



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2018

contribution of FPSO *Liza Destiny*, the general ramp-up of Turnkey activity, the implementation of IFRS 16 and realized savings on overhead costs.

### Net income

Excluding non-recurring items, 2018 underlying consolidated IFRS net income attributable to shareholders stood at US\$ 247 million, an increase of US\$ 96 million from the previous year.

## STATEMENT OF FINANCIAL POSITION

| in millions of US\$   | 2018  | 2017   | 2016   | 2015   | 2014   |
|-----------------------|-------|--------|--------|--------|--------|
| Total equity          | 3,612 | 3,559  | 3,513  | 3,465  | 3,149  |
| Net debt <sup>1</sup> | 3,818 | 4,613  | 5,216  | 5,208  | 4,775  |
| Net cash              | 718   | 957    | 904    | 515    | 475    |
| Total assets          | 9,992 | 11,007 | 11,488 | 11,340 | 11,118 |

<sup>1</sup> Net debt at December 31, 2018 is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.

Total equity increased from US\$ 3,559 million to US\$ 3,612 million as a result of the profit over the financial year, partially offset by (i) dividends paid to shareholders and (ii) equity repayment and dividends paid to non-controlling interests.

IFRS net debt stood at US\$ 3,818 million at year-end 2018 compared with US\$ 4,613 million in 2017 despite (i) significant investments in FPSO *Liza Destiny* and two Fast4Ward™ hulls over the period and (ii) recognition of lease liabilities due to IFRS 16 implementation. This has been possible as a result of the strong operating cash flow from the Lease and Operate segment, while the net proceeds from the Yme insurance claim and the *Turritella* (FPSO) disposal offset to a large extent the payment of the non-recurring penalties as a result of the Leniency Agreement.

Excluding the lease liabilities recognized following the early adoption of IFRS 16 (at a net book value of US\$ 189 million at December 31, 2018), all of the Company's debt consisted of non-recourse project financing in special purpose investees with no borrowing at corporate level as of December 31, 2018.

Total assets decreased to US\$ 10.0 billion as of December 31, 2018 compared with US\$ 11.0 billion at year-end 2017. This decrease is mainly attributable to finance lease redemptions, in particular the redemption of the *Turritella* (FPSO) finance lease receivable, and capex depreciation over the period, whereas the investments in FPSO *Liza Destiny* and inventory (two Fast4Ward™ hulls), financed by the use of the cash available at Corporate level, were offset by a consequent decrease of the net cash position.

## 4.1.5 OUTLOOK AND GUIDANCE

Management confirms its continued positive outlook for the Company. The recovery may not be industry-wide, however the recovery is visible within the area of large-size FPSOs with expected multiple awards for the coming years. SBM Offshore, as an industry leader with its game changing Fast4Ward™ program, is well positioned to be one of the key players to benefit from the upturn in the market.

The Company's 2019 Directional revenue guidance is around US\$2.0 billion, of which US\$1.3 billion is expected from the cash generating Lease and Operate segment and around US\$700 million from the Turnkey segment. Directional EBITDA guidance is around US\$750 million for the Group.