OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

2023 to December 2028. SBM Offshore is the majority owner of the lease and operating companies related to *FPSO Espirito Santo* with 51% equity ownership, together with MISC Berhad with 49% equity ownership. As a result of the revised terms and conditions, the new agreements had to be accounted for as a finance lease under IFRS, while the previous arrangements were accounted for as an operating lease. As a consequence, a revenue of US$249 million, and an associated Gross Margin of US$123 million, were accounted for in the 2020 full year results under IFRS. This transaction had no impact on the 2020 full year results under Directional, where the new agreements remain classified as an operating lease. Please refer to note 4.3.15 Finance Lease Receivables.

ExxonMobil affiliate Esso Exploration and Production Guyana Limited, has also initiated discussions with SBM Offshore on the lease and operations durations for FPSOs in Guyana.

4.3.2 OPERATING SEGMENTS AND DIRECTIONAL REPORTING

OPERATING SEGMENTS

The Company's reportable operating segments as defined by IFRS 8 'Operating segments' are:
- Lease and Operate;
- Turnkey
- Other.

DIRECTIONAL REPORTING

Strictly for the purposes of this note, the operating segments are measured under Directional reporting, which in essence follows IFRS, but deviates on two main points:
- All lease contracts are classified and accounted for as if they were operating lease contracts under IFRS 16. Some lease and operate contracts may provide for defined invoicing ('upfront payments') to the client occurring during the construction phase or at first-oil (beginning of the lease phase), to cover specific construction work and/or services performed during the construction phase. These 'upfront payments' are recognized as revenues and the costs associated with the construction work and/or services are recognized as 'Cost of sales' with no margin during the construction. As a consequence, these costs are not capitalized in the gross value of the assets under construction.
- All investees related to Lease and Operate contracts are accounted for at the Company's share as if they were classified as joint operations under IFRS 11, whereby all lines of the income statement, statement of financial position and cash flow statement are consolidated based on Company's percentage of ownership (hereafter referred to as 'proportionate consolidation'). Yards and installation vessel related joint ventures remain equity accounted.

In 2020, all other accounting principles remain unchanged compared with applicable IFRS standards.

The above differences to the consolidated financial statements between Directional reporting and IFRS are highlighted in the reconciliations provided in this note on revenue, gross margin, EBIT and EBITDA as required by IFRS 8 'Operating segments'. The Company also provides the reconciliation of the statement of financial position and cash flow statement under IFRS and Directional reporting. The statement of financial position and the cash flow statement under Directional reporting are evaluated regularly by the Management Board in assessing the financial position and cash generation of the Company. The Company believes that these disclosures should enable users of its financial statements to better evaluate the nature and financial effects of the business activities in which it engages, while facilitating the understanding of the Directional reporting by providing a straightforward reconciliation with IFRS for all key financial metrics.

SEGMENT HIGHLIGHTS

Over 2020 the Lease and Operate segment was impacted by non-recurring items mainly coming from:
- Accelerated Revenue and EBITDA recognised for US$77 million following the early redelivery of Deep Panuke MOPU and the final settlement signed with the client in July 2020 triggering the end of the lease period of the unit. Considering the associated depreciation of the vessel, this transaction only negligibly impacted the gross margin and the profit attributable to shareholders;
- An aggregate impairment of US$(29) million (individually not material) relating to the impairment of two of the units (please refer to note 4.3.13 Property, Plant and Equipment); and the increased impairment loss on financial assets specifically regarding one of the unit's demobilization receivable (please refer to note 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract Assets).

In 2020, the Lease and Operate Directional revenue and EBITDA increased versus the year ago period mainly driven by (i) *Liza Destiny* (FPSO) joining the fleet after achieving first oil at the end of 2019 and (ii) the Company's additional percentage of ownership in the Lease and Operate entities related to the five Brazilian FPSO's in which the Company purchased additional shares in the second half year of 2019.

