



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

4 CORPORATE STATEMENTS 2020

Contract liabilities of US\$69 million comprises the amounts of those individual contracts for which the total instalments invoiced exceed the total revenue recognized. Contract liabilities are reclassified to other current liabilities (see note 4.3.27 Trade and Other Payables).

Regarding information about expected credit losses recognized for construction work-in-progress, refer to note 4.3.29 Financial Instruments – Fair Values and Risk Management.

4.3.21 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in note 4.3.29 Financial Instruments – Fair Values and Risk Management.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2020, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US\$ 3-month LIBOR. Details of interest percentages of the long-term debt are included in note 4.3.24 Borrowings and Lease Liabilities.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

Derivative financial instruments

	31 December 2020			31 December 2019		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	1	351	(351)	8	166	(159)
Forward currency contracts cash flow hedge	98	21	77	14	48	(35)
Forward currency contracts fair value through profit and loss	38	39	(1)	22	27	(5)
Total	137	411	(274)	43	241	(198)
Non-current portion	38	277	(240)	5	156	(150)
Current portion	99	134	(35)	37	85	(48)

The significant movement in the net balance of derivative assets and liabilities of US\$76 million over the period is mostly related to the decreased marked-to-market value of interest rate swaps, which mainly arises from decreasing market interest rates, whereas the increased marked-to-market value of forward currency contracts is mainly driven by the depreciation of the US\$ exchange rate versus the hedged currencies (especially EUR).

The ineffective portion recognized in the income statement (please refer to note 4.3.9 Net Financing Costs) arises from cash flow hedges which totaled less than a US\$3 million loss in 2020 (2019: US\$3 million loss). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

No ineffectiveness was recognized due to the IBOR transition, refer to note 4.3.29 Financial Instruments – Fair Values and Risk Management.

4.3.22 NET CASH AND CASH EQUIVALENT

	31 December 2020	31 December 2019
Cash and bank balances	78	82
Short-term investments	336	424
Cash and cash equivalent	414	506
Net cash and cash equivalent	414	506

The cash and cash equivalents dedicated to debt and interest payments (and therefore restricted) amounted to US\$215 million as per December 31, 2020 (2019: US\$188 million). Short-term investment deposits are made for varying periods of up

to one year, usually less than three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

The cash and cash equivalents held in countries with restrictions on currency outflow (Angola, Brazil, Equatorial Guinea, Ghana and Nigeria) amounted to US\$28 million (2019: US\$42 million). These restrictions do not limit the liquidity of the cash balances.

Further disclosure about the fair value measurement is included in note 4.3.29 Financial Instruments – Fair Values and Risk Management.

4.3.23 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

For a consolidated overview of changes in equity reference is made to the Consolidated Statement of Changes in Equity.

ISSUED SHARE CAPITAL

The authorized share capital of the Company is two hundred million euros (EUR200,000,000). This share capital is divided into four hundred million (400,000,000) ordinary shares with a nominal value of twenty-five eurocents (EUR0.25) each and four hundred million (400,000,000) protective preference shares, with a nominal value of twenty-five euro cents (EUR0.25) each. The protective preference shares can be issued as a protective measure as described in note 3.2.8 Stichting Continuïteit SBM Offshore.

During the financial year the movements in the outstanding number of ordinary shares are as follows:

number of shares	2020	2019
Outstanding at 1 January	198,671,305	205,671,305
Treasury shares cancelled	(10,000,000)	(7,000,000)
Outstanding 31 December	188,671,305	198,671,305

TREASURY SHARES

The Company completed its share repurchase program under authorization granted by the AGM of the Company held on April 10, 2019. In the period between February 13, 2020 and April 3, 2020 a total number of 12,094,623 shares totaling EUR150 million (US\$165 million) were repurchased. As a result, the Company decided to cancel 10,000,000 shares in 2020.

A total number of 3,356,563 treasury shares are still reported in the outstanding ordinary shares as at December 31, 2020 and held predominantly for employee share programs. During 2020, a total of 1,182,252 shares were transferred to employee share programs.

Within equity, an amount of US\$1,304 million (2019: US\$1,206 million) should be treated as legal reserve (please refer to note 4.5.5 Shareholders' Equity).

ORDINARY SHARES

Of the ordinary shares, 1,931,952 shares were held by members of Management Board, in office as at December 31, 2020 (December 31, 2019: 1,513,936) as detailed below:

Ordinary shares held in the Company by the Management Board

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2020	Total shares at 31 December 2019
Bruno Chabas	411,418	716,186	1,127,604	975,910
Philippe Barril	276,071	111,755	387,826	278,428
Erik Legendijk	186,991	35,427	222,418	143,984
Douglas Wood	194,104	-	194,104	115,614
Total	1,068,584	863,368	1,931,952	1,513,936