



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

4 CORPORATE STATEMENTS 2020

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.

since the obligation became an intercompany liability eliminated in the group consolidated financial statements. The value of the lease liability at the acquisition date was US\$87 million. Please refer to note 4.3.1 Financial Highlights.

Maturity of the lease liabilities is analyzed as follows:

	31 December 2020
Within one year	20
Between 1 and 2 years	18
Between 2 and 5 years	28
More than 5 years	6
Balance at 31 December	71

The total cash outflow for leases in 2020 was US\$31 million, which includes redemptions of principal and interest payments.

4.3.25 DEFERRED INCOME

Deferred income is as follows:

	31 December 2020	31 December 2019
Deferred income on operating lease contracts	-	150
Total	0	150

The deferred income on operating lease contracts was mainly related to the revenue *FPSO Espirito Santo*, which reflected a decreasing day-rate schedule. As revenue is shown 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 was included as deferred income as of December 31, 2019.

The decrease in deferred income of US\$150 million compared with prior year is entirely due to the sale of the *FPSO Espirito Santo* following the newly negotiated contract with the client in December 2020, which resulted in a finance lease accounting treatment instead of an operating lease. We refer to note 4.3.15 Finance Lease Receivables.

4.3.26 PROVISIONS

The movement and type of provisions during the year 2020 are summarized as follows:

Provisions (movements)

	Demobilisation	Onerous contracts	Warranty	Employee benefits	Restructuring	Other	Total
Balance at 31 December 2019	124	-	49	28	0	81	283
Derecognition at 1 January following early application IFRS 16	-	-	-	-	-	-	-
Balance at 1 January 2020	124	-	49	28	0	82	283
Arising during the year	18	3	19	5	46	95	187
Unwinding of interest	7	-	-	0	-	-	7
Utilised	(13)	0	(1)	(1)	(16)	(5)	(35)
Released to profit	(0)	-	(30)	(3)	(0)	(12)	(46)
Other movement	0	-	(0)	5	(25)	1	(19)
Balance at 31 December 2020	135	3	37	34	6	161	377
of which :							
Non-current portion	111	1	-	34	-	102	248
Current portion	23	2	37	-	6	59	128