ENERGY. COMMITTED.

ANNUAL REPORT 2020

The Company acquired the remaining 75% equity ownership in OS Installer Limited on September 30, 2020. As a result, OS Installer Limited has been fully consolidated as from the acquisition date including the US$67 million loan borne by this subsidiary.

For the project finance facilities, the respective vessels are mortgaged to the banks or to note holders.

The Company has available borrowing facilities being the (i) undrawn revolving credit facility (RCF), (ii) the undrawn portions of *Liza Unity* (FPSO) project facilities and (iii) short-term credit lines.

Expiry date of the undrawn facilities and unused credit lines

	2020	2019
Expiring within one year	249	249
Expiring beyond one year	1,298	1,964
Total	**1,547**	**2,213**

The drawdowns in 2020 under the Liza Destiny and Liza Unity project finance facility lead to the decrease of available undrawn facilities and unsused credit lines.

The RCF in place as of December 31, 2020 has a maturity date of February 13, 2025, following the exercise of a one-year extension option on February 5, 2020. The US$1 billion facility was secured with a selected group of 11 core relationship banks and has an uncommitted option to increase the RCF by an additional US$500 million. On February 1, 2021, the lenders in the Company's US$1 billion Revolving Credit Facility (RCF) agreed to the Company's request to exercise the second one-year extension. The final maturity date of the RCF is thereby extended from February 12, 2025 to February 13, 2026. The Company does not have any other extension option remaining.

When needed, the RCF allows the Company to finance EPC activities / working capital, bridge any long-term financing needs, and/or finance general corporate purposes, when needed, in the following proportions:

- EPC activities / working capital – 100% of the facility;
- General Corporate Purposes – up to 50% of the facility;
- Refinancing project debt – 100% of the facility but limited to a period of 18 months

The pricing of the RCF is based on LIBOR and a margin adjusted in accordance with the applicable leverage ratio ranging from a minimum level of 0.50% p.a. to a maximum of 1.50% p.a. The margin also includes a Sustainability Adjustment Mechanism whereby the margin may increase or decrease by 0.05% based on the absolute change in the Company performance as measured and reported by Sustainalytics[1]. The Company's performance in 2020 allows the margin to remain stable for 2021.

COVENANTS

The following key financial covenants apply to the RCF as agreed with the respective lenders on February 11, 2020, and unless stated otherwise, relate to the Company's consolidated financial statements:

- **Solvency**: Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio**: Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable must be > 4.0.

The **Lease Backlog Cover Ratio (LBCR)** is used to determine the **maximum funding availability** under the RCF. The maximum funding availability is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational offshore units in the directional backlog. The maximum theoretical amount available under the RCF is then determined by dividing this net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2020 additional headroom above the US$1 billion capacity under the RCF exceeded US$0.9 billion. As of 12 February 2021, this will increase to more than US $1.1 billion following the inclusion of *Liza Destiny* (FPSO) in the calculation.

[1] Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

For the purpose of covenants calculations, the following simplified definitions apply:

- **IFRS Tangible Net Worth:** Total equity (including non-controlling interests) of the Company in accordance with IFRS, excluding the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income, dividends declared, value of intangible assets and deferred taxes.
- **Consolidated IFRS Tangible Assets:** The Company total assets (excluding intangible assets) in accordance with the IFRS consolidated statement of financial position less the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income.
- **Consolidated Directional Underlying EBITDA:** Consolidated profit of the Company adjusted for net interest payable, tax and depreciation of assets and impairments, any exceptional or extraordinary items, and by adding back (i) the annualized production EBITDA for units which started operations during the financial year, and (ii) the acquisition annualized EBITDA for units acquired during the financial year.
- **Consolidated Directional Net Interest Payable:** All interest and other financing charges paid up, payable (other than capitalized interest during a construction period and interest paid or payable between wholly owned members of the Company) or incurred by the Company less all interest and other financing charges received or receivable by the Company, as per Directional reporting.

Covenants

	2020	2019
IFRS Tangible Net Worth	3,709	3,650
Consolidated IFRS Tangible Assets	10,896	10,221
Solvency ratio	34.0%	35.7%
Adjusted (Directional) Underlying EBITDA	948[1]	1,055[2]
Consolidated Directional Net Interest Payable	173	134
Interest cover ratio	5.5	7.9

1 Exceptional items restated from 2020 Consolidated Directional Underlying EBITDA are mainly related to the US$77M anticipated revenue recognition following the early redelivery of the Deep Panuke MOPU.

2 Exceptional items restated from 2019 Consolidated Directional Underlying EBITDA were mainly related to the US$90 million gain on the purchase of the minority shares in the entities related to FPSO's Cidade de Paraty, Cidade de Ilhabela, Cidade de Marica, Cidade de Saquarema and Capixaba. Consolidated Directional Underlying EBITDA included the annualized production EBITDA for Liza Destiny (FPSO) and the acquisition annualized EBITDA for the acquired minority shares in the above mentioned FPSO's companies.

None of the borrowings in the statement of financial position were in default as at the reporting date or at any time during the period.

LEASE LIABILITIES

The lease liabilities mostly relate to the leasing of office buildings as of December 31, 2020.

The movement in the lease liabilities is as follows:

	2020	2019
Principal recognized at 1 January	**173**	**189**
Additions	12	14
Redemptions	(28)	(28)
Foreign currency variations	3	(1)
Other	(87)	-
Total movements	**(101)**	**(16)**
Remaining principal at 31 December	**71**	**173**
Of which		
Current portion	20	32
Non-current portion	51	141

The Company was the long-term charterer of the diving support and construction vessel (DSCV) SBM Installer under a contract ending in 2026. The Company had 25% equity ownership in the entity holding the vessel, OS Installer Limited (OSI). The Company acquired the remaining 75% equity ownership in OSI on September 30, 2020. As a result, OSI has been fully consolidated as from such acquisition date and the existing lease liability related to the long-term charter was derecognized