SBM OFFSHORE

Press Release

SBM Offshore Half Year 2024 Earnings

August 8, 2024

Highlights

- 2024 Directional[1] EBITDA guidance increased from around US$1.2 billion to around US$1.3 billion
- 2024 Directional revenue guidance increased from around US$3.5 billion to above US$3.8 billion
- US$3.4 billion net increase of pro-forma Directional backlog to record-level US$33.7 billion
- EUR65 million (US$71 million equiv.[2]) additional share repurchase
- Existing share repurchase program of EUR65 million on track, c. 58% completed[3]
- Award of 20-year lease & operate contract for an FSO to support the Trion field development in Mexico
- Rationalization of business in Angola to focus on Lease and Operate
- Ninth Fast4Ward® Multi-Purpose Floater ("MPF") hull ordered

The Half Year 2024 Earnings and Interim Financial Statements are published on the Company's website here.

Øivind Tangen, CEO of SBM Offshore, commented:

"Our great teams continue to deliver strong performance and we ended the period with a record backlog of US$33.7 billion. As a result, we are increasing our Directional EBITDA guidance to around US$1.3 billion from around US$1.2 billion and will launch today an additional EUR65 million share repurchase.

We saw very good progress in the construction portfolio, bringing our three most mature projects to a very high level of completion. The first of these, FPSO *Almirante Tamandaré*, left the quayside as per schedule on August 1, and will benefit from our Fast4Ward® program learnings as it transitions from construction to operations. The next generation of projects like FPSO *Jaguar* are already seeing the benefits from inception of a full cycle of learnings.

The market outlook for cost and carbon efficient FPSOs remains positive. Our eighth Fast4Ward® hull has been reserved by TotalEnergies for the Block 58 development in Suriname. In line with our strategy to have one hull built in anticipation, we have proceeded to order the ninth hull to support our market positioning. Together with further hull options, this will allow us to de-risk future project schedules in a tight supply chain market.

With our unique value proposition, we expect to see more awards based on the "sale & operate" model like FPSO *Jaguar*, with an accelerated cash flow profile versus the historical "lease & operate" model.

Further, we are pleased to announce today the signing of a 20-year lease & operate contract with Woodside for an FSO to support the Trion field development in Mexico, marking an entry into a promising new region.

Excellence in performance is created through standardization and focus. Combined with the success in standardized FPSOs, we have taken steps to rationalize our business to focus on Lease and Operate in Angola: in June we completed the acquisition of our partners' shares in the lease and operating entities of a number FPSOs (*N'Goma*, *Saxi Batuque* and *Mondo)* and sold our shares in the Paenal shipyard.

Finally, we are applying our expertise in floating solutions to position the Company for the long term in a number of alternative energy markets: in July, our pure-play Floating Offshore Wind ("FOW") joint venture with Technip Energies, Ekwil, was established. Later in the month, we signed a Memorandum of Understanding ("MoU") with Ocean-Power to jointly develop a low-emission offshore floating power generation concept using carbon capture, injection and storage."

Financial Overview[4]

in US$ million	Directional 1H 2024	Directional 1H 2023	Directional % Change	IFRS 1H 2024	IFRS 1H 2023	IFRS % Change
Revenue	**1,840**	**1,491**	**23%**	**2,220**	**2,450**	**-9%**
Lease and Operate	1,178	933	26%	971	760	28%
Turnkey	662	558	19%	1,249	1,689	-26%
EBITDA	**620**	**457**	**36%**	**533**	**595**	**-10%**
Lease and Operate	679	546	24%	454	355	28%
Turnkey	(12)	(37)	-69%	127	292	-57%
Other	(47)	(52)	-8%	(47)	(52)	-9%
Profit attributable to Shareholders	**128**	**36**	**258%**	**116**	**179**	**-35%**
Earnings per share (US$ per share)	**0.71**	**0.20**	**257%**	**0.64**	**0.99**	**-35%**
in US$ billion	1H 2024	FY 2023	% Change	1H 2024	FY 2023	% Change
Pro-forma Backlog	33.7	30.3	11%	-	-	-
Net Debt	7.1	6.7	6%	9.3	8.7	6%

Directional revenue for the first half of 2024 stood at US$1,840 million, a 23% increase compared with the same period in 2023. The Directional Turnkey revenue rose to US$662 million compared with US$558 million in the year-ago period. This 19% increase reflects mainly (i) the FPSO *Jaguar* contract award, and (ii) the increased support to the fleet through brownfield activities, partially offset by (iii) the completion of FPSOs *Prosperity* and *Sepetiba* in Q4 2023 and Q1 2024 respectively, and (iv) the lower amount of revenue booked in the construction portfolio as projects approach completion.

