



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

Information on loans and borrowings of joint ventures and associates

Entity name	% Ownership	% Interest	Maturity	Net book value at 31 December 2018			Net book value at 31 December 2017		
				Non-current	Current	Total	Non-current	Current	Total
US\$ Project Finance facilities drawn:									
Sonasing Xikomba Ltd	50.00	4.77%	16-Aug-21	166	90	256	256	85	342
Normand Installer SA	49.90	4.99%	15-Feb-19	-	35	35	35	8	43
OS Installer Limited	25.00	4.18%	16-Dec-19	73	7	80	80	7	88
Loans from subsidiaries of SBM Offshore N.V.¹				408	93	501	355	33	387
Loans from other shareholders of the joint ventures and associates				275	5	280	261	-	261
Loans from other joint ventures²				258	3	261	252	1	253
Net book value of loans and borrowings				1,181	234	1,415	1,240	134	1,374

1 Please refer to note 4.3.16 'Loans to joint-ventures and associates' for presentation of the carrying amount of these loans in Company's Consolidated Statement of financial position.

2 Mainly loans from the joint ventures SBM Shipyard Ltd to the JV PAENAL - Porto Amboim Estaleiros Navais Ltda.

Aggregated information on joint ventures and associates

	2018	2017
Net result at 100 %	29	(33)

Reconciliation equity at 100 % with investment in associates and joint ventures

	2018	2017
Equity at 100%	372	472
Partner ownership	(120)	(181)
Share in negative net equity reclassification to loans to joint ventures and associates	168	166
Investments in associates and joint ventures	421	457

4.3.32 INFORMATION ON NON-CONTROLLING INTERESTS

The Company has several jointly owned subsidiaries:

Entity name	Partners	% of ownership	Country registration	2018 main reporting segment	Project name
Aseng Production Company Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng
Gepsing Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng / FPSO Serpentina
Gepsing Ltd - Equatorial Guinea Branch	GE Petrol	60.00	Equatorial Guinea	Lease & Operate	FPSO Aseng / FPSO Serpentina
Brazilian Deepwater Floating Terminals Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production Contractors Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Operações Marítimas em Mar Profundo Brasileiro Ltda	owned by Brazilian Deepwater Production Contractors (see information above)	51.00	Brazil	Lease & Operate	FPSO Espirito Santo
SBM Stones S.à r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	100.00 ¹	Luxembourg	Turnkey	FPSO Turritella

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Entity name	Partners	% of ownership	Country registration	2018 main reporting segment	Project name
SBM Turritella LLC	owned by SBM Stones S.a r.l. (see information above)	100.00 ¹	The United States of America	Turnkey	FPSO Turritella
SBM Stones Holding Operations B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	100.00 ¹	The Netherlands	Lease & Operate	FPSO Turritella
SBM Stones Operations LLC	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	100.00 ¹	The United States of America	Lease & Operate	FPSO Turritella
Alfa Lula Alto S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A.	56.00	Luxembourg	Turnkey	FPSO Cidade de Marica
Alfa Lula Alto Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A.	56.00	Bermuda	Lease & Operate	FPSO Cidade de Marica
Alfa Lula Alto Operações Marítimas Ltda.	owned by Alfa Lula Alto Holding Ltd. (see information above)	56.00	Brazil	Lease & Operate	FPSO Cidade de Marica
Beta Lula Central S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A.	56.00	Luxembourg	Turnkey	FPSO Cidade de Saquarema
Beta Lula Central Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A.	56.00	Bermuda	Lease & Operate	FPSO Cidade de Saquarema
Beta Lula Central Operações Marítimas Ltda.	Owned by Betal Lula Central Holding Ltd. (see information above)	56.00	Brazil	Lease & Operate	FPSO Cidade de Saquarema
Tupi Nordeste S.à.r.l.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation; Queiroz Galvao Oleo e Gas, S.A.	50.50	Luxembourg	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste Operações Marítimas Ltda.	Owned by Tupi Nordeste Holding (see information below)	50.50	Brazil	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste Holding Ltd.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation; Queiroz Galvao Oleo e Gas, S.A.	50.50	Bermuda	Lease & Operate	FPSO Cidade de Paraty
Guara Norte S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A.	62.25	Luxembourg	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha ; Queiroz Galvao Oleo e Gas, S.A.	62.25	Bermuda	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte Operações Marítimas Ltda.	Owned by Guara Norte Holding Ltd. (see information above)	62.25	Brazil	Lease & Operate	FPSO Cidade de Ilhabela
SBM Capixaba Operações Marítimas Ltda.	Owned by FPSO Capixaba Venture S.A. (see information below)	80.00	Brazil	Lease & Operate	FPSO Capixaba
SBM Espirito Do Mar Inc.	Queiroz Galvao Oleo e Gas, S.A.	80.00	Switzerland	Lease & Operate	FPSO Capixaba
SBM Espirito Do Mar B.V.	Queiroz Galvao Oleo e Gas, S.A.	100.00	The Netherlands	Lease & Operate	FPSO Capixaba
FPSO Capixaba Venture S.A.	Queiroz Galvao Oleo e Gas, S.A.	80.00	Switzerland	Lease & Operate	FPSO Capixaba
FPSO Brasil Venture S.A.	MISC Berhad	51.00	Switzerland	Lease & Operate	FPSO Brazil
SBM Operações Ltda.	MISC Berhad	51.00	Brazil	Lease & Operate	FPSO Brazil
SBM Systems Inc.	MISC Berhad	51.00	Switzerland	Lease & Operate	FPSO Brazil
South East Shipping Co. Ltd.	Mitsubishi Corporation	75.00	Bermuda	Lease & Operate	Yetagun

