



EXPERIENCE **MATTERS**

**2016**

ANNUAL REPORT

## 5 FINANCIAL REPORT 2016

- **Net Interest Payable:** All interest and other financing charges paid up, payable (other than capitalized interest during a construction period and interest paid or payable between wholly owned members of the Company) by the Company less all interest and other financing charges received or receivable by the Company, as per IFRS and on a proportional basis for the Company's share of interests in all lease and operate joint ventures

### Covenants

	2016	2015
Tangible Net Worth	3,691	3,637
Total Tangible Assets	11,403	11,274
Solvency Ratio	32.4%	32.3%
Consolidated Net Borrowings	3,063	3,194
Adjusted EBITDA (SBM Offshore N.V.)	1,077	863
Leverage Ratio	2.84	3.70
Net Interest Payable	159	121
Interest Cover Ratio	5.97	7.10

None of the loans and borrowings in the statement of financial position were in default as at the reporting date or at any time during the year. During 2016 and 2015 there were no breaches of the loan arrangement terms and hence no default needed to be remedied, or the terms of the loan arrangement renegotiated, before the financial statements were authorized for issue.

### 5.3.25 DEFERRED INCOME

The deferred incomes are as follows:

	31 December 2016	31 December 2015
Deferred income on operating lease contracts	247	245
Other	16	15
<b>Total</b>	<b>263</b>	<b>260</b>

The deferred income on operating lease contracts is mainly related to the revenue for one of the operating lease units, which reflects a degressive day-rate schedule. As income is shown in the income statement on a straight-line basis with reference to IAS 17 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant contracts.

## 5.3.26 PROVISIONS

The current portion and the non-current portion of provisions refer to the following type of provisions:

### Provisions (summary)

	Notes	31 December 2016	31 December 2015
Demobilisation		103	119
Onerous contract		42	-
Warranty		104	116
Employee benefits	5.3.6	26	29
Other		330	278
<b>Total</b>		<b>604</b>	<b>541</b>
of which :			
Non-current portion		257	131
Current portion		347	410

The movements in the provisions, other than those on employee benefits described in Note 5.3.6 'Employee benefit expenses' are:

### Provisions (movements)

	Demobilisation	Onerous contracts	Warranty	Other
<b>Balance at 1 January 2015</b>	<b>110</b>	<b>1</b>	<b>118</b>	<b>9</b>
Arising during the year	36	-	15	273
Unwinding of interest	3	-	-	-
Utilised	(24)	-	(16)	(3)
Released to profit	(7)	(1)	-	0
Other	-	-	-	-
Foreign currency variations	0	0	0	0
<b>Balance at 31 December 2015</b>	<b>119</b>	<b>-</b>	<b>116</b>	<b>278</b>
Arising during the year	-	42	31	65
Unwinding of interest	3	-	-	14
Utilised	(12)	-	(42)	(23)
Released to profit	(6)	-	0	(5)
Other	-	-	0	0
Foreign currency variations	-	(1)	0	1
<b>Balance at 31 December 2016</b>	<b>103</b>	<b>42</b>	<b>104</b>	<b>330</b>

### Demobilization

The provision for demobilization relates to the costs for demobilization of the vessels and floating equipment at the end of the respective operating lease periods. The obligations are valued at net present value, and a yearly basis interest is added to this provision. The recognized interest is included in financial expenses (see Note 5.3.7 'Net financing costs').

Expected outflow within one year amounts to US\$ 0 million, nil between one and five years and US\$ 103 million after five years.