

# 2022 ANNUAL REPORT



TRUE.  
BLUE.  
TRANSITION.

# 1 BUSINESS ENVIRONMENT

## 1.1.1 MESSAGE FROM THE CEO

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We are driving progress towards our 2030 targets of reducing emissions intensity by 50% per barrel of oil produced and developing innovative lower-carbon, new energy, and digital technologies. Industry pacesetting and 'doing things right' at all levels of the organization is what SBM Offshore does and will continue to do. It is our contribution to the energy transition.

**Bruno Chabas**  
Chief Executive Officer

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2022 has been a challenging year for SBM Offshore, yet we were able to achieve good performance.

We saw solid progress in our project portfolio and order book, despite the ongoing impact of the COVID-19 crisis, the war in Ukraine and the inflationary situation. We also put in significant effort to address the associated impacts as these scenarios added new layers of complexity to the competing demands of the energy transition – supply that

is secure, affordable, and sustainable. The geopolitical and socioeconomic context brought the difficulty of balancing these dimensions in focus. On one hand, political debate has moved towards halting oil and gas projects. On the other, there are growing concerns about the interlinked rising costs of energy. The perception of the energy market is changing, with many stakeholders continuing to focus on sustainability at the expense of affordability and security of supply.

At SBM Offshore, we are pragmatic – analyzing institutional data and business intelligence to determine how we can best accompany the energy industry as it evolves towards a renewable future. The share of fossil fuel as the primary energy supply represents around 85% of global supply today. Despite the rate of increase of renewables, we will continue to need and use fossil energies for years to come. Ensuring supply at an affordable price, in a safe and increasingly sustainable manner through lower emissions, is fundamental to our strategy and key to our operations.

Already we have a production capacity of 1.5 million barrels of oil per day – around 1.5% of worldwide production – contributing to ensuring security of supply. Our emissionZERO® program aims to reduce environmental impact through FPSO (Floating Production Storage and Offloading) technology, decreasing CO<sub>2</sub> emissions per barrel of oil produced. In parallel, we are investing in new technologies to replace fossil fuels over the longer term.

During 2022, SBM Offshore had six FPSOs under construction with a total production capacity of 1,275 million barrels per day, designed to produce oil with lower emissions of CO<sub>2</sub> per barrel, thus reducing our impact on the environment. Undertaking these six FPSO projects in the current climate is not easy. Our yards in China have been disrupted by COVID-19 lockdowns and the war in Ukraine has put additional pressure on supply chain with deliveries between Europe and China taking up to twice as long. The costs of certain products and commodities have changed drastically, sometimes doubling or tripling in price. All of this is disrupting construction and operations, resulting in increased costs.

In addition, financing our projects is increasingly complex and time-consuming. Today we are successful because of our ability to show a track record in operational excellence and sustainability – the most recent example being FPSO *ONE GUYANA*, with a loan of US\$1.75 billion – however, the polarized political climate and the perception of oil and gas operations continue to make this a challenge.

Operating performance remains healthy and the delivery of FPSO *Liza Unity* at the beginning of the year was outstanding, surpassing industry benchmarks. The overall performance of the fleet has been good from an efficiency, uptime, and emissions standpoint, capitalizing on our digital know-how. Continued focus is however required on process safety. We experienced a specific issue on FPSO *Cidade de Anchieta* that resulted in the halting of

operations. Works on the four tanks were completed successfully, and the unit resumed full production in December with repair works on other tanks continuing through 2023.

Our New Energies business is progressing well – renewable technologies are being developed with tangible results. Once installed, the *Provence Grand Large* offshore floating wind project is projected to produce 25MW from the three turbines supported by our tension leg platform technology. This commercial pilot project, scheduled for commissioning before the end of 2023, has equally allowed us to identify areas of improvement as we conceptualize future designs. We know the market will take time to materialize as the economics remain challenging. While honing costs and leveraging our marine expertise for our next generation concept Float4Wind®, we are also participating as a co-developer in some projects to better understand the market and to position our technology within it.

A serious commitment to the energy transition means having measurable targets and making distinct progress towards concrete goals. 2023 will be geared towards putting FPSO *Prosperity* and FPSO *Sepetiba* into production, capitalizing on lessons learnt over the past few years. For projects starting up, such as FPSO *ONE GUYANA*, we will utilize our experience gained on the first five units built through our Fast4Ward® program. We will also build a new MPF hull, for which ExxonMobil Guyana has a reservation.

In conclusion, our financial results this year are good, especially considering the challenges we faced. Our organization, with growth in new locations and a shared vision, continuously evolves to leverage our expertise and expand our competencies. The solid performance comes down to the quality, talent, and commitment of the people in the company. I pay tribute to the resilience of SBM Offshore employees working in our projects and operations all over the world.

We are driving progress towards our 2030 targets of reducing emissions intensity by 50% per barrel of oil produced and developing innovative lower-carbon, new energy, and digital technologies. Industry pacesetting and 'doing things right' at all levels of the organization is what SBM Offshore does and will continue to do. It is our contribution to the energy transition.