¹ Turritella (FPSO) subsidiaries were at 55% ownership until acquisition of full minority interests by the Company in March 2018

Included in the consolidated financial statements are the following items that represent the Company's interest in the revenues, assets and loans of the partially owned subsidiaries.

Figures are presented at 100% before elimination of intercompany transactions.

Information on non-controlling interests (NCI) – 2018

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng / FPSO Serpentina	Equatorial Guinea	163	121	5	0	0	22	23	77
FPSO Espirito Santo	Brazil	281	223	9	-	200	86	20	107
FPSO Turrítella	The United States of America	4	-	0	2	-	2	7	12
FPSO Cidade de Marica	Brazil	1,725	1,591	61	1,216	1,144	145	-	198
FPSO Cidade de Saquarema	Brazil	1,677	1,581	23	1,276	1,200	95	-	202
FPSO Cidade de Paraty	Brazil	1,167	1,077	31	524	427	150	-	151
FPSO Cidade de Ilhabela	Brazil	1,546	1,388	87	792	677	161	-	190
FPSO Capixaba	Brazil	191	176	8	83	113	79	-	51
Non material NCI		39	0	9	-	-	7	23	31
Total 100%		6,793	6,158	234	3,893	3,761	747	73	1,018

Information on non-controlling interests (NCI) – 2017

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng	Equatorial Guinea	269	130	23	80	-	106	-	84
FPSO Espirito Santo	Brazil	311	264	15	-	249	47	39	113
FPSO Turrítella	The United States of America	1,063	-	22	724	0	739	-	175
FPSO Cidade de Marica	Brazil	1,772	1,640	57	1,308	1,258	146	-	204
FPSO Cidade de Saquarema	Brazil	1,726	1,627	24	1,353	1,294	105	-	208
FPSO Cidade de Paraty	Brazil	1,214	1,123	28	622	538	145	-	160
FPSO Cidade de Ilhabela	Brazil	1,587	1,427	90	902	793	169	-	201
FPSO Capixaba	Brazil	197	175	8	65	74	87	7	94
Non material NCI		76	0	7	4	4	11	1	9
Total 100%		8,214	6,387	274	5,056	4,210	1,554	47	1,247

Reference is made to note 4.3.24 Borrowings and Lease Liabilities for a description of the bank interest-bearing loans and other borrowings per entity.

Included in the consolidated financial statements are the following items that represent the aggregate contribution of the partially owned subsidiaries to the Company consolidated financial statements:

Interest in non-controlling interest (summary)

	2018	2017
Net result	132	154

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Reconciliation equity at 100 % with Non-controlling interests on partially owned subsidiaries

	2018	2017
Equity at 100%	2,286	2,450
Company ownership	(1,307)	(1,392)
Accumulated amount of NCI	978	1,058

4.3.33 RELATED PARTY TRANSACTIONS

During 2018, no major related party transactions requiring additional disclosure in the financial statements took place.

For relations with Supervisory Board members, Management Board members and other key personnel reference is made to note 4.3.6 Employee Benefit Expenses.

The Company has transactions with joint ventures and associates which are recognized as follows in the Company's consolidated financial statements:

Related party transactions

	<i>Note</i>	2018	2017
Revenue		27	25
Cost of sales		(18)	(12)
Loans to joint ventures and associates	4.3.16	234	110
Trade receivables		99	139
Trade payables		56	61
Lease liabilities ¹		109	-

¹ DSCV SBM Installer charter lease contract.

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest.

During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's-length transactions.

Additional information regarding the joint ventures and associates is available in note 4.3.31 Interest in Joint Ventures and Associates.

4.3.34 INDEPENDENT AUDITOR'S FEES AND SERVICES

Fees included in other operating costs related to PwC, the 2018 and 2017 Company's external independent auditor, are summarized as follows:

<i>in thousands of US\$</i>	2018	2017
Audit of financial statements	2,209	1,861
<i>Out of which:</i>		
- invoiced by PwC Accountants N.V.	1,133	1,009
- invoiced by PwC network firms	1,076	852
Tax advisory services by PwC network firms	79	47
Other non-audit services	111	101
Total	2,399	2,009