The year-to-date Directional Lease and Operate revenue stood at US$1,178 million, up 26% compared with the same period in the prior year. This increase is the result of (i) FPSOs *Prosperity* and *Sepetiba* joining the fleet upon successful delivery in Q4 2023 and Q1 2024 respectively, and (ii) an increase in reimbursable scope of the fleet, partially offset by (iii) reduced revenue on FPSO *Liza Unity* following purchase option exercised by the client in Q4 2023, moving to an operating contract.

Directional EBITDA for the first half of 2024 came in at US$620 million, up 36% compared to US$457 million in the year-ago period.

Directional Turnkey EBITDA contribution improved to US$(12) million in the first half of 2024 compared with US$(37) million in the same period last year. This result is driven by (i) the increased support to the fleet through brownfield projects, (ii) the lower number of projects in the construction portfolio affected by the historical consequences of the pandemic and the global supply chain pressures, and (iii) the reduced investment on FOW projects following the implementation of the Ekwil Joint Venture in partnership with Technip Energies. This was partially offset by (i) the completion of FPSOs *Prosperity* and *Sepetiba* in Q4 2023 and Q1 2024 respectively, and (ii) lower construction activity on FPSOs as projects approach completion.

Directional Lease and Operate EBITDA stood at US$679 million in the first half of 2024, a 24% increase compared with US$546 million in the year-ago period. This growth stems from the same drivers as Directional Lease and Operate revenue as well as the net gain arising from the acquisition of interests held by Sonangol in FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* and the divestment in the parent company of the Paenal shipyard in Angola.

The Other non-allocated costs charged to Directional EBITDA amounted to US$(47) million in the first half of 2024, a US$5 million improvement compared with the year-ago period mainly due to the comparative impact of the US$11 million one-off restructuring costs in 2023 related to optimization of the Company's support functions' activities.

Directional net profit stood at US$128 million for the first half of 2024, up from US$36 million in the year-ago period. The increase is consistent with the Directional EBITDA improvement.

Funding and Directional Net Debt

Directional net debt stood at US$7.1 billion in the first half of 2024 versus US$6.7 billion as at December 31, 2023. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on (i) the project finance facilities of FPSOs *Almirante Tamandaré, Alexandre de Gusmão* and *ONE GUYANA*, and (ii) the new US$250 million short-term corporate facility to fund continued investments in growth on FPSOs under construction.

More than half of the Company's debt as of June 30, 2024, consisted of non-recourse project financing (US$4 billion) in special purpose investees. The remainder (US$3.5 billion) mainly comprised (i) borrowings supporting the ongoing construction of three FPSOs which will become non-recourse following project execution finalization, (ii) the US$250 million short-term corporate FPSO construction facility, (iii) the Company's US$1.0 billion revolving credit facility, which was drawn for US$550 million at the end of the first half of 2024, and (iv) the fully drawn US$210 million debt facility for MPF hull financing.

As of June 30, 2024, the net cash balance stood at US$495 million.

Pro-Forma Directional Backlog

Change in ownership scenarios and lease contract durations 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 durations for the various projects.

The pro-forma Directional backlog increased by US$3.4 billion compared with the position at December 31, 2023 to a total of US$33.7 billion. The increase was mainly attributable to the award of FPSO *Jaguar* in April 2024, partially offset by turnover for the period which consumed approximately US$1.8 billion of the backlog. The Company's backlog provides cash flow visibility up to 2050.

in US$ billion	Turnkey	Lease & Operate	Total
2H 2024	0.8	1.3	2.1
2025	2.9	2.6	5.5
2026	1.2	2.7	3.9
Beyond 2026	2.3	19.9	22.2
Total pro-forma Directional backlog	7.2	26.5	33.7

The pro-forma Directional backlog at June 30, 2024 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease.
- The FPSOs *Prosperity* and *ONE GUYANA* contracts cover a maximum lease period of 2 years, within which the ownership of the FPSOs will transfer to the client.
- The FPSO *Jaguar* contract awarded to the Company in April 2024 covers the construction period within which the FPSO ownership will transfer to the client and is reported in the Turnkey backlog.
- 10 years of operations and maintenance are considered for FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA* following signature of the Operations & Maintenance Enabling Agreement in 2023. Regarding FPSO *Jaguar*, the pro-forma Directional backlog includes the operating and maintenance scope for 10 years as it has been agreed in principle, pending a final work order. This is consistent with prior years.
- The impact of the subsequent sale of FPSOs *Prosperity* and *ONE GUYANA* is reflected in the Turnkey backlog at the end of the maximum two-year lease period.