The Turnkey segment was impacted by the full impairment of US$(57) million relating to the SBM Installer installation vessel in 2020. The Turnkey Directional EBITDA decreased versus the year-ago period. While the reduced level of activity on Johan Castberg Turret Mooring System EPC project completed in 2020 was almost offset by ramp-up on *FPSO Sepetiba*, the Turnkey EBITDA was impacted by US$40 million of restructuring costs during the current year as well as a lower contribution from smaller product lines (Offshore Services/Terminals).

2020 operating segments (Directional)

	Lease and Operate	Turnkey	**Reported segments**	Other	**Total Directional reporting**
Third party revenue	**1,699**	**669**	**2,368**	-	**2,368**
Cost of sales	(1,207)	(622)	(1,829)	-	(1,829)
Gross margin	**492**	**48**	**539**	-	**540**
Other operating income/expense	(8)	(42)	(49)	(4)	**(53)**
Selling and marketing expenses	(1)	(39)	(40)	(0)	**(40)**
General and administrative expenses	(24)	(42)	(66)	(77)	**(142)**
Research and development expenses	(2)	(22)	(24)	(0)	**(24)**
Net impairment gains/(losses) on financial and contract assets	(20)	(3)	(23)	(2)	**(25)**
Operating profit/(loss) (EBIT)	**438**	**(100)**	**337**	**(83)**	**254**
Net financing costs					(175)
Share of profit of equity-accounted investees					1
Income tax expense					(42)
Profit/(Loss)					**39**
Operating profit/(loss) (EBIT)	438	(100)	337	(83)	**254**
Depreciation, amortization and impairment[1]	671	91	762	5	**767**
EBITDA	**1,108**	**(9)**	**1,099**	**(78)**	**1,021**
Other segment information :					
Impairment charge/(reversal)	20	61	81	0	**81**

1 Includes net impairment losses on financial and contract assets.

Reconciliation of 2020 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
Revenue				
Lease and Operate	1,699	(241)	303	1,761
Turnkey	669	1,050	16	1,735
Total revenue	**2,368**	809	319	**3,496**
Gross margin				
Lease and Operate	492	49	187	728
Turnkey	48	117	(5)	160
Total gross margin	**539**	167	183	**889**
EBITDA				
Lease and Operate	1,108	(303)	202	1,007
Turnkey	(9)	134	(11)	114
Other	(78)	-	(0)	(78)
Total EBITDA	**1,021**	(169)	191	**1,043**
EBIT				
Lease and Operate	438	55	186	678
Turnkey	(100)	113	(3)	10
Other	(83)	-	0	(83)
Total EBIT	**254**	168	183	**605**
Net financing costs	(175)	(31)	(51)	(257)
Share of profit of equity-accounted investees	1	-	15	17
Income tax expense	(42)	(3)	6	(38)
Profit/(loss)	**39**	134	154	327
Impairment charge/(reversal)	81	20	(8)	94

The reconciliation from Directional reporting to IFRS comprises two main steps:

- In the first step, those lease contracts that are classified and accounted for as finance lease contracts under IFRS are restated from an operating lease accounting treatment to a finance lease accounting treatment.
- In the second step, the consolidation method is changed i) from proportional consolidation to full consolidation for those Lease and Operate related subsidiaries over which the Company has control and ii) from proportional consolidation to the equity method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11.

Impact of lease accounting treatment

For the Lease and Operate segment, the restatement from an operating to a finance lease accounting treatment has the main following impacts for the 2020 period:

- Revenue reduced by US$(241) million. This primarily resulted from the two following opposite effects:
  - A revenue of US$249 million was accounted for under IFRS following the signature of an agreement for a five years' extension for the lease and operate contracts of the *FPSO Espirito Santo* located in Brazil. This additional revenue, recognized only under IFRS is reported as US$127 million (the Company's ownership share) within the *'Impact of Lease accounting treatment'* and US$122 million (i.e. NCI ownership share) within the *'Impact of the consolidation method'* in the above reconciliation table; and
  - During the lease period, under IFRS, the revenue from finance leases is limited to that portion of charter rates that is recognized as interest using the interest effective method. Under Directional reporting, in accordance with the operating lease treatment, the full charter rate is recognized as revenue, on a straight-line basis.
- Gross margin is increased by US$49 million and EBIT is increased by US$55 million. This again resulted from two opposite effects:

