SBM OFFSHORE



EXPERIENCE MATTERS

2016 ANNUAL REPORT

5 FINANCIAL REPORT 2016

STATEMENT OF FINANCIAL POSITION

in millions of US$	2016	2015	2014	2013	2012[1]
Capital employed IFRS	8,996	8,806	8,134	6,383	3,420
Total equity IFRS	3,513	3,465	3,149	2,887	1,530
Net debt IFRS	5,216	5,208	4,775	3,400	1,816
Net gearing (%) IFRS	59.8	60.0	60.3	54.1	54.3
Total assets IFRS	11,488	11,340	11,118	8,749	6,635
Leverage ratio	2.84	3.70	2.56	2.50	2.01
Solvency ratio	32.4	32.3	31.1	30.2	27.1

1 not restated for comparison purpose

Total assets remained almost stable at US$ 11.5 billion as of December 31, 2016 compared to US$ 11.3 billion at year end 2015. This slight variance is mainly attributable to the increasing cash position while the finalized investments in FPSOs *Cidade de Maricá*, *Cidade de Saquarema* and *Turritella* are largely offset by vessels depreciation and finance lease redemptions.

Shareholder's equity increased from US$ 2,496 million to US$ 2,516 million mostly due to the 2016 net income partially offset by the Share repurchase program completed over the period.

Capital Employed (Equity + Non-Current Provisions + Deferred tax liability + Net Debt) at year-end 2016 amounted to US$ 8,996 million, an increase of 2% compared to US$ 8,806 million in 2015. This was due in large part to the increase of non-current provisions following the reclassification as 'non-current' of part of the provision for contemplated settlement with Brazilian authorities and Petrobras, as well as the new provision for onerous contracts booked over the period.

IFRS net debt was at US$ 5,216 million versus US$ 5,208 million in 2015. Proportional net debt at year-end amounted to US$ 3,147 million versus US$ 3,128 million in the year-ago period. The stability of the net debt is mainly related to strong operating cash-flow generation covering investing activities, payment of dividends and the share repurchase program over the period.

IFRS net gearing (net debt over equity + net debt) at the end of the year came at 59.8%, almost stable compared to year end 2015 (60%).

The relevant banking covenants (Solvency, Net Debt/Adjusted EBITDA, Interest Cover) were all met. As in previous years, the Company has no off-balance sheet financing.

CAPITAL STRUCTURE

Despite the continuous market downturn, the Company's financial position has remained strong. The growth of the lease and operate segment as well as the adaptation of the Turnkey segment to a depressed market, coupled with strong cash-flows generated by the fleet strengthened equity and resulted in net debt staying constant despite payment of significant shareholder returns.

INVESTMENT AND CAPITAL EXPENDITURES

Total investments made in 2016 reached US$ 34 million compared to the US$ 775 million in 2015. Highlights for fiscal year 2016 investments are:

- Capital expenditure of US$ 14 million compared to US$ 23 million in 2015.
- Net investments in finance leases totaling US$ 20 million compared to US$ 704 million in 2015.