

SBM Offshore Half Year 2023 Earnings

August 10, 2023

Highlights

- Record-level US\$32.2 billion pro-forma order book
- Record-level US\$9.5 billion pro-forma net cash flow from L&O and BOT¹ sales backlog²
- 2023 Directional³ revenue and EBITDA guidance maintained
- 2 FPSOs on track for first oil by year-end
- Over US\$3.2 billion project financing secured

The 2023 Half Year Earnings and Interim Financial Statements are published on the Company's website [here](#).

Bruno Chabas, CEO of SBM Offshore, commented:

"The increase in our order book to a new record level and reiteration of the 2023 guidance underline the fact that our strategy as an Energy Transition Company is delivering results.

We are on track to achieve first oil as planned this year on two major FPSO projects. FPSO *Prosperity* is already in Guyanese waters and FPSO *Sepetiba* has started her journey to Brazil from China. While we continue to live with the after-effects of the pandemic plus supply chain and inflationary constraints, we are progressing the remaining projects under construction and the overall margin remains robust at portfolio level.

With the closing of the financing for the FPSO *Alexandre de Gusmão* in June, financing is now in place for the entire construction portfolio. Including the FPSO *Almirante Tamandaré* financing, we have secured over US\$3.2 billion so far this year which is a remarkable achievement in today's challenging environment.

The Lease and Operate division continues to deliver solid results with fleet uptime standing at 99.5%⁴ for the first half of the year. The new 10-year agreement for the operations and maintenance of our FPSO fleet in Guyana through an integrated operations model with our client is delivering impressive operational results. This model establishes a benchmark which can be applied to help other clients maximize value from their developments.

The economics and low emission qualities of deepwater resources mean that they will play a leading role in fulfilling future demand through the Energy Transition, where the FPSO is the solution of choice. Given the evolution of the financing market, new models and sources of finance will need to mature and evolve. We are well placed to capitalize on this new dynamic given our ability to structure new models as in Guyana and the depth and breadth of our experience and relationships with financial institutions. The two un-allocated Multi-Purpose Floater (MPF) hulls under construction further strengthen our ability to secure new opportunities in a market with strong fundamentals.

In New Energies, we completed the successful load out of the floating foundations for our first Floating Offshore Wind farm and integration of the turbines has commenced. This brings us one step closer to delivering the first iteration of our latest floating energy solution, demonstrating our ability to continue to innovate and to stay relevant through the energy transition and beyond."

Financial Overview⁵

in US\$ million	Directional			IFRS		
	1H 2023	1H 2022	% Change	1H 2023	1H 2022	% Change
Revenue	1,491	1,763	-15%	2,450	2,406	2%
Lease and Operate	933	854	9%	760	694	10%
Turnkey	558	909	-39%	1,689	1,712	-1%
EBITDA	457	500	-9%	595	581	2%
Lease and Operate	546	527	4%	355	342	4%
Turnkey	(37)	16	-330%	292	283	3%
Other	(52)	(43)	21%	(52)	(43)	21%
Profit attributable to Shareholders	36	103	-65%	179	296	-40%
Earnings per share (US\$ per share)	0.20	0.58	-66%	0.99	1.67	-40%
in US\$ billion	Jun-30-23	Dec-31-22	% Change	Jun-30-23	Dec-31-22	% Change
Pro-forma Backlog	32.2	30.5	6%	-	-	-
Net Debt	7.2	6.1	18%	9.1	7.9	16%

Directional revenue for the first half-year of 2023 stood at US\$1,491 million, a 15% decrease when compared with the same period in 2022.

This is driven by Directional Turnkey revenue which decreased to US\$558 million compared with US\$909 million in the year-ago period mainly resulting from (i) the comparative effect of the partial divestment of FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão* at the beginning of 2022, (ii) the completion of FPSO *Liza Unity* project in the first half-year of 2022, (iii) a reduced level of progress during the first half-year of 2023 compared with same period in 2022 on FPSO *Almirante Tamandaré* consistent with the commencement of topsides' integration, partly offset by (iv) additional variation orders and increased level of activity on FPSOs *Prosperity* and *ONE GUYANA*.

Directional Lease and Operate revenue for the first half-year of 2023 stood at US\$933 million, a 9% increase compared with the same period in 2022. This increase mainly reflects (i) FPSO *Liza Unity* fully contributing to revenue in the first half-year of 2023, (ii) an increase in reimbursable scopes partly offset by (iii) the end of the FPSO *Capixaba* lease during the first half of 2022.

Directional EBITDA for the first half-year of 2023 came in at US\$457 million compared with US\$500 million in the year-ago period.

Directional Turnkey EBITDA contribution was US\$(37) million for the first half-year of 2023, a decrease from US\$16 million in the year-ago period. This is mainly driven by (i) the fact that as previously highlighted for certain projects it has been harder to fully mitigate impacts from the pressure on the global supply chain and the pandemic, (ii) the lower contribution of FPSO *Almirante Tamandaré* consistent with the commencement of topsides' integration, and (iii) a number of prior period one-off impacts including a US\$9 million gain recognized in the year-ago period from the disposal of the SBM Installer.