- A Gross margin of US$123 million was accounted for under IFRS following the extension for the lease and operate contracts of the *FPSO Espirito Santo*. This additional Gross Margin, recognized only under IFRS, is reported as US$63 million (the company's ownership share) within the *'Impact of Lease accounting treatment'* and US$60 million (NCI ownership share) within the *'Impact of the consolidation method'* in the above reconciliation table; and
- The amount of the (declining) interest recognized under IFRS is lower than the linear gross margin recognized under Directional for the related vessels. Under IFRS, gross margin and EBIT from finance leases equal the recognized revenue, therefore following the declining profile of the interest recognized using the interest effective method. On the other side, under the operating lease treatment applied under Directional, the gross margin and the EBIT correspond to the revenue and depreciation of the recognized PP&E, both accounted for on a straight-line basis over the lease period.

For the Turnkey segment, the restatement from operating to finance lease accounting treatment had the following impacts over the 2020 period:

- Revenue and gross margin increased by US$1,050 million and US$117 million respectively, mainly due to the accounting treatment of *Liza Unity* (FPSO)*, Prosperity* (FPSO) and *FPSO Sepetiba* as finance leases under IFRS: Under IFRS, a finance lease is considered as if it was a sale of the asset leading to recognition of revenue during the construction of the asset corresponding to the present value of the future lease payments. This (mostly non-cash) revenue is recognized within the Turnkey segment.
- The basic impact on Turnkey EBIT and EBITDA is largely in line with the impact on gross margin.

As a result, the restatement from operating to finance lease accounting treatment results in an increase of net profit of US$134 million under IFRS when compared with Directional reporting.

Impact of consolidation methods

The impact of consolidation methods in the above table describes the net impact from:

- Proportionate consolidation to full consolidation for those Lease and Operate related subsidiaries over which the Company has control, resulting in an increase of revenue, gross margin, EBIT and EBITDA;
- Proportionate consolidation to the equity accounting method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11, resulting in a decrease of revenue, gross margin, EBIT and EBITDA.

The impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT, EBITDA and net profit under IFRS when compared to Directional reporting. This reflects the fact that the majority of the Company's FPSOs, that are leased under finance lease contracts, are owned by subsidiaries over which the Company has control and which are consolidated using the full consolidation method under IFRS.

2019 operating segments (Directional)

	Lease and Operate	Turnkey	**Reported segments**	Other	**Total Directional reporting**
Third party revenue	**1,315**	**856**	**2,171**	**-**	**2,171**
Cost of sales	(921)	(726)	(1,647)	-	(1,647)
Gross margin	**394**	**130**	**524**	**-**	**524**
Other operating income/expense	1	6	6	88[1]	**94**
Selling and marketing expenses	(1)	(47)	(48)	(0)	**(48)**
General and administrative expenses	(19)	(45)	(64)	(64)	**(128)**
Research and development expenses	(3)	(22)	(24)	(0)	**(24)**
Net impairment gains/(losses) on financial and contract assets	(3)	3	0	(0)	**(0)**
Operating profit/(loss) (EBIT)	**369**	**25**	**395**	**23**	**418**
Net financing costs					(142)
Share of profit of equity-accounted investees					1
Income tax expense					(42)
Profit/(Loss)					**235**
Operating profit/(loss) (EBIT)	369	25	395	23	**418**
Depreciation, amortization and impairment	473	28	500	3	503
EBITDA	**842**	**53**	**895**	**26**	**921**
Other segment information :					
Impairment charge/(reversal)	25	-	25	(0)	**25**

1 Mainly includes a gain of US$90 million on the purchase of additional shares in Cidade de Paraty, Cidade de Ilhabela, Cidade de Marica, Cidade de Saquarema and Capixaba.

Reconciliation of 2019 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
Revenue				
Lease and Operate	1,315	(261)	273	1,327
Turnkey	856	1,202	6	2,064
Total revenue	**2,171**	941	279	**3,391**
Gross margin				
Lease and Operate	394	(4)	177	567
Turnkey	130	240	(3)	367
Total gross margin	**524**	236	174	**933**
EBITDA				
Lease and Operate	842	(257)	197	783
Turnkey	53	238	(1)	290
Other	26	-	(90)[1]	(63)
Total EBITDA	921	(18)	107	**1,010**
EBIT				
Lease and Operate	369	4	176	549
Turnkey	25	236	(2)	259
Other	23	-	(90)	(66)
Total EBIT	**418**	240	84	**742**
Net financing costs	(142)	(31)	(70)	(243)
Share of profit of equity-accounted investees	1	-	42	43
Income tax expense	(42)	6	5	(31)
Profit/(loss)	235	216	60	511
Impairment charge/(reversal)	25	2	1	28

1 Includes the removal of a gain of US$90 million on purchase of shares in Cidade de Paraty, Cidade de Ilhabela, Cidade de Marica, Cidade de Saquarema and Capixaba.

Reconciliation of 2020 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
ASSETS				
Property, plant and equipment and Intangible assets[1]	6,133[2]	(5,539)	(2)	592
Investment in associates and joint ventures	4	0	278	282
Finance lease receivables	0	4,941	1,546	6,487
Other financial assets	307[3]	(209)	25	122
Construction work-in-progress	69	1,862	317	2,248
Trade receivables and other assets	860	(2)	(56)	802
Derivative financial instruments	137	-	(0)	137
Cash and cash equivalents	383	-	31	414
Assets held for sale	0	0	(0)	0
Total Assets	**7,894**	1,053	2,138	**11,085**
EQUITY AND LIABILITIES				
Equity attributable to parent company	858	1,694	4	2,556
Non-controlling interests	1	0	905	905
Equity	**858**	1,694	909	**3,462**
Borrowings and lease liabilities	4,476[4]	-	1,147	5,623
Provisions	549	(205)	32	376
Trade payable and other liabilities	1,290	(51)	(32)	1,207
Deferred income	395	(386)	(3)	6
Derivative financial instruments	327	-	84	411
Total Equity and Liabilities	**7,894**	1,053	2,138	**11,085**

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the statement of financial position under 'Property, plant and equipment and Intangible assets'.

2 Includes US$1,759 million related to (i) units under construction (i.e. FPSOs Liza Unity, Prosperity and Sepetiba) and (ii) Gene tanker.

3 Includes US$273 million related to demobilization receivable.

4 Includes US$3,150 million non-recourse debt and US$71 million lease liability.

Consistent with the reconciliation of the key income statement line items, the above table details:

- The restatement from the operating lease accounting treatment to the finance lease accounting treatment for those lease contracts that are classified and accounted for as finance lease contracts under IFRS; and
- The change from proportional consolidation to either full consolidation or equity accounting for investees related to Lease and Operate contracts.

Impact of lease accounting treatment

For the statement of financial position, the main adjustments from Directional reporting to IFRS as of December 31, 2020 are:

- For those lease contracts that are classified and accounted for as finance lease contracts under IFRS, de-recognition of property, plant and equipment recognized under Directional reporting (US$(5,539) million) and subsequent recognition of (i) finance lease receivables (US$4,941 million) and (ii) construction work-in-progress (US$1,862 million) for those assets still under construction.
- For operating lease contracts with non-linear bareboat day rates, a deferred income provision is recognized to show linear revenues under Directional reporting. This balance (US$(386) million) is derecognized for the contracts that are classified and accounted for as finance lease contracts under IFRS.
- Restatement of the provisions for demobilization and associated non-current receivable assets, mainly impacting other financial assets (US$(209) million) and provisions (US$(205) million).

