OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

4 FINANCIAL INFORMATION 2021

CASH FLOW / LIQUIDITIES – DIRECTIONAL

Cash and undrawn committed credit facilities amount to US$2,984 million at December 31, 2021, of which US$1,069 million is considered as pledged to specific project debts servicing related to *Liza Unity* (FPSO), *Prosperity* (FPSO) and *FPSO Sepetiba* or otherwise restricted in its utilization.

The consolidated cash flow statement under Directional reporting is as follows:

in millions of US$	2021	2020
EBITDA	**849**	**1,021**
Adjustments for non-cash and investing items		
Addition/(release) provision	14	25
(Gain)/loss on disposal of property, plant and equipment	(1)	1
(Gain) / loss on acquisition of shares in investees	0	(1)
Share-based payments	27	26
Changes in operating assets and liabilities		
(Increase)/Decrease in operating receivables	17	(227)
Movement in construction work-in-progress / contract liability	(42)	24
(Increase)/Decrease in inventories	(1)	(134)
Increase/(Decrease) in operating liabilities	(82)	11
Income taxes paid	(66)	(51)
Net cash flows from (used in) operating activities	**715**	**696**
Capital expenditures	(1,483)	(871)
(Addition) / repayments of funding loans	(6)	3
Cash receipts from sale of investments in joint ventures	53	28
Other investing activities	20	4
Net cash flows from (used in) investing activities	**(1,415)**	**(837)**
Additions and repayments of borrowings and lease liabilities	1,945	534
Dividends paid to shareholders	(165)	(150)
Share repurchase program	(178)	(165)
Interest paid	(224)	(155)
Net cash flows from (used in) financing activities	**1,377**	**62**
Foreign currency variations	(2)	5
Net increase/(decrease) in cash and cash equivalents	**676**	**(74)**

Significant cash has been generated in 2021. The (i) strong operating cash flows, (ii) drawdowns on project financings and bridge loans and (iii) net proceed from the issuance of the senior secure notes on *FPSO Cidade de Ilhabela* were partially used to:

- Invest in the five FPSOs under construction and the limited scope for the FPSO for the Yellowtail development project;
- Return funds to the shareholders through dividends and the share repurchase program; and
- Service the Company's non-recourse debt and interest in accordance with the respective repayment schedules.

The fact that the bridge loans related to *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* were drawn in full during the last quarter of 2021 for a total amount of US$1,255 million generated a significant excess of financing cash flow compared with actual investments to date on these two units (approximately US$800 million as of December 31, 2021). As a result, cash and cash equivalents increased from US$383 million at year-end 2020 to US$1,059 million at year-end 2021.

4.1.4 FINANCIAL REVIEW IFRS

	IFRS	
in US$ million	FY 2021	FY 2020
Revenue	**3,747**	**3,496**
Lease and Operate	1,270	1,761
Turnkey	2,477	1,735
Underlying Revenue	**3,822**	**3,419**
Lease and Operate	1,345	1,684
Turnkey	2,477	1,735
EBITDA	**823**	**1,043**
Lease and Operate	636	1,007
Turnkey	271	114
Other	(84)	(78)
Underlying EBITDA	**906**	**966**
Lease and Operate	711	930
Turnkey	271	114
Other	(76)	(78)
Profit/(loss) attributable to shareholders	**400**	**191**
Underlying profit attributable to shareholders	**405**	**277**

UNDERLYING PERFORMANCE

Underlying IFRS Revenue and EBITDA are adjusted for the non-recurring events during a financial period to enable comparison of normal business activities for the current period in relation to the comparative period.
During 2021 the IFRS EBITDA and profit attributable to shareholders is impacted by US$(8) million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.
In addition, the 2021 Underlying IFRS Revenue and EBITDA includes US$75 million related to final cash received for the period under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020. This amount was excluded from the Underlying 2020 Revenue and EBITDA. Considering the associated depreciation of the vessel, this transaction only negligibly impacted the Underlying IFRS gross margin and the profit attributable to shareholders.

For reference, the difference between profit attributable to shareholders and Underlying IFRS profit attributable to shareholders was due to the following non-recurring items in 2020:

- A full impairment of US$(57) million of the SBM Installer installation vessel.
- Other impairments of US$(29) million (individually not significant) relating to: (i) partial impairment of two units and (ii) increased impairment loss on financial assets.

PROFITABILITY

Preliminary remark

In contrast to Directional, the construction of *Liza Unity* (FPSO) and *Prosperity* (FPSO) contributed to both IFRS Turnkey revenue and gross margin over the period. This is because these contracts are classified as finance leases as per IFRS 16 and are therefore accounted for as a direct sale under IFRS.

The same treatment applied to the construction of *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão* and the FPSO for the Yellowtail development project under IFRS, except that revenue recognition on these projects was limited to cost incurred over the period as they have not yet reached the gate progress of completion allowing margin recognition under the Company policy (this gate being formalized by an independent project review mitigating uncertainties related to the cost at completion).

With respect to the construction of *FPSO Sepetiba*, it fully contributed to both IFRS Turnkey revenue and gross margin over the period given this contract is classified as finance lease (versus a contribution to Directional Turnkey revenue and gross margin limited to the portion of the sale to partners in the special purpose entity, i.e 35.5%).