due to rounding.

<sup>7</sup> Underlying Directional revenue and EBITDA are adjusted for the non-recurring events during a financial period to enable comparison of normal business activities for the current period in relation to the comparative period.

<sup>8</sup> As of June 30, 2022

<sup>9</sup> SBM Offshore looks to apply a science-based approach, using key frameworks such as or of equivalent performance: Task Force on Climate-Related Financial Disclosures (TCFD), Science-based initiative, Greenhouse gas Protocol, EU Taxonomy, CDP benchmark.

<sup>10</sup> An emissionZERO<sup>®</sup> FPSO including closed flare, combined cycle power generation and carbon capture storage or of equivalent performance.