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ANNUAL REPORT 2020

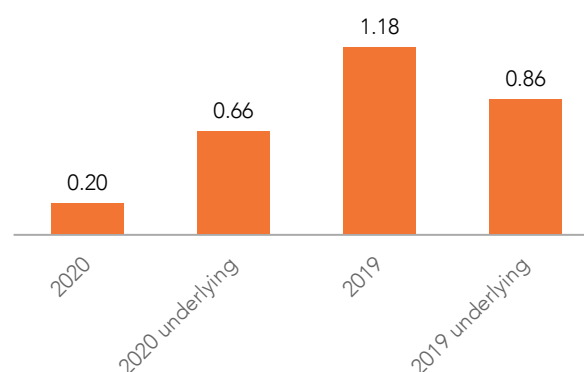
Underlying Directional depreciation, amortization and impairment increased by US\$125 million year-on-year primarily due to a US\$68 million *Liza Destiny* (FPSO) depreciation charge and US\$35 million additional depreciation following the purchase of additional shares in five Brazilian FPSOs completed in the second half of 2019.

Directional net financing costs totaled US\$(175) million in 2020, compared with US\$(142) million in the year-ago period, mainly reflecting the additional interest generated by the *Liza Destiny* (FPSO) project loan as well as additional interests following the purchase of additional shares in five Brazilian FPSOs completed in the second half of 2019.

The Directional effective tax rate increased to 53% versus 15% in the year-ago period mainly due various non-recurring items negatively impacting the decrease in profit before tax without having direct tax effects.

As a result, the Company recorded an Underlying Directional net profit of US\$125 million, or US\$0.66 per share, a 27% and 24% decrease respectively when compared with US\$171 million, or US\$0.86 per share, in the year-ago period. While the growth of the Lease and Operate segment was sufficient to absorb (i) the lower contribution from Turnkey projects, (ii) the higher investment in the Company's digital initiatives and (iii) the increased impairment in financial assets, this decrease of the Underlying Directional net profit mainly resulted from the US\$(46) million restructuring severance costs expensed in 2020 to adapt the Company's business model to an environment of shorter oil price cycles and increased volatility.

Weighted Average Earnings Per Share Directional (in US\$)



STATEMENT OF FINANCIAL POSITION – DIRECTIONAL

in millions of US\$

	2020	2019
Total equity	858	1,179
Net debt ¹	4,093	3,460
Net cash	383	458
Total assets	7,894	7,414
Solvency ratio ²	34.0	35.7

¹ Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.

² Solvency ratio is calculated in accordance with the definition provided in section 4.3.24 Covenants

Shareholders' equity decreased by US\$321 million from US\$1,179 million at year-end 2019 to US\$858 million at year-end 2020, mostly due to the following items:

- Completion of the EUR150 million (US\$165 million) share repurchase program executed between February 13, 2020 and April 3, 2020;
- Dividend distributed to the shareholders for US\$150 million;
- Decrease of the hedging reserves by US\$58 million; and
- Positive net result of US\$39 million in 2020.

The movement in hedging reserve is mainly caused by the decrease of the marked-to-market value of the interest rate swaps due to declining market interest rates during the year. This was partially offset by the increased marked-to-market value of forward currency contracts mainly driven by the depreciation of the US\$ exchange rate versus the hedged currencies (especially EUR).

Net debt increased by US\$633 million to US\$4,093 million at year-end 2020. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew under the project loan facilities of *Liza Destiny* (FPSO) and *Liza Unity* (FPSO) as well as under the bridge loan secured for *FPSO Sepetiba* to fund continued investment in growth.

The majority of the Company's debt as of December 31, 2020 consisted of non-recourse project financing (US\$3.1 billion) in special purpose investees. The remainder (US\$1.3 billion) comprised of borrowings to support the construction of *Liza Unity* (FPSO) and *FPSO Sepetiba* and the loan related to the DSCV SBM Installer. The Company's Revolving Credit Facility (RCF)

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was undrawn at year-end and the net cash balance stood at US\$383 million (December 31, 2019: US\$458 million). Lease liabilities totaled US\$71 million (December 31, 2019: US\$173 million).

Total assets increased to US\$7.9 billion as of December 31, 2020, compared with US\$7.4 billion at year-end 2019 with the investments in property, plant and equipment (mainly *Liza Unity* (FPSO), *Prosperity* (FPSO) and *FPSO Sepetiba*) and in Multi-purpose hulls presented within the inventories of the Company.

The relevant covenants (solvency ratio and interest cover ratio) applicable for the Company's RCF, undrawn as at year-end 2020, were all met at December 31, 2020. In line with previous years, the Company had no off-balance sheet financing.

The Company's financial position has remained strong as a result of the cash flow generated by the fleet and the successful adaptation of the Turnkey segment to a more competitive and unpredictable market.