



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

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 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 ¹		39	0	9	-	-	7	23	31
Total 100%		6,789	6,158	234	3,891	3,761	745	66	1,006

1 Turrutella (FPSO) was sold in January 2018. Turrutella's numbers have been condensed into non-material NCI.

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)

	2019	2018
Net result	145	132
Accumulated amount of NCI	865	978

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

	2019	2018
Equity at 100%	2,670	2,284
Company ownership	(1,805)	(1,305)
Accumulated amount of NCI	865	978

4.3.33 RELATED PARTY TRANSACTIONS

During 2019, 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

	Note	2019	2018
Revenue		19	27
Cost of sales		(13)	(18)
Loans to joint ventures and associates	4.3.16	55	234
Trade receivables		52	99
Trade payables		17	56
Lease liabilities ¹		97	109

1 DSCV SBM Installer charter lease contract.

4 FINANCIAL STATEMENTS 2019

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 Investment in Associates and Joint Ventures.

4.3.34 INDEPENDENT AUDITOR'S FEES AND SERVICES

Fees included in other operating costs related to PwC, the 2019 and 2018 Company's external independent auditor, are summarized as follows:

<i>in thousands of US\$</i>	2019	2018
Audit of financial statements	2,204	2,209
<i>Out of which:</i>		
- <i>invoiced by PwC Accountants N.V.</i>	1,488	1,133
- <i>invoiced by PwC network firms</i>	716	1,076
Tax advisory services by PwC network firms	59	79
Other assurance services	131	111
Total	2,394	2,399

In both 2019 and 2018, the other assurance services were mainly related to the review of the Company sustainability report.

4.3.35 EVENTS AFTER END OF REPORTING PERIOD

DIVIDEND AND SHARE REPURCHASE PROGRAM

The Company's dividend 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. As part of the Company's regular planning process, following review of its cash flow position and forecast, the Company has concluded that the outlook for cash flow generation has improved given the increase in the quantum of the Lease and Operate backlog and its duration. Based on this, a dividend of US\$150 million (which equals c. US\$0.76 per share, based on the number of shares outstanding at December 31, 2019), to be paid out of retained earnings, will be proposed at the Annual General Meeting on April 8, 2020. This represents an increase of c. 100% compared to the dividend paid in 2019.

The Company has invested equity in projects, which are under construction or recently completed. Most of this equity investment will be returned to the Company following drawdown of non-recourse project finance facilities in the near future. After having reviewed the current liquidity position including the return of this investment, taking account of future growth requirements and the resulting cash flow outlook, the Company has determined that it currently has the capacity to repurchase shares. Consequently, on February 13, 2020 the Company will commence a EUR150 million share repurchase program.

RCF EXTENSION OPTION EXERCISED BY THE COMPANY

On February 5, 2020, the lenders to the Company's US\$1 billion Revolving Credit Facility (RCF) agreed to the Company's request to exercise the first one-year extension option. The final maturity date of the RCF is thereby extended from February 12, 2024 to February 12, 2025. The Company has one additional one-year extension option remaining which can be requested 60 days prior to the second anniversary of the RCF.