As a result, the restatement from operating to finance lease accounting treatment gives rise to an increase of equity of US $1,694 million under IFRS compared with Directional reporting. This primarily reflects the earlier margin recognition on finance lease contracts under IFRS compared to Directional reporting.

Impact of consolidation methods

The above table of statement of financial position also describes the net impact of moving from proportionate consolidation to either full consolidation, for those lease related investees in which the Company has control, or equity accounting, for those investees that are classified as joint ventures under IFRS 11. The two main impacts are:

- Full consolidation of asset specific entities that mainly comprise finance lease receivables (representing the net present value of the future lease payments to be received) and non-recourse project debts.
- Derecognition of the individual line items from the statement of financial positions for those entities that are equity accounted under IFRS, rolling up in the line item 'Investment in associates and joint ventures'.

Reconciliation of 2020 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
EBITDA	**1,021**	(169)	191	**1,043**
Adjustments for non-cash and investing items	52	4	(34)	23
Changes in operating assets and liabilities	(326)	(912)	(202)	(1,440)
Reimbursement finance lease assets	(0)	300	(13)	288
Income taxes paid	(51)	0	10	(42)
Net cash flows from (used in) operating activities	**696**	(777)	(48)	**(128)**
Capital expenditures	(871)	801	0	(70)
Other investing activities	34	4	15	53
Net cash flows from (used in) investing activities	**(837)**	805	15	**(17)**
Equity payment from/(repayment to) partners	-	-	(23)	(23)
Additions and repayments of borrowings and lease liabilities	534	0	139	673
Dividends paid to shareholders and non-controlling interests	(150)	-	(83)	(233)
Interest paid	(155)	(24)	(50)	(228)
Share repurchase program	(165)	-	-	(165)
Payments to non-controlling interests for change in ownership	(0)	-	28	28
Net cash flows from (used in) financing activities	**62**	(24)	12	**50**
Net cash and cash equivalents as at 1 January	458	-	48	506
Net increase/(decrease) in net cash and cash equivalents	(80)	0	(16)	(95)
Foreign currency variations	5	(0)	(0)	5
Net cash and cash equivalents as at 31 December	**383**	-	31	**414**

Impact of lease accounting treatment

At net cash level, the difference in lease accounting treatment is neutral. The impact of the different lease accounting treatment under Directional reporting versus IFRS is limited to reclassifications between cash flow activities.

A large part of the capital expenditures (US$801 million) are reclassified from investing activities under Directional, to net cash flows from operating activity under IFRS, where finance lease contracts are accounted for as construction contracts. Furthermore, the financing costs incurred during the construction of the FPSOs, which are capitalized under Directional as part of asset under construction (and therefore presented in investing activities) are reclassified to financing activities under IFRS.

The impact of the change of lease accounting treatment at EBITDA level is described in further detail in the earlier reconciliation of the Company's income statement.

Impact of consolidation methods

The impact of the consolidation method on the cash flow statement is in line with the impact described for the statement of financial position. The full consolidation of asset specific entities, mainly comprising finance lease receivables and the related non-recourse project debts, results in increased additions and repayments of borrowings under IFRS versus Directional.

Reconciliation of 2019 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
ASSETS				
Property, plant and equipment and Intangible assets[1]	5,849[2]	(4,896)	76	1,028
Investment in associates and joint ventures	14	-	312	325
Finance lease receivables	(0)	5,214	1,481	6,694
Other financial assets	290	(180)	23	134
Construction work-in-progress	125	803	44	973
Trade receivables and other assets	633	(0)	(50)	583
Derivative financial instruments	43	-	(0)	43
Cash and cash equivalents	458	-	48	506
Assets held for sale	1	-	-	1
Total Assets	**7,414**	940	1,933	**10,287**
EQUITY AND LIABILITIES				
Equity attributable to parent company	1,179	1,532	36	2,748
Non-controlling interests	0	0	864	865
Equity	**1,179**	1,532	901	**3,613**
Loans and borrowings	3,918[3]	-	1,004	4,922
Provisions	428	(150)	5	283
Trade payable and other liabilities	1,213	(68)	(123)	1,022
Deferred income	486	(374)	95	207
Derivative financial instruments	190	-	51	241
Total Equity and Liabilities	**7,414**	940	1,933	**10,287**

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the statement of financial position under 'Property, plant and equipment and Intangible assets'.