It should be noted that in Directional Turnkey EBITDA, the result is mainly driven by the margin made on the portion of FPSOs sold to partners. It does not therefore include the margin made on the SBM Offshore ownership share of the five FPSOs currently in the construction phase. Including the latter, the overall Turnkey margin at portfolio level remained robust, as can be seen from the IFRS results. Under Directional, during the period only a part of this overall margin compensated for costs allocated to Turnkey which include growth related expenditure such as Sales & Marketing, R&D and investment in Renewables. The Directional Turnkey margin is therefore influenced by choices made in relation to the level of ownership of FPSOs in the portfolio which are driven by the optimization of the overall cash flow and economics for the Company.

Directional Lease and Operate EBITDA was US\$546 million in the first half-year of 2023, a slight increase compared with US\$527 million in the same period last year. The increase reflects the same drivers as for Directional Lease and Operate revenue.

The Other non-allocated costs charged to Directional EBITDA amounted to US\$52 million in the first half-year of 2023, a US\$9 million increase compared with the year-ago period explained by US\$11 million of restructuring costs following the implementation of an optimization plan related to the Company's support functions' activities.

Directional net profit stood at US\$36 million for first half-year of 2023, down from US\$103 million in the year-ago period. The decrease reflects the same drivers as for Directional Turnkey EBTIDA and Other non-allocated costs charged to Directional EBITDA.

Funding and Directional Net Debt

Reflecting the continued investment in growth, net debt increased from US\$6.1 billion to US\$7.2 billion as of June 30, 2023. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on the project finance facilities of FPSOs *Prosperity*, *ONE GUYANA*, *Almirante Tamandaré* and *Sepetiba*, and on the Revolving Credit Facility to fund continued investment in growth on FPSOs under construction. The first drawdown on the recently closed US\$1.615 billion FPSO *Alexandre de Gusmão* project financing occurred in July 2023.

In line with its aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, the Company finalized the funding loan agreement with a new funding partner in relation to FPSO *Cidade de Ilhabela* and received US\$125 million. The Company has also secured short-term funds in form of a Supply Chain Financing facility of EUR50 million (or USD equivalent) with outstanding balance of US\$25 million as of June 30, 2023.

Almost half of the Company's debt at half-year consisted of non-recourse project financing in special purpose investees. The remainder is mainly comprised of borrowings supporting the ongoing construction of five FPSOs which will become non-recourse following project execution finalization and release of the related parent company guarantee.

As of June 30, 2023, the net cash balance stood at US\$381 million.

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 US\$1.7 billion compared with the position at December 31, 2022 to a total of US\$32.2 billion. The increase was mainly the result of the signed 10-year operations and maintenance enabling agreement for the Guyana FPSO fleet, partially offset by turnover for the period which consumed approximately US\$1.5 billion of backlog. The Company's backlog provides cash flow visibility up to 2050.

<i>in US\$ billion</i>	Turnkey	Lease & Operate	Total
2H 2023	0.4	1.1	1.5
2024	1.7	2.1	3.8
2025	1.3	2.4	3.7
Beyond 2025	2.1	21.2	23.3
Total Backlog	5.4	26.8	32.2

The pro-forma Directional backlog at June 30, 2023 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease.
- The FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* contracts cover a maximum period of lease of two years, within which the FPSOs ownership will transfer to the client.
- 10 years of operations and maintenance is considered for FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA* following enabling agreement signature in 2023.
- The impact of the subsequent sale of FPSOs *Liza Unity*, *Prosperity* and *ONE GUYANA* is reflected in the Turnkey backlog at the end of the maximum two-year period.
- ExxonMobil Guyana has indicated that it is contemplating the exercise of its contractual purchase option to acquire the FPSO *Liza Unity* towards the end of 2023, slightly ahead of the end of the maximum lease term in February 2024.
- The 13.5% equity divestment in FPSO *Sepeitiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals.

Organizational Update

Creation of a Corporate and Business Solutions Center (CBSC) – The Company is reorganizing its support and corporate functions by establishing a new multi-disciplinary center located in Porto, Portugal. This center will gather a number of functions currently spread over the world into a unique organization called CBSC, including Finance, Business Services, Human Resources and IT. The objective is to increase synergies and enhance both efficiency and competitiveness. A restructuring plan has been implemented accordingly in 3 locations in Europe for a total cost of US\$11 million.

SBM Offshore strengthens its presence in India – In order to further develop its footprint in India and support the Company's growth, SBM Offshore has acquired the remaining 49% equity ownership held by its partner in the SBM Nauvata engineering and operational center located in Bangalore, India. This acquisition is part of the Company's strategy to develop a high value center in India focused on turnkey execution, support to operations and innovation while remaining cost-disciplined and agile. The center has been renamed SBM Offshore India.

