



**OFFSHORE**

ENERGY. COMMITTED.



# ANNUAL REPORT 2019

## 4 FINANCIAL STATEMENTS 2019

### 4.5 NOTES TO THE COMPANY FINANCIAL STATEMENTS

#### 4.5.1 INVESTMENT IN GROUP COMPANIES

The movements in the item Investment in Group companies are as follows:

Investment in Group companies

	2019	2018
Balance at 1 January	2,613	2,473
Reclassification to other receivables	44	46
<b>Investments net value</b>	<b>2,657</b>	<b>2,518</b>
Result of Group companies	389	239
Investments	-	1
Divestments and capital repayments	(11)	-
Dividends received	(247)	(61)
Other changes <sup>1</sup>	17	(25)
Foreign currency variations	(23)	(14)
<b>Movements</b>	<b>125</b>	<b>141</b>
<b>Balance at 31 December</b>	<b>2,739</b>	<b>2,613</b>
Reclassification to other receivables <sup>2</sup>	6	44
<b>Investments net value at 31 December</b>	<b>2,745</b>	<b>2,657</b>

<sup>1</sup> Mainly relates to Cash flow hedges and transaction with non-controlling interests (please refer to note 4.2.4 'Company's Consolidated Statement of changes in equity).

<sup>2</sup> This relates to negative equity booked against the companies stand-alone receivables on those investments.

An overview of the information on principal subsidiary undertakings required under articles 2: 379 of the Dutch Civil Code is given below. The subsidiaries of SBM Offshore N.V. are the following (all of which are 100% owned):

- SBM Offshore Holding B.V., Amsterdam, the Netherlands
- SBM Holding Inc. S.A., Marly, Switzerland
- SBM Holding Luxembourg S.à.r.l, Luxembourg, Luxembourg
- SBM Schiedam B.V., Rotterdam, the Netherlands
- Van der Giessen-de Noord N.V., Krimpen a/d IJssel, the Netherlands
- SBM Holland B.V., Rotterdam, the Netherlands
- FPSO Capixaba Holding B.V., 's-Gravenhage, the Netherlands
- XNK Industries B.V., Dongen, the Netherlands

#### 4.5.2 DEFERRED TAX ASSET

SBM Offshore N.V. is head of a fiscal unity in which all Dutch entities are included, except for the entities that are held by SBM Holding Inc. S.A. and the joint venture entities. For more details refer to note 4.4.3 General.

A deferred tax asset is recognized for tax losses of the fiscal unity which can be carried forward and are expected to be recovered based on anticipated future taxable profits within the Dutch fiscal unity. The tax losses recognized for the years until 2018 can be carried forward for a period of nine years, while any tax losses recognized from 2019 onwards can be carried forward for a period of six years.

The deferred tax asset for tax losses brought forward from prior years amounts to US\$3 million.

#### 4.5.3 OTHER RECEIVABLES

	31 December 2019	31 December 2018
Trade receivables	5	-
Amounts owed by Group companies	3	10
Other debtors	1	1
<b>Total</b>	<b>9</b>	<b>11</b>

Other receivables fall due in less than one year. The fair value of the receivables reasonably approximates the book value, due to their short-term character.

#### 4.5.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are at SBM Offshore N.V.'s free disposal.

#### 4.5.5 SHAREHOLDERS' EQUITY

For an explanation of the shareholders equity, reference is made to the Consolidated Statement of Changes in Equity and note 4.3.23 Equity Attributable to Shareholders.

Legal reserve

	31 December 2019	31 December 2018
Investees equity non-distributable	1,446	1,232
Capitalized development expenditure <sup>1</sup>	18	15
Translation reserve	(101)	(79)
Cash flow hedges	(157)	(52)
<b>Total</b>	<b>1,206</b>	<b>1,116</b>

<sup>1</sup> Relates to the development expenditures of the Company's subsidiaries.

The 'Investees equity non-distributable' legal reserve relates mainly to non-distributable profits generated by the co-owned entities (refer to note 4.3.31 Investment in Associates and Joint Ventures and 4.3.32 Information on Non-controlling Interests). The agreed principle in the applicable shareholders' agreements is that the shareholders shall procure that any available reserves are distributable after paying any expenses due and taking into account co-owned entity and applicable legal requirements. However, as unanimous decision of shareholders agreements in most of the co-owned entities is required to distribute the profits generated, the equity of these entities is classified as a non-distributable reserve under Dutch guidelines for financial reporting. On a regular basis the Company ensures that dividends are approved by the partners and distributed accordingly to the shareholders.

#### PROPOSED APPROPRIATION OF RESULT

With the approval of the Supervisory Board, it is proposed that the result shown in SBM Offshore N.V. income statement be appropriated as follows (in US\$):

Appropriation of result

	2019
Profit/(Loss) attributable to shareholders	366
In accordance with note 4.6.1 to be transferred to the 'Retained earnings'	366
<b>At the disposal of the General Meeting of Shareholders</b>	<b>-</b>

It is proposed that US\$150 million of retained earnings is distributed among the shareholders.

#### 4.5.6 OTHER CURRENT AND NON-CURRENT LIABILITIES

Current and non current liabilities

	31 December 2019	31 December 2018
Trade payables	4	1
Amounts owed to Group companies	1	31
Taxation and social security costs	0	0
Other creditors	5	6
<b>Total current liabilities</b>	<b>10</b>	<b>38</b>

The other current liabilities fall due in less than one year. The fair value of other current liabilities approximates the book value, due to their short-term character.