



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

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

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Only one member of Supervisory Board member (Sietze Hepkema) holds shares in the Company (256,333 shares as at December 31, 2020), resulting from his previous position as member of the Management Board.

OTHER RESERVES

The other reserves comprises the hedging reserve, actuarial gains/losses, the foreign currency translation reserve and IFRS 2 reserves. The movement and breakdown of the other reserves can be stated as follows (all amounts are expressed net of deferred taxes):

	Hedging reserve Forward currency contracts	Hedging reserve Interest rate swaps	Actuarial gain/(loss) on defined benefit provisions	Foreign currency translation reserve	IFRS 2 Reserves	Total other reserves
Balance at 1 January 2019	(19)	(33)	2	(79)	21	(108)
Cash flow hedges						
Change in fair value	17	(79)	-	-	-	(62)
Transfer to financial income and expenses	3	3	-	-	-	6
Transfer to construction contracts and property, plant and equipment	(5)	-	-	-	-	(5)
Transfer to operating profit and loss	(34)	-	-	-	-	(34)
IFRS 2 share based payments						
IFRS 2 vesting costs for the year	-	-	-	-	17	17
IFRS 2 vested share based payments	-	-	-	-	(21)	(21)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	1	-	-	1
Foreign currency variations						
Foreign currency variations	-	-	-	(22)	-	(22)
Mergers and acquisitions	-	(10) ¹	-	-	-	(10)
Balance at 31 December 2019	(38)	(119)	3	(101)	17	(238)
Cash flow hedges						
Change in fair value	53	(161)	-	-	-	(107)
Transfer to financial income and expenses	3	3	-	-	-	6
Transfer to construction contracts and property, plant and equipment	3	-	-	-	-	3
Transfer to operating profit and loss	41	-	-	-	-	41
IFRS 2 share based payments						
IFRS 2 vesting costs for the year	-	-	-	-	27	27
IFRS 2 vested share based payments	-	-	-	-	(16)	(16)
Actuarial gain/(loss) on defined benefit provision						
Change in defined benefit provision due to changes in actuarial assumptions	-	-	(3)	-	-	(3)
Foreign currency variations						
Foreign currency variations	-	-	-	(5)	-	(5)
Mergers and acquisitions	-	-	-	-	-	-
Balance at 31 December 2020	62	(276)	0	(105)	25	(296)

¹ Includes US\$10 million of acquired hedging reserve of the entities purchased from Constellation.

The hedging reserve consists of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of deferred taxes. The decreased marked-to-market value of interest rate swaps 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.

Actuarial gain/(loss) on defined benefits provisions includes the impact of the remeasurement of defined benefit provisions.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

4.3.24 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2020	31 December 2019
Borrowings	4,335	4,168
Lease liabilities	51	141
Total Non-current portion of Borrowings and lease liabilities	4,386	4,309
Borrowings	1,216	580
Lease liabilities	20	32
Total Current portion of Borrowings and lease liabilities	1,236	612

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2020	2019
Non-current portion	4,168	3,856
Add: current portion	580	492
Remaining principal at 1 January	4,749	4,348
Additions	1,379	1,399
Redemptions	(589)	(1,011)
Transaction and amortized costs	12	13
Total movements	802	401
Remaining principal at 31 December	5,551	4,749
Less: Current portion	(1,216)	(580)
Non-current portion	4,335	4,168
Transaction and amortized costs	69	81
Remaining principal at 31 December (excluding transaction and amortized costs)	5,621	4,830
Less: Current portion	(1,230)	(596)
Non-current portion	4,390	4,234

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The increase in the total borrowings of US\$1,379 million relates mainly to drawdowns on project finance facilities for *Liza Destiny* (FPSO), *Liza Unity* (FPSO), and the bridge loan facility for *FPSO Sepetiba*. The latter has been extended to July 12, 2021.

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