2 Includes US$1,537 million related to (i) Liza Destiny (FPSO) (ii) units under construction (i.e. FPSO Liza Unity, Prosperity and Sepetiba) and (iii) Gene tanker.

3 Includes US$2,851 million non-recourse debt and US$173 million lease liability

Reconciliation of 2019 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
EBITDA	**921**	(18)	107	**1,010**
Adjustments for non-cash and investing items	(71)[1]	21	87	37
Changes in operating assets and liabilities	(414)	(901)	(121)	(1,435)
Reimbursement finance lease assets	(0)	196	2	197
Income taxes paid	(35)	-	7	(29)
Net cash flows from (used in) operating activities	**401**	(703)	81	**(220)**
Capital expenditures	(764)	725	(0)	(39)
Acquisition of shares in co-owned entities	(125)[2]	-	125	(0)
Other investing activities	93	(0)	228	321
Net cash flows from (used in) investing activities	**(796)**	725	353	**282**
Equity payment from/repayment to partners	-	-	82	82
Additions and repayments of borrowings and loans	627	0	(276)	351
Dividends paid to shareholders non-controlling interests	(74)	-	(34)	(108)
Interest paid	(150)	(23)	(71)	(244)
Share repurchase program	(196)	-	-	(196)
Payments to non-controlling interests for change in ownership	(0)	-	(149)	(149)[3]
Net cash flows from (used in) financing activities	**207**	(23)	(448)	**(264)**
Net cash and cash equivalents as at 1 January	657	-	62	718
Net increase/(decrease) in net cash and cash equivalents	(189)	-	(13)	(202)
Foreign currency variations	(10)	-	1	(9)
Net cash and cash equivalents as at 31 December	**458**	-	48	**506**

1 Includes a gain of US$90 million on the purchase of additional shares in Cidade de Paraty, Cidade de Ilhabela, Cidade de Marica, Cidade de Saquarema and Capixaba.

2 Includes US$149 million for the purchase of shares in Cidade de Paraty, Cidade de Ilhabela, Cidade de Marica, Cidade de Saquarema and Capixaba net of acquired cash.

3 Includes US$149 million for the purchase of shares in Cidade de Paraty, Cidade de Ilhabela, Cidade de Marica, Cidade de Saquarema and Capixaba.

Deferred income (Directional)

	31 December 2020	31 December 2019
Within one year	82	98
Between 1 and 2 years	67	93
Between 2 and 5 years	133	188
More than 5 years	113	108
Balance at 31 December	**395**	**486**

The Directional deferred income is mainly related to the revenue of those lease contracts, which include a decreasing day-rate schedule. As revenue is recognized in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant lease contracts.

GEOGRAPHICAL INFORMATION

The classification by country is determined by the final destination of the product for both revenues and non-current assets.

The revenue by country is analyzed as follows:

2020 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	**Reported segments**	Lease and Operate	Turnkey	**Reported segments**
Brazil	834	258	1,092	1,254	759	2,014
Guyana	209	141	350	135	701	836
Canada	224	2	227	224	2	227
Angola	195	7	202	0	10	10
Norway	-	114	114	-	114	114
Equatorial Guinea	97	8	105	88	8	96
Malaysia	81	9	91	1	11	12
China	-	33	33	-	33	33
The United States of America	33	2	35	33	2	35
Gabon	-	21	21	-	21	21
Korea	-	19	19	-	19	19
Nigeria	-	14	14	-	14	14
Other	25	42	67	25	42	67
Total revenue	**1,699**	**669**	**2,368**	**1,761**	**1,735**	**3,496**

