



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2018

## Liquidity risk 2017

|                                  | Note   | Less than 1 year | Between 1 and 5 years | Over 5 years | Total        |
|----------------------------------|--------|------------------|-----------------------|--------------|--------------|
| <b>31 December 2017</b>          |        |                  |                       |              |              |
| Borrowings                       |        | 1,421            | 2,634                 | 2,581        | 6,635        |
| Derivative financial liabilities |        | 99               | 182                   | 63           | 345          |
| Derivative financial assets      |        | (78)             | (5)                   | -            | (83)         |
| Trade and other payables         | 4.3.27 | 595              | 1                     | -            | 596          |
| <b>Total</b>                     |        | <b>2,037</b>     | <b>2,813</b>          | <b>2,643</b> | <b>7,493</b> |

### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including the short-term part of the long-term debt and bank overdrafts as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

In addition, the Company aims to maintain sufficient headroom on all its banking covenants. At December 31, 2018 and 2017 all debt was held at project company level on a limited recourse basis. The gearing ratios at December 31, 2018 and 2017 were as follows:

#### Capital risk management

|  | 2018         | 2017         |
|--|--------------|--------------|
| Total borrowings and lease liabilities | 4,536        | 5,571        |
| Less: net cash and cash equivalents    | 718          | 957          |
| <b>Net debt</b>                        | <b>3,818</b> | <b>4,613</b> |
| Total equity                           | 3,612        | 3,559        |
| <b>Total capital</b>                   | <b>7,430</b> | <b>8,172</b> |
| Gearing ratio                          | 51.4%        | 56.4%        |

### Other risks

In respect of controlling political risk, the Company has a policy of thoroughly reviewing risks associated with contracts, whether Turnkey or long-term leases. Where political risk cover is deemed necessary and available in the market, insurance is obtained.

### 4.3.30 LIST OF GROUP COMPANIES

In accordance with legal requirements a list of the Company's entities which are included in the consolidated financial statements of SBM Offshore N.V. has been deposited at the Chamber of Commerce in Amsterdam.