



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

4 CORPORATE STATEMENTS 2020

Acquisition of 75% equity ownership in OS Installer Limited

The Company acquired the remaining 75% equity ownership in OS Installer Limited for a consideration of US\$34 million on September 30, 2020. The net impact between (i) the financial consideration paid to acquire the 75% share in OS Installer Limited, (ii) the recognition of the acquired assets and liabilities and (iii) the derecognition of lease liability and previously held investment, has been recognized in the line item 'Other operating income' for US\$3 million. Please refer to note 4.3.13 Property, Plant and Equipment.

4.3.5 EXPENSES BY NATURE

The table below sets out expenses by nature for all items included in EBIT for the years 2020 and 2019:

	Note	2020	2019
Expenses on construction contracts		(1,245)	(1,319)
Employee benefit expenses	4.3.6	(614)	(575)
Vessels operating costs		(378)	(312)
Depreciation, amortization and impairment		(439)	(268)
Selling expenses		(24)	(30)
Other costs		(189)	(153)
Total expenses		(2,891)	(2,657)

In 2020, expenses on construction contracts decreased by 6% reflecting the lower activity on Turnkey projects.

Vessel operating costs have increased as a result of *Liza Destiny* (FPSO) first oil at the end of 2019, additional maintenance costs and costs related to preventive measures implemented as a result of COVID-19.

Depreciation, amortization and impairment was impacted in 2020 by the following non-recurring items:

- The depreciation of US\$(78) million for Deep Panuke MOPU following the end of the lease period;
- A full impairment of US\$(57) million of the SBM Installer installation vessel; and
- Other impairments of US\$(29) million (individually not material) relating to: (i) partial impairment of two units and (ii) increased impairment loss on financial assets.

Expenses related to short-term leases and leases of low value assets amounted to US\$5 million in 2020 (2019: US\$6 million).

The increase in Other costs is mainly driven by the impact of the 2020 restructuring severance costs of US\$46 million.

4.3.6 EMPLOYEE BENEFIT EXPENSES

Information with respect to employee benefits expenses are detailed as follows:

	Note	2020	2019
Wages and salaries		(353)	(329)
Social security costs		(53)	(54)
Contributions to defined contribution plans		(35)	(33)
Contributions to defined benefit plans		(1)	(3)
Share-based payment cost		(27)	(17)
Contractors costs		(84)	(88)
Other employee benefits		(60)	(51)
Total employee benefits	4.3.5	(614)	(575)

Contractors costs include expenses related to contractor staff not on the Company's payroll. Other employee benefits mainly include commuting, training, expatriate and other non-wage compensation costs.