



**OFFSHORE**

ENERGY. COMMITTED.



# ANNUAL REPORT 2019

## 1.5 MARKET POSITIONING

SBM Offshore is active in multiple energy markets – oil, gas and renewables. Oil markets mainly supply the transportation and industry sectors, while gas and renewables feed into power generation, industry and consumer sectors. Currently, most of SBM Offshore's revenues are derived from the deep water oil and associated gas markets. The Company is the leader in its market in terms of total oil and gas production capacity (boepd) and the number of FPSO units delivered to date, accumulating over 330 contract years of operating experience. Within the Renewables market, the Company has been focusing on opportunities for the floating offshore wind and wave energy segments, aiming to have pilots installed in the coming years.

### MARKET SEGMENTATION

In order to maintain its leading position in its core markets, SBM Offshore focuses on:

- Leveraging the Company's experience and business model by strengthening its position, whilst also looking to develop sustainable business in new regions.
- Transformation programs to increase return for our customers, such as Fast4Ward®, which reduces delivery time via standardization and improves efficiencies and productivity supported by digital initiatives.
- SBM Offshore selected concrete SDG-related targets and is developing roadmaps to contribute to these targets.

Following these guidelines, SBM Offshore develops its product portfolio within the oil, gas and renewable energy sectors.

### OIL

#### FPSO

The global market for FPSOs can be roughly split into three segments (new-build, large conversions and small conversions), with SBM Offshore focusing on two of them:

- New-build FPSOs, with production volumes of typically around 200,000 barrels of oil per day. SBM Offshore is focusing on this segment with its Fast4Ward FPSO design. The Company has three Fast4Ward FPSOs that are allocated to EPC projects, with two more hulls ordered in anticipation of future projects.
- Large conversion FPSOs, SBM Offshore's historical market. Oil tankers, also known as Very Large Crude Carriers (VLCCs), are converted to FPSOs with production capabilities of 60,000 to 150,000 barrels of oil per day. In 2019, SBM Offshore completed the conversion of FPSO *Liza Destiny*, which is designed to produce up to 120,000 barrels of oil per day.

SBM Offshore is taking a selective approach to market opportunities in its main segments, with a focus on project execution discipline.

### DEEP WATER EXPERIENCE BY WATER DEPTH (KEY VESSELS)

SHALLOW WATER < 500M				
475m	FPSO <i>Serpentina</i>	bpd 110k		Equatorial Guinea
720m	FPSO <i>Saxi-Batuque</i>	100k		Angola
728m	FPSO <i>Mondo</i>	100k		Angola
960m	FPSO <i>Aseng</i>	80k		Equatorial Guinea
1,221m	FPSO <i>Cidade de Anchieta</i>	100k		Brazil
1,250m	<i>N'Goma</i> FPSO	100k		Angola
1,365m	FPSO <i>Kikeh</i>	120k		Malaysia
1,485m	FPSO <i>Capixaba</i>	100k		Brazil
1,525m	FPSO <i>Liza Destiny</i>	120k		Guyana
1,600m	FPSO <i>Liza Unity*</i>	220k		Guyana
1,780m	FPSO <i>Espirito Santo</i>	100k		Brazil
1,850m	Semi-Sub <i>Thunder Hawk</i>	60k		USA
2,000m	FPSO <i>Sepetiba*</i>	180k		Brazil
2,100m	FPSO <i>Cidade de Paraty</i>	120k		Brazil
2,120m	FPSO <i>Cidade de Maricá</i>	150k		Brazil
2,130m	FPSO <i>Cidade de Saquarema</i>	150k		Brazil
2,140m	FPSO <i>Cidade de Ilhabela</i>	150k		Brazil

\* Under construction

## 1 AT A GLANCE

### GAS

The Company has developed a solid portfolio and business strategy to meet the needs of an evolving energy mix, with a more dominant role for gas. The growing demand for long-distance transportation of natural gas, as well as production of associated gas, is increasing the market for liquefied natural gas (LNG) solutions. The Company is developing solutions for the FLNG market.

### FLNG

The following segments can be identified in this market:

- Large FLNG solutions with a production capacity typically above 3 million tonnes per annum (mtpa)
- Mid-scale FLNG solutions ranging between 1 and 3 mtpa
- Smaller FLNG solutions of <1 mtpa

The Company is targeting mid-scale FLNG and has developed safe and reliable solutions for both new-build and conversion projects. The Company's approach is rooted in 20 years of designing, building and operating large offshore gas and liquefied petroleum gas (LPG) projects, as well as numerous FLNG (pre-)FEED studies, with more than 1 million engineering manhours dedicated to FLNG.

### Other Gas developments

Given the increasing role of gas and LNG in the energy mix, SBM Offshore is carefully assessing its gas and LNG product portfolio to further leverage its experience in the sector. The Company is currently investing in the development of solutions for floating Gas to Wire and LNG Terminals.

### RENEWABLE ENERGY

SBM Offshore focuses on two markets for renewable energy production:

- Floating Offshore Wind (FOW)
- Wave Energy Converter (WEC)

Both markets are in development and linked to the readiness of innovative technologies.

### Floating Offshore Wind

The FOW market is developing worldwide, in anticipation of future commercial floating wind farm projects. The Company is focused on developing its first pilot project, leveraging its experience in the design of floating solutions and mooring systems. The aim is to provide the market with an effective FOW solution that can be designed, built and installed on a commercial scale.

### Wave Energy Converter

For wave energy, the market is yet to develop and will materialize upon the validation of new technologies. SBM Offshore's WEC is an example of such new technology. Using electro-active polymers, it brings an effective energy solution with no mechanical components, designed to achieve low Capital Expenditure (CAPEX) and Operating Expenditure (OPEX); therefore a low Levelized Cost of Energy (LCOE). The first pilot project is under development.

## SEGMENTATION OF OFFSHORE WIND ENERGY SOLUTIONS