- ExxonMobil Guyana has indicated that it is contemplating the exercise of its contractual purchase option to acquire FPSOs *Prosperity* and *Liza Destiny* in the second half of 2024, ahead of the end of the maximum lease terms in November 2025 and December 2029 respectively.
- With respect to the FPSO for the Block 58 development project, for which the full construction, installation and operations contracts award is subject to the final investment decision of the client, the amount included corresponds to the initial limited release of scope to the Company.
- 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, which include the consent from co-owners, lenders and export credit agencies.

Project Review and Fleet Operational Update

Project	Client/Country	Contract	SBM Share	Capacity, Size	Percentage of Completion	Expected First Oil
Almirante Tamandaré	Petrobras Brazil	26.25-year L&O	55%	225,000 bpd	>75%	2025
Alexandre de Gusmão	Petrobras Brazil	22.5-year L&O	55%	180,000 bpd	>75%	2025
ONE GUYANA	ExxonMobil Guyana	2-year BOT	100%	250,000 bpd	>75%	2025
Jaguar	ExxonMobil Guyana	Sale & Operate	100%	250,000 bpd	<25%	2027

Projects remain on track with three vessels expected to commence operations next year. An update on individual projects under construction is provided below considering latest known circumstances.

FPSO *Almirante Tamandaré* – On August 1, 2024, the vessel safely departed from the yard in China after successful completion of the topsides' integration phase and the onshore commissioning campaign. The FPSO delivery continues to be on track for 2024 and the client is expecting first oil from the field in early 2025.

FPSO *Alexandre de Gusmão* – The topside modules lifting campaign has been successfully completed. Integration and commissioning activities continue to progress in line with plan. First oil is expected in 2025.

FPSO *ONE GUYANA* – The topside modules lifting campaign has been successfully completed. Integration and commissioning activities are progressing in line with plan. First oil is expected in the second half of 2025.

FPSO *Jaguar* – As planned, the Fast4Ward® MPF hull was launched out of drydock in the second quarter of 2024. First oil is expected in 2027.

Fast4Ward® MPF hulls – The total number of MPF hulls ordered to date under the Company's Fast4Ward® program stands at nine, with the ninth hull ordered early July 2024. Three of these hulls are in operation, four are allocated to projects under construction, one hull has been reserved by TotalEnergies for the Block 58 development and the last hull has been ordered to support tendering activities.

Fleet Uptime – Year-to-date, the fleet's uptime was 96.4% reflecting the shutdown of two units in the second quarter of 2024.

Share Purchase Agreements completed with Sonangol EP ("Sonangol") – In June, the Company completed the acquisition of the shares in the lease and operating entities related to FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* from Sonangol.

Simultaneously, SBM Offshore completed the sale of all its shares in the parent company of the Paenal shipyard in Angola to a subsidiary of Sonangol. In addition, SBM Offshore has signed a share purchase agreement with its minority partner (Angola Offshore Services Limited, "AOSL") in the FPSO *N'Goma* concerning the purchase by AOSL of 20% of SBM Offshore's shareholding (80%) in the entity owning the FPSO. The share purchase agreement is conditional upon several conditions precedent, including consent from clients, lenders, and approval by the various competent authorities. Through this transaction, SBM Offshore is reorganizing its business in Angola, focusing on core Lease and Operate activities and divesting a non-core construction yard.

Contract extension – The Company has received a notification letter for a 1-year contract extension related to the lease and operations of FPSO *Mondo* to December 2025.

Handover of operations – In June, the Company handed over the operations of the FPSO *Serpentina* to the national oil company of Equatorial Guinea, GEPetrol. The FPSO *Serpentina* was owned by the client and operated by Gepsing, a subsidiary between SBM Offshore (60%) and GEPetrol (40%).

