

2022
ANNUAL
REPORT



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4.1.3 FINANCIAL REVIEW DIRECTIONAL

in US\$ million	Directional	
	FY 2022	FY 2021
Revenue	3,288	2,242
Lease and Operate	1,763	1,509
Turnkey	1,525	733
Underlying Revenue	3,288	2,317
Lease and Operate	1,763	1,584
Turnkey	1,525	733
EBITDA	1,010	849
Lease and Operate	1,080	914
Turnkey	7	19
Other	(77)	(84)
Underlying EBITDA	1,010	931
Lease and Operate	1,080	989
Turnkey	7	19
Other	(77)	(76)
Profit/(loss) attributable to shareholders	115	121
Underlying profit attributable to shareholders	115	126

in US\$ billion	Directional	
	FY 2022	FY 2021
Backlog	30.5	29.5

UNDERLYING PERFORMANCE – DIRECTIONAL

Underlying Directional 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 2022, Directional Revenue, EBITDA and profit attributable to shareholders were not impacted by any non-recurring transaction. Therefore, Underlying Directional Revenue, EBITDA and profit attributable to shareholders have not been adjusted.

For reference, in 2021:

- the Underlying Directional Revenue and EBITDA included US\$75 million related to the final cash received in 2021 under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020. Considering the associated depreciation of the vessel, this transaction only negligibly impacted the Underlying Directional gross margin and profit attributable to shareholders.
- The Directional EBITDA and profit attributable to shareholders were impacted by US\$(8) million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

BACKLOG – DIRECTIONAL

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

The pro-forma Directional backlog at the end of 2022 reflects the following key assumptions:

- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease and operate.
- The FPSO *Liza Unity* and FPSO *Prosperity* contracts cover a maximum period of two years of lease and operate within which the FPSO ownership and operation will transfer to the client.
- The FPSO *ONE GUYANA* contract awarded to the Company in April 2022 covers a maximum period of lease and operate of two years, within which the FPSO ownership and operation will transfer to the client.
- For FPSO *Liza Unity*, FPSO *Prosperity* and FPSO *ONE GUYANA*, the impact of the sale of those 3 FPSO's is reflected in the Turnkey backlog at the end of the maximum two-year period.

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- For both FPSO *ONE GUYANA* and FPSO *Prosperity* the pro-forma backlog set out below takes the operation and maintenance scope up to a two-year contractual period into account as it has been agreed in principle, pending a final work order. This affords consistency with prior years and better reflects the current reality.
- The 13.5% equity divestment in *FPSO Sepetiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals, which include the consent from co-owners, lenders and export credit agencies.

The pro-forma Directional backlog at the end of December 2022 increased by US\$1 billion to a total of US\$30.5 billion. This increase was mainly the result of the awarded contract for the FPSO *ONE GUYANA* project partially offset by the turnover for the period which consumed US\$3.3 billion of backlog. The partial 45% divestments to partners related to projects *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, which were concluded in 2022 (see note 4.3.1 Financial Highlights), had no impact on the pro-forma backlog as divestment impact of those two projects was already considered in the 2021 pro-forma Directional backlog. The Company's backlog provides cash flow visibility of 28 years, up to 2050.

in billions of US\$	Turnkey	Lease & Operate	Total
2023	0.9	1.9	2.7
2024	1.7	1.9	3.7
2025	1.3	2.2	3.4
Beyond 2025	2.0	18.7	20.7
Total Backlog	5.9	24.7	30.5

Pro-forma Directional Backlog (in billions of US\$)



PROFITABILITY – DIRECTIONAL

Accounting treatment of projects under construction

It should be noted that the ongoing EPC works on FPSO *Prosperity* and the FPSO *ONE GUYANA* and finalized EPC works on FPSO *Liza Unity* did not contribute to Directional net income over the period. This is because the contracts were 100% owned by the Company as of December 31, 2022 and are classified as operating leases as per Directional accounting principles.

The Company has determined that it is optimal from an operational and financial perspective to retain full ownership as opposed to partnering on these projects. Therefore, under the Company's Directional accounting policy, the revenue and margin recognition on these two FPSO projects is as follows:

- The Company does not recognize any revenue and margin during the Turnkey phase of the project unless defined invoicing (if any) to the client occurred during the construction phase to cover specific construction work and/or services performed before the commencement of the lease. The upfront payments are recognized as revenues and the cost of