

May 15, 2014

Subject: Response to the Consultation Paper – ESMA Guidelines on Alternative Performance Measures

SBM Offshore appreciates the opportunity to comment on the ESMA consultation paper. Below, the Company sets out its overall observations and comments, without trying to answer each question in detail. The Company would be happy to provide more background, or to participate in round table discussions on this topic.

SBM Offshore, as builder and lessor of high value offshore floating oil production and storage facilities is confronted with the combination of IAS 11 and IAS 17. Long term leases, where the majority of the economic value of an asset accrues to the lessee, are treated as finance leases. As the Company constructs the assets as well, a substantial part of the overall project revenue and profit is recognised during the construction phase, resulting in a total disconnect between reported revenues and cash flows. Analysts and investors consistently advised the Company of the irrelevance of its accounts under IFRS, and consequently the Company introduced its own set of APMs in 2013, which have been very positively received by a wide group of stakeholders, including analysts, investors, investor's associations, financial press and banks.

SBM understands the urge to regulate APMs, but warns against removing or curtailing Management's discretion to disclose what it believes as its obligation to inform the market correctly.

We believe that the regulators can and should rely more on the strength of the market discipline: investors that don't trust information or find insufficient transparency will vote with their feet and invest in Companies that provide better transparency. In this respect, we feel that the consultation paper lacks clarity on the main driver behind the initiative: is it triggered by widely expressed investor concerns, or by the regulator's own desire to get more grip on APMs?

We do see merit in better defining widely used APMs, such as EBITDA, and 'underlying' earnings and ensuring consistency in the application of such APMs between Companies and over time. However, in our view IFRS should be the only reporting framework that captures disclosures and definitions. It is better to incorporate the commonly used APMs covered by the ESMA paper under IFRS, while Management retains the right and obligation to add unregulated disclosures it deems necessary. It will be both undesirable and impossible to regulate the latter.



On behalf of SBM Offshore NV

Peter van Rossum – Chief Financial Officer