



2023 ANNUAL REPORT

BM
OFFSHORE



1 BUSINESS ENVIRONMENT

1.1 AT A GLANCE

1.1.1 MESSAGE FROM THE CEO



Reducing emissions requires resourcefulness, demanding that we align our efforts to the evolving needs of the market with efficient solutions. This approach ensures that our resources are allocated across the lifecycle of our products, aligning our core competencies to our overall growth.



Bruno Chabas
Chief Executive Officer



In 2023, at SBM Offshore, we delivered value to our stakeholders, adapted the organization to serve the energy transition in a pragmatic way, and remained on track to meet our 2050 net zero target. We take a holistic view of the energy trilemma and understand the benefits of strategic partnering in this complex world energy environment.

Our expertise in traditional oil and gas deepwater floating systems can be applied to alternative energies, such as floating offshore wind, hydrogen and ammonia. Nevertheless, we remain selective in project pursuit, targeting the ones bringing value to all involved. We see the importance of prudent decision-making, focusing not just on immediate outcomes but on the long-term value each project brings. Reducing emissions requires resourcefulness, demanding that we align our

efforts to the evolving needs of the market with efficient solutions. This approach ensures that our resources are allocated across the lifecycle of our products, aligning our core competencies to our overall growth.

The slow progression of the floating offshore wind market, for example, does not minimize the innovation we are undertaking and the things we are learning in order to open new horizons for floating wind and sustainable energy solutions. The Provence Grand Large pilot windfarm, where three floating wind units were successfully hooked up in October, is a testament to our thoughtful advancement of the offshore energy transition, our capacity to make innovative ideas come true and our EPCI capabilities.

The transition also includes transforming our conventional business of Floating Production Storage and Offloading

(FPSO) assets. Through our emissionZERO® program, our new FPSOs are operating with reduced carbon intensity – achieving between 8-12 kg of CO₂/barrel of oil equivalent (boe) by reducing carbon emissions. Likewise, the Mitsubishi Heavy Industries partnership signed in September permits FPSO carbon capture technology developments to be onboarded to our future units estimated to bring a further direct reduction in carbon emissions of up to 70%. These new-generation solutions will take us and the industry to the next level of decarbonization, reducing greenhouse gas emissions and minimizing the impact our activities have on the climate.

Active in both alternative energy developments and decarbonization efforts, SBM Offshore is on track to meet our 2030 targets, cutting our CO₂ emissions intensity/bopd by 50%. These ambitions are founded upon the challenges set out in the Paris Agreement for decarbonization of the world economy. When considering energy security, fossil fuels are needed and new investments are essential to offset production decline in aging assets. It is not a question of what kind of energy sources we develop, but how – especially when looking at new oil supply.

Within the oil and gas industry, deepwater developments are both economical and environmentally resilient. Offshore deepwater developments are considered the lowest in average GHG intensity, at 10 kg/boe, and amongst the most competitive, at an average breakeven price of US\$40 per barrel. As such, deepwater field developments should be the preferred future supply of oil going forward. Project financing remains challenging, but we secured the full US\$3.2 billion required for FPSOs *Almirante Tamandaré* and *Alexandre de Gusmão*, de-risking their execution and paving the way for new financing models to emerge. In short, there is a strong market for FPSOs, the core product of our company's own transition, because this is where energy demand meets reliability and greenhouse gas efficiency, evidenced by a strong Pro-forma Directional backlog of US\$30.3 billion at year end.

We navigated several challenges in 2023, such as supply chain disruptions, cost overruns caused by delays, and lingering COVID-19 impacts. I thank our teams for their many actions to mitigate these challenges, demonstrating our company value of ownership to keep us on track to deliver. A new, centralized multi-disciplinary Corporate & Business Solutions Center (CBSC) was launched to improve synergies, reduce costs and reinforce innovation and continuous improvement. Rightsizing our organization has led to sustained efforts in knowledge transfer and has demonstrated our agility as our support functions adopted new ways of working. Continuous improvements in Turnkey

offered opportunities for lessons learned to be directly applied to concurrent projects under execution across our network of yards. Specifically on our Target Excellence commitments, we will never become complacent in protecting our people or the environment. Even though we had strong safety performance in 2023, we continue to focus on any incidents with potential for serious injury or fatality.

In our Operations, we celebrated the first oil of both FPSO *Prosperity* and FPSO *Sepetiba*. As demonstrated by FPSO *Prosperity*'s gas system commissioning less than a month after first oil, the product vision of Fast4Ward® has proven to be best-in-class, accelerating our time-to-market abilities and incorporating industry-leading environmental management systems. The overall performance of the fleet continues to be good from an efficiency, uptime and emissions standpoint, drawing on our digital know-how and reaping the rewards of our digital journey, with our recently launched data platform, SBM+. I am especially proud of the success of our Guyanese operations, with production levels above nameplate capacity, the progress of our forth unit FPSO *ONE GUYANA*, the sale of FPSO *Liza Unity* and the FEED award for the Whiptail development project. It is a privilege to accompany the growth there and the integrated operations ambition shared with our client, ExxonMobil Guyana, and other industry partners.

There are numerous complexities and perspectives on the challenges and the appropriate solutions to address the energy transition. By sharing our experience, SBM Offshore is achieving visible progress in our industry, executing pacesetting projects through our expertise and innovation. Our resolve is to navigate these challenges with integrity and transparency, demonstrating responsible stewardship in our operations and reporting. With the trust and confidence of our stakeholders, and the steadfast commitment of our people, I am confident that SBM Offshore will continue to build a future of sustained success, providing responsible energy solutions for generations to come.

It has been a huge privilege to serve the company as CEO for the last 12 years. I have had the honor of leading a team of dedicated people who supported me in transforming this organization. Today, the Group has a well-established vision, purpose and structure, with a leading market position and strong growth prospects in the industry. I am especially proud that SBM Offshore has a leadership team which makes an internal succession possible, and am extremely pleased to hand over my responsibilities to Øivind Tangen, who, I am sure, will successfully guide the company to achieve its ambitious energy transition targets.