



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

## 4 CORPORATE STATEMENTS 2020

### 4.1.4 FINANCIAL REVIEW IFRS

in US\$ million	IFRS	
	FY 2020	FY 2019
<b>Revenue</b>	<b>3,496</b>	<b>3,391</b>
Lease and Operate	1,761	1,327
Turnkey	1,735	2,064
<b>EBITDA</b>	<b>1,043</b>	<b>1,010</b>
Lease and Operate	1,007	783
Turnkey	114	290
Other	(78)	(63)
<b>Underlying EBITDA</b>	<b>966</b>	<b>1,010</b>
Lease and Operate	930	783
Turnkey	114	290
Other	(78)	(63)
<b>Profit/(loss) attributable to shareholders</b>	<b>191</b>	<b>366</b>
<b>Underlying profit attributable to shareholders</b>	<b>277</b>	<b>391</b>

#### UNDERLYING PERFORMANCE

Note that, in 2020, all non-recurring items described in note 4.1.3 Financial Review Directional have the same impact on the profit attributable to shareholders under IFRS and Directional reporting: for a total of US\$(87) million.

For reference, non-recurring items for 2019 impacted the IFRS profit attributable to shareholders by US\$(25) million.

#### PROFITABILITY

##### Revenue

Total Underlying IFRS revenue increased by 1% to US\$3,419 million compared with US\$3,391 million in 2019.

This increase was driven by the Lease and Operate segment with (i) *Liza Destiny* (FPSO) joining the fleet after achieving first oil at the end of 2019 and (ii) the extension of the *FPSO Espirito Santo* lease contract for a period of 5 years from 2023 to 2028. As a result of the revised terms and conditions as per the new Time Charter and Operate & Maintenance agreements, the new agreements had to be accounted for as a finance lease, while the previous arrangements were accounted as an operating lease. Due to the finance lease classification, the Company has accounted for an amount of US\$249 million in revenue. Please refer to note 4.3.15 Finance Lease Receivables.

Underlying IFRS Turnkey revenue decreased by 16% to US\$1,735 million compared to US\$2,064 million in the year-ago period. Despite three FPSO's under construction in 2020, the decrease is mostly attributable to: (i) reduced level of activity on Johan Castberg Turret Mooring System EPC project which was nearing completion at the end of 2019; (ii) the completion stage having been reached by the *Liza Destiny* (FPSO) in 2019; (iii) reduced level of activity on the *Liza Unity* project and (iv) lower contribution from smaller product lines. This was partially offset by the higher level of activity on the *FPSO Sepetiba* construction project.

##### EBITDA

Underlying EBITDA amounted to US\$966 million, representing a 4% decrease compared with Underlying EBITDA of US\$1,010 million in the year-ago period, mainly driven by an increase of the Lease and Operate segment offset by a decrease in the Turnkey segment both impacted by the same drivers as the changes in IFRS Revenue. Underlying EBITDA was also impacted by the following items:

- The Company entered in December 2020 into a new arrangement, accounted for as a finance lease under IFRS, with its client on the *FPSO Espirito Santo*. The impact of the transaction was an increase of US\$123 million in the Company's EBITDA in the Lease & Operate segment. Please refer to note 4.3.15 Finance Lease Receivables;
- US\$(46) million of severance costs during the current year associated with the restructuring plans completed over 2020.

Note that contrary to Directional Reporting, the Company's additional percentage of ownership in the Lease and Operate entities related to the five Brazilian FPSO's following the purchase of additional shares completed in the second half year of