



**OFFSHORE**

ENERGY. COMMITTED.



# ANNUAL REPORT 2019

## 4 FINANCIAL STATEMENTS 2019

### 4.2.5 CONSOLIDATED CASH FLOW STATEMENT

in millions of US\$	Notes	2019	2018
<b>Cash flow from operating activities</b>			
<b>Profit/(loss) before income tax</b>		<b>542</b>	<b>384</b>
<b>Adjustments to reconcile profit before taxation to net cash flows:</b>			
Depreciation and amortization		243	237
Impairment		27	(2)
Net financing costs		254	233
Share net income of associates and joint ventures		(43)	(13)
Share based compensation		17	17
(Increase)/Decrease in working capital:			
- (Increase)/Decrease Trade and other receivables		(39)	178
- (Increase)/Decrease Construction work in progress		(1,176)	(315)
- (Increase)/Decrease Inventories		(3)	(90)
- Increase/(Decrease) Trade and other payables		(46)	104
Increase/(Decrease) Other provisions		(165) <sup>1</sup>	(307) <sup>2</sup>
Reimbursement finance lease assets		197	1,252 <sup>3</sup>
Income taxes paid		(29)	(30)
<b>Net cash flows from (used in) operating activities</b>		<b>(220)</b>	<b>1,647</b>
<b>Cash flow from investing activities</b>			
Investment in property, plant and equipment		(30)	(42)
Investment in intangible assets		(9)	(6)
Additions to funding loans	4.3.16	(0)	(181)
Redemption of funding loans	4.3.16	175	71
Interest received		8	42
Dividends received from equity-accounted investees		139	59
Proceeds from disposal of financial assets and other assets		(0)	(4)
<b>Net cash flows from (used in) investing activities</b>		<b>282</b>	<b>(61)</b>
<b>Cash flow from financing activities</b>			
Equity repayment to partners		82	(165)
Additions to borrowings and loans	4.3.24	1,389	1
Repayments of borrowings and lease liabilities	4.3.24	(1,039)	(1,269) <sup>4</sup>
Dividends paid to shareholders and non-controlling interests		(108)	(103)
Payments to non-controlling interests for change in ownership		(149) <sup>5</sup>	(5)
Share repurchase program		(196)	-
Interest paid		(244)	(257)
<b>Net cash flows from (used in) financing activities</b>		<b>(264)</b>	<b>(1,797)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(202)</b>	<b>(211)</b>
Net cash and cash equivalents as at 1 January		718	957
Net increase/(decrease) in net cash and cash equivalents		(202)	(211)
Foreign currency variations		(9)	(28)
<b>Net cash and cash equivalents as at 31 December</b>		<b>506</b>	<b>718</b>

1 Includes US\$181 million payment of Yme proceeds shared with Repsol

2 Includes US\$(196) million payment for the settlement with Brazilian authorities and Petrobras and US\$(80) million compensation paid to the partners in the investee owning the Turrítella (FPSO) before acquisition by Shell.

3 Includes US\$987 million purchase price acquisition of Turrítella (FPSO) by Shell.

4 Includes US\$(723) million redemption of Turrítella (FPSO) project financing loan.

5 Relates to US\$149 million payment for the purchase of shares in Cidade de Paraty, Cidade de Ilhabela, Cidade de Marica, Cidade de Saquarema and Capixaba.



The reconciliation of the net cash and cash equivalents as at 31 December with the corresponding amounts in the statement of financial position is as follows:

Reconciliation of net cash and cash equivalents as at 31 December

in millions of US\$	31 December 2019	31 December 2018
Cash and cash equivalents	506	718
<b>Net cash and cash equivalents</b>	<b>506</b>	<b>718</b>

## 4.2.6 GENERAL INFORMATION

SBM Offshore N.V. has its registered office in Amsterdam, the Netherlands and is located at Evert van de Beekstraat 1-77, 1118 CL in Schiphol, the Netherlands. SBM Offshore N.V. is the holding company of a group of international marine technology-oriented companies. The Company globally serves the offshore oil and gas industry by supplying engineered products, vessels and systems, as well as offshore oil and gas production services.

The Company is registered at the Dutch Chamber of Commerce under number 24233482 and is listed on the Euronext Amsterdam stock exchange.

The consolidated financial statements for the year ended December 31, 2019 comprise the financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US dollars, except when otherwise indicated. Figures may not add up due to rounding.

The consolidated financial statements were authorized for issue by the Supervisory Board on February 12, 2020.

## 4.2.7 ACCOUNTING PRINCIPLES

### A. ACCOUNTING FRAMEWORK

The consolidated financial statements of the Company have been prepared in accordance with, and comply with, IFRS and interpretations adopted by the EU, where effective, for financial years beginning January 1, 2019 and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The Company financial statements included in section 4.4 are part of the 2019 financial statements of SBM Offshore N.V.

### NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AS OF JANUARY 1, 2019

The Company has adopted the following new standards as of January 1, 2019:

- IFRIC 23 - 'Uncertainty over Income Tax Treatments';
- Amendments to IFRS 9 - 'Prepayment Features with Negative Compensation';
- Amendments to IAS 19 - 'Plan Amendment, Curtailment or Settlement'; and
- Annual Improvements to 2015-2017 Cycle.

#### IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 provides a framework to consider, recognize and measure the accounting impact of tax uncertainties. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty.

An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

The adoption of this interpretation has no significant effect on the financial statements for earlier periods and the year-end financial statements for the period ended December 31, 2019.

#### IFRS 9 – Prepayment Features with negative Compensation

The International Accounting Standards Board (IASB) has issued a narrow-scope amendment to IFRS 9. The amendment covers two issues: