



EXPERIENCE **MATTERS**

**2016**

ANNUAL REPORT

## 5 FINANCIAL REPORT 2016

Provided below is a reconciliation of net income before taxes to Cash Flow from Operations:

in millions of US\$	2016	2015
<b>Net income before taxes</b>	<b>275</b>	<b>137</b>
<b>Adjustments for non-cash items</b>		
Depreciation of property, plant and equipment	216	212
Net impairment / (impairment reversal)	32	9
Amortisation of intangible assets	3	1
<b>Adjustments for investing and financing items</b>		
Share in net income of associates and joint ventures	(30)	(73)
Finance income	(26)	(25)
Finance costs excluding impairment	301	200
(Gain) / loss on disposal of property, plant and equipment	(2)	1
(Gain) / loss on disposal of subsidiary	0	3
<b>Adjustments for equity items</b>		
Share-based payments	16	20
Reclassification of exchange differences relating to the disposal of foreign subsidiaries	0	0
<b>Subtotal</b>	<b>787</b>	<b>484</b>
<b>Changes in operating assets and liabilities</b>		
Decrease / (increase) in investments	0	3
Decrease in operating receivables (excluding WIP)	20	178
Increase in WIP (excluding reclass to Financial Assets)	(301)	(836)
Decrease in operating liabilities	(240)	(548)
<b>Total changes in operating assets and liabilities</b>	<b>(521)</b>	<b>(1,204)</b>
Reimbursement finance lease assets	237	206
Income taxes paid	(15)	(24)
<b>Net cash generated from operating activities</b>	<b>488</b>	<b>(538)</b>

### OUTLOOK AND GUIDANCE

Management's expectations for order intake in 2017 remain unchanged, aligned with an outlook for the industry where recovery is expected to be gradual as clients remain cautious regarding investment in their development programs. At the same time, productive client discussions continue to take place to make deep water projects competitive in today's oil price environment. A positive medium to long-term outlook is maintained as deep water offshore is expected to remain an important element in the energy supply of the future.

The Company is providing 2017 Directional revenue guidance of around US\$ 1.7 billion, with around US\$ 1.5 billion from Lease and Operate and around US\$ 200 million from Turnkey. 2017 Directional EBITDA is guided at around US\$ 750 million.

## 5.2 CONSOLIDATED FINANCIAL STATEMENTS

### 5.2.1 CONSOLIDATED INCOME STATEMENT

in millions of US\$	Notes	2016	2015
Revenue	5.3.2/5.3.3	2,272	2,705
Cost of sales	5.3.5	(1,434)	(1,864)
<b>Gross margin</b>	<b>5.3.2</b>	<b>838</b>	<b>841</b>
Other operating income/(expense)	5.3.4/5.3.5	(66)	(302)
Selling and marketing expenses	5.3.5	(37)	(61)
General and administrative expenses	5.3.5	(142)	(196)
Research and development expenses	5.3.5/5.3.8	(29)	(43)
<b>Operating profit/(loss) (EBIT)</b>	<b>5.3.2</b>	<b>564</b>	<b>239</b>
Financial income	5.3.7	26	25
Financial expenses	5.3.7	(301)	(200)
<b>Net financing costs</b>		<b>(275)</b>	<b>(175)</b>
Share of profit of equity-accounted investees	5.3.31	(14)	73
<b>Profit/(Loss) before tax</b>		<b>275</b>	<b>137</b>
Income tax expense	5.3.9	(28)	(26)
<b>Profit/(Loss)</b>		<b>247</b>	<b>110</b>
Attributable to shareholders of the parent company		182	29
Attributable to non-controlling interests	5.3.32	65	81
<b>Profit/(Loss)</b>		<b>247</b>	<b>110</b>

#### Earnings/(loss) per share

	Notes	2016	2015
Weighted average number of shares outstanding	5.3.10	210,568,416	210,851,051
Basic earnings/(loss) per share	5.3.10	US\$ 0.87	US\$ 0.14
Fully diluted earnings/(loss) per share	5.3.10	US\$ 0.87	US\$ 0.14