Project Review and Fleet Operational Update

Project	Client/country	Contract	SBM Share	Capacity, Size	Percentage of Completion	Expected First Oil
<i>Sepetiba</i>	Petrobras Brazil	22.5-year L&O	64.50%	180,000 bpd	>75%	2023
<i>Prosperity</i>	ExxonMobil Guyana	2-year BOT	100%	220,000 bpd	>75%	2023
<i>Almirante Tamandaré</i>	Petrobras Brazil	26.25-year L&O	55%	225,000 bpd	>75%	2025
<i>Alexandre de Gusmão</i>	Petrobras Brazil	22.5-year L&O	55%	180,000 bpd	>50% <75%	2025
<i>ONE GUYANA</i>	ExxonMobil Guyana	2-year BOT	100%	250,000 bpd	>50% <75%	2025

The environment remains challenging with continued inflationary pressures and supply chain constraints. Projects remain on track with two major deliveries expected by year-end. An update on individual project schedules is provided below considering latest known circumstances.

FPSO *Sepetiba* – In June 2023, the vessel safely departed from the yard in China after successful completion of the topsides' integration phase and the onshore commissioning campaign. The project targets first oil by year-end 2023.

FPSO *Prosperity* – Project teams are completing offshore commissioning activities while the hook-up and installation campaign is progressing. The project targets first oil in 2023.

FPSO *Almirante Tamandaré* – The topsides modules lifting campaign is progressing along with their integration. 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 modules fabricated in Brazil are being progressively delivered at the yard in China. The topsides fabrication in China continues to progress. First oil is expected in 2025.

FPSO *ONE GUYANA* – The topsides fabrication is progressing in line with plan. First oil is expected in 2025.

Fast4Ward[®] MPF hulls – The total number of MPF hulls ordered to date under the Company's Fast4Ward[®] program, stands at eight with six delivered to projects and exclusivity for the seventh granted to ExxonMobil Guyana.

Fleet Uptime – The fleet's uptime was 99.5%⁴ in the first half of 2023, in line with historical performance.

Share Purchase Agreements signed with Sonangol entities – In July 2023, SBM Offshore signed two Share Purchase Agreements with its partner Sonangol EP for i) the acquisition of Sonangol's equity shares in the lease and operating entities related to FPSOs *N'goma*, *Saxi Batuque* and *Mondo*; and ii) the full divestment to a Sonangol subsidiary of SBM Offshore's equity shares in the parent company of the Angolan based Paenal Yard. Those agreements remain conditional upon several conditions precedent, including consent from clients, lenders, partners and approval by 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.

FPSO *Capixaba* decommissioning – The decommissioning phase of FPSO *Capixaba* has started following the cessation of production in 2022. In May 2023, the contract award for the safe and environmentally sound recycling of the unit, in compliance with Regulation (EU) 1257/2013 on ship recycling, has been granted to M.A.R.S. (Modern American Recycling Services Europe) using its EU approved Green recycling facility in Denmark. This award is in line with the Company's responsible recycling policy which aims to follow the highest international standards on workers' safety and environmental protection.

Contract extension – The Company has agreed a contract extension related to the lease and operations of FPSO *Mondo* to December 2024.

Environment, Social and Governance

The Company's Total Recordable Injury Frequency Rate year-to-date was 0.10, compared with the full year 2023 target of below 0.14⁶.

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 1.48 mmscf/d.

New Energies

Provence Grand Large – All three floaters constructed by SBM Offshore for the Provence Grand Large pilot project have been successfully loaded out from the yard at Fos-sur-mer and launched in the water. The integration of the three turbines with a capacity of 8.4 MW each by Siemens-Gamesa is progressing and will be followed by the offshore installation campaign of the floaters by SBM Offshore. Once commissioned, the pilot farm will produce the equivalent of the electricity consumption of 45,000 people and will account for approximately 10% of the total installed floating wind electricity capacity in the world.

Outlook and Guidance

The Company's 2023 Directional revenue guidance is maintained at above US\$2.9 billion of which around US\$1.9 billion is expected from the Lease and Operate segment and above US\$1 billion from the Turnkey segment.

2023 Directional EBITDA guidance is maintained above US\$1 billion for the Company.

This guidance considers the currently foreseen impacts from the war between Russia and Ukraine on projects and fleet operations. The Company highlights that the direct and indirect effects from this event could continue to have a material impact on the Company's business and results and the realization of the guidance for 2023.

Should the purchase of FPSO *Liza Unity* occur in 2023, 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 2023 Earnings release.

The event is scheduled for Thursday, August 10, 2023 at 10.00 AM (CEST) and will be hosted by Bruno Chabas (CEO), Øivind Tangen (COO) and Douglas Wood (CFO).

Interested parties are invited to register prior to the call using the link: [Half Year 2023 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 2023 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 7,000 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.

Financial Calendar	Date	Year
Third Quarter 2023 Trading Update	November 9	2023
Full Year 2023 Earnings	February 29	2024
Annual General Meeting	April 12	2024
First Quarter 2024 Trading Update	May 8	2024
Half Year 2024 Earnings	August 8	2024

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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 2022 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.

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¹ Lease and Operate (L&O), Build Operate Transfer (BOT)

² Reflects a pro-forma view of the Company's Directional backlog and expected net cash from Lease and Operate and Build Operate Transfer sales after tax and debt service.

³ 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.

⁴ Excluding planned maintenance.

⁵ Numbers may not add up due to rounding.

⁶ Measured per 200,000 manhours.