



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

2 STRATEGY AND PERFORMANCE

ASSET INTEGRITY, MAINTENANCE & COST MANAGEMENT

SBM Offshore's approach to Asset Integrity is to ensure asset preservation with optimal life cycle costing. Some important steps were undertaken in 2016:

- Computerized maintenance management system upgrade program to further enhance Process Safety, while optimizing maintenance activities. A pilot program was put in place on an operating FPSO offshore Brazil
- Remote process monitoring for most units, allowing real time assistance from onshore teams and event analysis for appropriate response and future improvements
- Application of technologies for inspections and maintenance activities onboard, to improve efficiency while reducing safety risks; including diver-less hull inspections, non-intrusive on-stream inspection for pressure vessels, in situ hull repair techniques without hot work
- SBM Offshore's Digital FPSO project was launched in September to embrace the latest digital technologies across the entire product life cycle to improve performance of the current fleet, lower the cost of products through more efficient execution and create a strategic direction towards a fully digital future
- Planned maintenance shutdowns on FPSOs were improved with implementation of a standard approach to maximize efficiency and effectiveness of inspections, repairs and upgrades during shutdown windows. Performance feedback will be used for further improvement. Planned maintenance shutdowns on five FPSOs were completed in 2016
- The fleet-wide asset upgrade program continued and completion is targeted for 2017

2.3.3 TURNKEY

MANAGEMENT APPROACH

This year saw the Company's turnkey order book shrink, reflecting a reality in the industry as the

depressed market for projects continues. SBM Offshore had foreseen this and has been actively optimizing its designs and engaging with clients, transforming its product offering, by leveraging its position as market and technology leader in offshore mooring systems since developing the first mooring systems almost 60 years ago.

Going forward the Company's strategy is to standardize elements of its designs and to leverage lessons learnt to bring solutions to the table that better fit the constraints of a CAPEX-limited climate.

2016 PERFORMANCE

From a delivery perspective for SBM Offshore's turnkey division, the year represents a very active and productive year with two complex turret mooring systems progressing towards successful delivery to clients.⁵ Within the context of industry performance, this number is significant and cements SBM Offshore's reputation as a leader in EPCI for the turret market.

FUTURE

The Company is investing in its capacity in the turnkey division in order to be ready for when the market picks up.

2.4 HEALTH, SAFETY & SECURITY

MANAGEMENT APPROACH

It is SBM Offshore's top priority to ensure the Health, Safety and Security (HSS) of its employees, subcontractors and assets. The Company embraces its 'Duty of Care' regarding all HSS matters by adhering to industry best practices. SBM Offshore's Management is pleased to report that the roll out of the Safety Leadership Program to all the Regional Centers has been completed and the safety culture journey strengthened through initiating further cascading engagement with

⁵ Ichthys and Prelude turrets.