Safety and Sustainability

Safety – The Company's Total Recordable Injury Frequency Rate ("TRIFR") year-to-date was 0.09, in line with the full year 2024 target of below 0.12[5].

Emissions – In the first half of the year, the Company is on track to meet the target set on gas flared with a maximum average fleet target of 1.57 mmscf/d of flaring for scope 3 downstream leased assets.

Responsible recycling – FPSO *Capixaba* safely arrived in Frederikshavn, Denmark on May 5, 2024 and the ownership was transferred to the ship recycling yard on the same day. The safe and environmentally sound recycling is currently under execution in accordance with SBM Offshore's responsible recycling policy.

Transition

The Company continues to seek to leverage its expertise in ocean infrastructure solutions to position itself for the long term through the energy transition and beyond.

In July 2024, SBM Offshore and Technip Energies launched Ekwil, a 50/50 joint venture designed to enhance the product offering in FOW by promoting the innovative solutions developed by both companies: SBM Offshore's Tension Leg Platform Float4Wind™ and Technip Energies' Semi-submersible INO15 by T.EN™.

Outside of the Ekwil joint venture, the Company continues to apply its unique FOW expertise to its portfolio of high-value development projects in the key FOW geographies of the UK and Canada; all projects remain on track, in line with their respective plans.

Further, in July 2024, SBM Offshore and Ocean-Power signed an MoU to collaborate on a floating power generation hub concept with CO2 capture and storage in the areas of the Norwegian and United Kingdom Continental Shelves. The objective is to generate electricity offshore using gas turbines in association with carbon capture and storage, resulting in significantly lower CO2 emissions. The hub can be used to power offshore assets via submarine cables and electrify the continental shelf with minimal impact on the national grid, as well as balancing wind power capacity in a bi-directional transmission structure.

Cash Return

The EUR65 million (c. US$70 million equivalent[6]) share repurchase program effective from March 1, 2024 (the “Structural Buyback”) is progressing and was c. 58% complete on August 7, 2024 after market close. The objective of the Structural Buyback is to reduce the Company’s share capital; all shares purchased will therefore be cancelled.

The share repurchase program will be increased by an additional amount of EUR65 million (c. US$71 million equivalent[7]) effective from August 8, 2024 (the “Incremental Buyback”). The objective of the Incremental Buyback is to reduce share capital and in addition to provide shares for regular management and employee share programs. The share repurchase program is expected to be completed by end of April 2025.

Guidance

The Company’s 2024 Directional revenue guidance is increased to above US$3.8 billion of which around US$2.4 billion is expected from the Lease and Operate segment and above US$1.4 billion from the Turnkey segment.

2024 Directional EBITDA guidance is increased to around US$1.3 billion for the Company.

Should the purchase of FPSOs *Prosperity* and *Liza Destiny* occur in 2024, the guidance will be revised accordingly once the final details of the purchase are confirmed.

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 Half Year 2024 Earnings release.

The event is scheduled for Thursday August 8, 2024, at 10.00 AM (CEST) and will be hosted by Øivind Tangen (CEO) and Douglas Wood (CFO).

Interested parties are invited to register prior the call using the link: *Half Year 2024 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 2024 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 alternative energy sources.

More than 7,400 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.

Financial Calendar	Date	Year
Third Quarter 2024 Trading Update	November 14	2024
Full Year 2024 Earnings	February 20	2025
Annual General Meeting	April 9	2025
First Quarter 2025 Trading Update	May 15	2025
Half Year 2025 Earnings	August 7	2025

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For further information, please contact:

Investor Relations
Wouter Holties
Corporate Finance & Investor Relations Manager
Phone: +31 (0)20 236 32 36
E-mail: wouter.holties@sbmoffshore.com
Website: www.sbmoffshore.com

Media Relations
Evelyn Tachau Brown
Group Communications & Change Director
Mobile: +377 (0)6 40 62 30 34
E-mail: evelyn.tachau-brown@sbmoffshore.com
Website: www.sbmoffshore.com

[1] Directional reporting, presented in the Financial Statements under section 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.
[2] Based on the foreign exchange rate on August 5, 2024.
[3] Based on cumulative repurchased amount of c. EUR38 million on August 7, 2024.
[4] Numbers may not add up due to rounding.
[5] Measured per 200,000 work hours.
[6] Based on the foreign exchange rate on February 22, 2024.
[7] Based on the foreign exchange rate on August 5, 2024.