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ANNUAL REPORT 2018

In both 2018 and 2017, the other non-audit services were mainly related to the review of the Company sustainability report.

4.3.35 EVENTS AFTER END OF REPORTING PERIOD

DIVIDEND

In accordance with the Company's dividend policy, and further taking into account the specific circumstances relating to 2018 including the nature of the non-recurring items, a dividend of US$ 0.37 per share (based on the number of shares outstanding at December 31, 2018), to be paid out of retained earnings, will be proposed to the Annual General Meeting on April 10, 2019. This represents approximately 25% of the Company's US$ 301 million Directional 2018 net income.

The Company reviews its dividend policy on a regular basis and intends to revise this as follows: the Company's policy is to maintain a stable dividend, which grows over time. Determination of the dividend is based on the Company's assessment of its underlying cash flow position. The proposed change will be presented for discussion at the AGM on April 10, 2019.

Regarding capital allocation, the Company prioritizes payment of the dividend, followed by the financing of growth, with the option thereafter to repurchase shares depending on residual liquidity and cashflow outlook. Based on this approach and having reviewed the current liquidity position, the requirement to fund growth and the resulting cash flow outlook, the Company has determined that it currently has the capacity to repurchase shares. Consequently, on February 14, 2019 the Company will commence a euro 175 million share repurchase program, approximate to the net cash it has received for the Yme Insurance settlement.

REVOLVING CREDIT FACILITY

The Company signed a new revolving credit facility agreement with the respective lenders on February 13, 2019, and the existing revolving credit facility has been cancelled, with no financial impact. 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 main terms of the new arrangement are:

- Tenor of 5 years with two one-year extension options;
- Facility Amount of US$ 1 billion with an uncommitted option to increase the RCF by an additional US$ 500 million;
- 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[2];
- Under the former RCF, a leverage covenant applied which limited the consolidated net borrowings divided by adjusted EBITDA to < 3.75. This growth-restrictive covenant has been replaced by a Lease Backlog Cover Ratio (LBCR). The LBCR is used to determine the maximum funding availability under the RCF. The LBCR is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational FPSOs in the backlog. The maximum theoretical amount available under the RCF is then determined by dividing the net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the then applicable Facility Amount. As at February 13, 2019 headroom on the maximum theoretical amount available was exceeding US$ 0.5 billion;
- Leverage ratio, based on reported Directional figures, used to determine the pricing only;
- Additional financial covenants apply to the RCF as agreed with the respective lenders as follows:

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

  - Solvency: Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets > 25%;
  - Interest Cover Ratio: Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable is > 4.0;
- The computation of the covenants has been simplified and all calculations are based on either the reported Directional or IFRS figures including certain permitted adjustments;
- All other terms remain in line with the former RCF.

The new covenants are calculated on a semi-annual basis at the 31 December and 30 June. The new covenants will apply from the signing date of February 13, 2019.