2019 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	**Reported segments**	Lease and Operate	Turnkey	**Reported segments**
Brazil	759	42	801	1,050	117	1,167
Guyana	8	293	300	5	1,417	1,422
Norway	-	246	246	-	246	246
Angola	178	8	186	0	13	13
Canada	135	1	136	135	1	136
The United States of America	41	71	112	41	71	112
Malaysia	85	18	103	0	22	22
China	-	95	95	-	95	95
Equatorial Guinea	88	1	89	74	0	75
Virgin Islands	-	13	13	-	13	13
Nigeria	-	23	23	-	23	23
Other	22	46	67	22	46	67
Total revenue	**1,315**	**856**	**2,171**	**1,327**	**2,064**	**3,391**

The non-current assets by country are analyzed as follows:

Geographical information (non-current assets by country)

	31 December 2020		31 December 2019	
	IFRS	DIR	IFRS	DIR
Brazil	5,709	3,933	6,050	3,656
Guyana	791	1,817	873	1,432
Angola	257	269	242	323
Equatorial Guinea	87	138	106	160
Switzerland	66	79	49	50
Monaco	57	57	66	67
Malaysia	57	43	93	61
The United States of America	50	51	87	65
Canada	28	28	182	182
Other	141	114	142	170
Total	**7,243**	**6,528**	**7,891**	**6,166**

RELIANCE ON MAJOR CUSTOMERS

Under Directional, two customers each represent more than 10% of the consolidated revenue. Total revenue from these two major customers amounts to US$1,469 million (US$1,023 million and US$446 million, respectively). In 2019, the revenue related to the three major customers was US$1,339 million (US$703 million, US$385 million and US$250 million, respectively). In 2020 and 2019, the revenue of these major customers was predominantly related to the Lease and Operate segment.

Under IFRS, three customers each represent more than 10% of the consolidated revenue. Total revenue from these major customers amounts to US$2,879 million (US$1,661 million, US$867 million and US$352 million respectively). In 2019 two customers accounted for more than 10% of the consolidated revenue (US$2,393 million), respectively for US$1,450 million and US$943 million.

4.3.3 REVENUE

The Company's revenue mainly originates from construction contracts and lease and operate contracts. Revenue originating from construction contracts is presented in the Turnkey segment while revenue from lease and operate contracts is presented in the Lease and Operate segment. Around 65% of the Company's 2020 lease and operate revenue is made of charter rates related to lease contracts while the remaining amount originates from operating contracts. The Company recognizes most of its revenue (i.e. around 90%) over time.

The Company's policy regarding revenue recognition is described in further detail in note 4.2.7 B. Critical Accounting Policies – (d) Revenue. Due to COVID-19 pandemic, the Company incurred additional costs in order to satisfy its performance obligation on some of its construction contracts mainly due to limited delay in the project delivery following lockdown periods, international travel restrictions and remote working. Those additional costs contribute to the progress of transfer of control of the construction asset to the customer over the construction period and have therefore been considered as part of the revenue recognition over time. The related amount recognized as revenue in 2020 is less than 1% of total 2020 revenue. For the disaggregation of total revenue by country and by segment, please refer to Geographical Information under note 4.3.2 Operating Segments and Directional Reporting and 4.3.1 Financial Highlights.

The Company's construction contracts can last for multiple years depending on the type of product, scope and complexity of the project while the Company's Lease and Operate contracts are generally multiple-year contracts. As a result, the Company has (partially) outstanding performance obligations to its clients (unsatisfied performance obligations) at December 31, 2020. These unsatisfied performance obligations relate to:

- Ongoing construction contracts, including the construction of vessels under finance lease that still need to be completed;
- Ongoing multiple-year operating contracts. Note that for this specific disclosure on unsatisfied performance obligations, the lease component of the Lease and Operate contracts is excluded (this component being described in further detail in notes 4.3.13 Property, Plant and Equipment and 4.3.15 Finance Lease Receivables). As noted, some contracts include (performance) bonuses when earned or penalties incurred under the Company's Lease and Operate contracts. The