



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

2.1 GROUP STRATEGY

MANAGEMENT APPROACH

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. We share our experience to make it happen. To be able to achieve this vision, the development of SBM Offshore's strategy is based on the analysis of energy supply and demand, feedback from stakeholders, trends in the market, the Company's capabilities to perform in its markets and the elements in the materiality matrix (see section 1.7).

SBM Offshore's ambition towards 2030 is to grow and create long-term value for its stakeholders. Targets and indicators have been set in three main areas: secure and grow free cash flow year-on-year, ensure a steady flow of new awards within SBM Offshore's core business (2+ FPSOs a year) and position the Company in the gas and renewables market (25% of the Company's revenue by 2030).

Key guiding principles in the strategy are:

- Time to market is essential. In order to achieve this, digitalization is key, taking lifecycle value to the next level.
- Following Fast4Ward® principles, as well as strategic partnering and collaboration, are fundamental to remain competitive and flexible in a volatile market.
- As the Company enters its next growth cycle, it must prioritize productivity increases, continuous improvements and sustainability, whilst maintaining focus and discipline for the cost base.

Based on those principles, SBM Offshore's strategy has been built on three strategic pillars:

- **Optimize** core business activities and be the Best-in-Class to deliver backlog.

This means ensuring targeted uptime, the highest safety, process safety and quality performance, delivering on time and on budget. These objectives can only be achieved by developing the Company's talents and relying on people to create value.

- **Transform** the industry by leveraging Fast4Ward and Digital Transformation in a Sustainable manner, unlocking value for our clients.

Transform the business by reducing cycle time to delivery, de-risking projects, and improving project economics, as well as quality, safety and reliability. This is what the Company refers to as Fast4Ward. The program will allow 'Better Performance, Delivered Faster', through its five principles: Client First, Standardization, Flawless Execution, Integrated Supply Chain and Enabling Digital Solutions (see section 2.2).

A Digital Transformation program has been established to support the new ways of working. It is based on four main focus areas: Data & Information, Operations, Project Execution and New Business models.

Sustainability is being embedded in all parts of the Company and aimed at creating value for all stakeholders across the full lifecycle of its projects. To provide context for its Sustainability targets and performance, the Company uses the United Nations (UN) SDGs as target guidelines (see section 2.3).

- **Innovate** as a way to maintain SBM Offshore's technology leadership position and to evolve its product portfolio in line with market needs and expectations, in particular for the energy transition to floating gas and renewable energy solutions.

SBM Offshore manages performance of these strategic pillars through a balanced score card framework and performs scenario planning based on its own market research and recognized data intelligence agencies.

In order to ensure alignment among the key strategic functions, and build a strong bridge with the business, four areas report to the Chief Strategy Officer (CSO): Strategy, Sustainability, Technology and Business Development.