



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

### 1.1.1 MESSAGE FROM THE CEO

2020 was a challenging year for everyone, with SBM Offshore being no exception. COVID-19 affected not only our operations and projects but also our clients, the energy market and our business prospects.

The pandemic itself did not trigger the need to adapt but acted as a catalyst for it, so we accelerated our transformation. We have structured our business according to three long-term value propositions: the ocean infrastructure lease and operate portfolio, the turnkey addition to the core of this portfolio and the new energy business centered on renewables and digital services. We also lowered our break-even point to ensure that we can be more competitive and agile as we enter a period where the energy business will experience increasing demand fluctuation, but with significant growth potential, over the coming few years.

We took a three-pronged approach in 2020 to adapt our business to the current environment. Firstly, on business continuity, we ensured the health and safety of our workforce and kept a sharp eye on our spending and performance. Secondly, on the transformation of our business, we made sure that we continued programs such as Fast4Ward®, Digitalization and emissionZERO™, which are essential to increase our product benefits further, with lower emissions and costs to all our stakeholders. And, thirdly, on energy transition, we continued investing to be ready for new opportunities in the evolving energy market, through innovation and the development and creation of new solutions.

Looking at our main areas of work, we have successfully been able to maintain the performance and operations of our FPSO lease portfolio, with heightened safety measures in place to adapt to the new operating environment.

In our construction and installation business, we have managed to maintain progress on the ongoing projects, namely the FPSOs *Liza Unity*, *Sepetiba* and *Prosperity*, in this extremely difficult environment. We have however, by and large, been able to mitigate delays. In 2020, our operating team was able to safely work through the challenges with the FPSO *Liza Destiny*, learning valuable lessons that will inform future projects. We also welcome Petrobras' decision to go into direct negotiations with the Company for the FPSO *Almirante Tamandaré*.

In the new energies area, we are pleased to have received the award from EDF for the Provence Grand Large project to design, build and install three offshore wind floaters, and by the progress we have been making on our Wave Energy Converter, with the project on track for a pilot offshore

Monaco by 2022. In parallel, we are also rapidly progressing on creating a new value proposition for the gas-to-power market.

And finally, our investment in digital tools for improving our fleet operations and for the inspection and monitoring of floating solutions is evolving positively as we develop a new service offer based on our digital platform. The prospect for expanding applications into other markets, such as maintaining renewable infrastructure, is a promising one.

Our financial results in 2020 are evidence of our strong performance in this difficult year.

Looking to the immediate future, challenges will undoubtedly continue in 2021. Our clients have cut their budgets significantly and are restructuring. There is considerable slack in the market and, with excess inventory left over from 2020, we are prepared for a market under pressure. The future evolution of the energy market is still uncertain, adding to the reluctance of customers to invest heavily in infrastructure.

Overshadowing this is the COVID-19 pandemic itself. We must accept that COVID-19 fatigue is beginning to set in, with lockdown and self-isolation regimes affecting the enthusiasm of team members charged with already challenging duties.

However, despite all this, SBM Offshore is well positioned to ride out the rough patch. We have a long-term backlog and are ready to capitalize on the investments we started making years ago to transform ourselves for the future. Not only are we catering to our core business and generating cash, but we are also positioning the Company for the future of the energy business for generations to come. It is also important to mention that we have successfully embedded the concept of sustainability into everything we do, now and in the future, as a guiding principle in our continued development.

We are in the right place at the right time.

I thank everybody in our teams who have risen to the challenge over the past year and taken part in our transformation. The performance we have been able to achieve is a credit to all SBMers throughout the world. Our solid performance is theirs.

# COMPANY HIGHLIGHTS

TOTAL FLEET PRODUCTION CAPACITY  
**1,660,000 bopd**



**0.10**  
TOTAL RECORDABLE  
INJURY FREQUENCY RATE  
(per 200,000 hours)

FLEET PRODUCTION  
UPTIME **99.0%**



**5,527**  
PEOPLE



**22**  
TRAINING HOURS  
PER EMPLOYEE



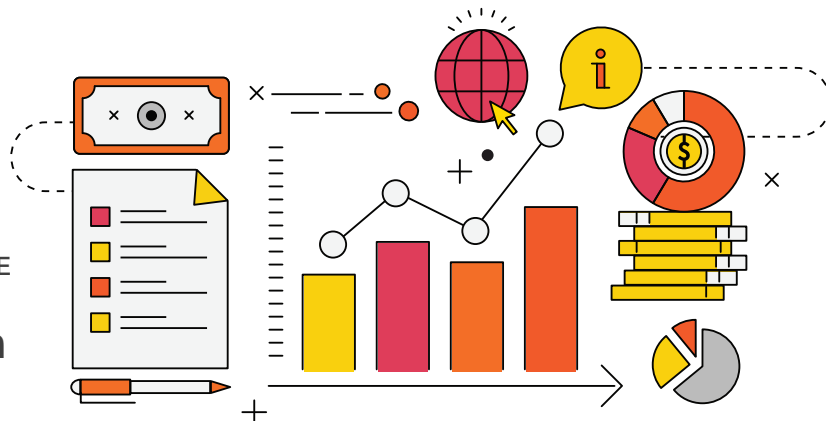
**95%**  
COMPLETION RATIO FOR  
ONSHORE COMPLIANCE TRAINING  
TO DESIGNATED STAFF

UNDERLYING  
DIRECTIONAL EBITDA  
**US\$944 million**

DIRECTIONAL TOTAL ASSETS  
**US\$7.9 billion**

MARKET CAPITALIZATION  
**US\$3.6 billion**

UNDERLYING IFRS  
NET PROFIT ATTRIBUTABLE  
TO SHAREHOLDERS  
**US\$277 million**



UNDERLYING DIRECTIONAL  
NET PROFIT  
**US\$125 million**

ENTERPRISE VALUE  
**US\$9.7 billion**

IFRS TOTAL ASSETS  
**US\$11.1 billion**

UNDERLYING IFRS EBITDA  
**US\$966 million**

