



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.

Total capital expenditures for 2016, which consist of additions to property, plant and equipment plus capitalized development expenditures, were related to minor investments.

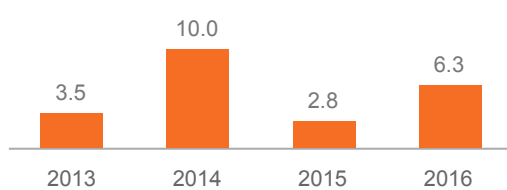
Due to the classification of the contracts as finance leases under IFRS, investments in the units were recorded as construction contracts, with the investments in finance leases ultimately recorded as financial assets. The net investment in these finance lease contracts amounted to US\$ 20 million in 2016, which compares to US\$ 704 million in 2015, and is reported as operating activities in the consolidated cash-flow statement.

The decrease in property, plant and equipment in 2016 to US\$ 1,474 million, compared to US\$ 1,686 million at the end of 2015, resulted from the very low level of capital expenditure less normal depreciation and amortisation.

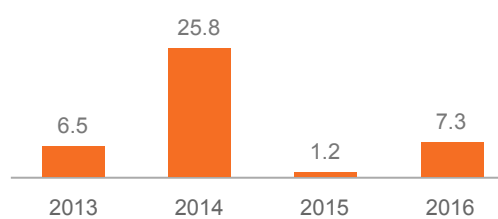
RETURN ON AVERAGE CAPITAL EMPLOYED AND EQUITY

Both IFRS Return on Average Capital Employed (ROACE) and Return on Average Shareholders' Equity (ROAE) increased, to 6.3% and 7.3% respectively in 2016. This was primarily the result of the higher EBIT and Net Result reported under IFRS in 2016 while equity and capital employed remained almost stable.

Return on Average Capital Employed (%)



Return on Average Equity (%)



CASH FLOW/LIQUIDITIES

Cash and undrawn committed credit facilities amounted to US\$ 1,904 million, US\$ 221 million of which can be considered as being dedicated to specific project debt servicing or otherwise restricted in its utilization.

The Enterprise Value to EBITDA ratio at year-end 2016 came in at 12.4, lower than the previous year, due mainly to significant increase in the Company's IFRS EBITDA.

in millions of US\$	2016	2015	2014	2013	2012 ¹
IFRS EBITDA	772	462	925	592	681
Cash	904	515	452	208	715
Cash flow from operations	488	(538)	(1,356)	(1,044)	1,134
EV : IFRS EBITDA ratio at 31/12	12.4	19.3	8.6	14.3	6.3

¹ not restated for comparison purpose