



2024 ANNUAL REPORT



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Interest rate risk (exposure)

	2024	2023
Variable rate instruments (SOFR)	(10,126)	(10,435)
Less: Reimbursable items (SOFR)	1,500	1,524
Less: IRS contracts (SOFR)	7,767	8,043
Exposure	(859)	(867)

Interest rate risk (sensitivity)

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2024				
Variable rate instruments (SOFR)	(9)	9	-	-
Interest rate swap (SOFR)	-	-	356	(356)
Sensitivity (net)	(9)	9	356	(356)
31 December 2023				
Variable rate instruments (SOFR)	(9)	9	-	-
Interest rate swap (SOFR)	-	-	404	(404)
Sensitivity (net)	(9)	9	404	(404)

The exposure of US\$859 million is primarily arising from the residual exposure on the unhedged portion of project loan facilities for *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and *FPSO ONE GUYANA*. The interest rate exposure arising from these loans is mainly offset by the Cash and Cash Equivalents at December 31, 2024.

The sensitivity on equity and the income statement resulting from a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for 2023.

At December 31, 2024, it is estimated that a general increase of 100 basis points in interest rates would decrease the Company's profit before tax for the year by approximately US\$9 million (2023: decrease of US\$8 million), mainly related to the residual interest rate exposure.

As set out above, the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long term, however, permanent changes in interest rates could have an impact on consolidated earnings.

Commodity risk

Commodity exposure is defined by the Company as the risk of realizing adverse effects on operating cash flows and future earnings resulting from movement in commodity prices. The Company establishes hedge strategies in order to limit their commodity risk exposure in the following commodities:

- Oil exposure is mostly associated with transportation fuels connected with the Company's prospective contract awards, construction contracts and future decommissioning.
- Aluminum, steel, copper and iron ore exposures arise from the construction, refurbishment, repair of the products embedded in the Company's prospective contract awards, construction contracts and operation contracts.

Incoming lease payments following the Company's contractual arrangements with its clients are not impacted by the oil price.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's lease receivables, contract assets, other financial assets, trade and other receivables (including committed transactions), derivative financial instruments and cash and cash equivalents.

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Credit risk

Rating	2024		2023	
	Assets	Liabilities	Assets	Liabilities
AA	18	(23)	32	(9)
AA-	101	(99)	173	(54)
A+	262	(127)	180	(31)
A	48	-	30	(3)
BBB	-	-	1	-
Non-investment grade	-	(17)	-	-
Derivative financial instruments	429	(266)	416	(97)
AAA	278	-	153	-
AA	-	-	6	-
AA-	460	-	343	-
A+	44	-	23	-
A	6	-	10	-
Non-investment grade	18	-	8	-
Cash and cash equivalents and bank overdrafts	806	-	543	-

The Company maintains and reviews its policy on cash investments and limits per individual counterparty are set to:

- BBB- to BBB+ rating: US\$25 million or 10% of cash available.
- A- to A+ rating: US\$75 million or 20% of cash available.
- AA- to AA+ rating: US\$100 million or 20% of cash available.
- Above AA+ rating: no limit.

As per December 31, 2024, and December 31, 2023, cash investments below AA- rating do not exceed US\$100 million per individual counterparty.

Cash held in banks rated AA- is mainly linked to cash pledged to loan reimbursements to those same banks. Cash held in banks rated A+ is mainly related to the Company's activities in Equatorial Guinea (US\$40 million), where restrictions on currency flow apply. Cash held in banks rated below A- is mainly related to the Company's activities in Brazil (US\$9 million) and countries with restrictions on currency flow.

Financial assets held by the Company other than derivatives and cash and cash equivalents are mostly related to debtors in the oil and gas industry.

For trade debtors and contract assets, the credit quality of each customer is assessed, taking into account its financial position, past experience and other factors. Bank or parent company guarantees are negotiated with customers. Individual risk limits are set based on internal or external ratings, in accordance with limits set by the Management Board. At December 31, 2024, there are three major customers in three countries that have an outstanding balance with a percentage over 10% each of the total of trade and other receivables (December 31, 2023: two major customers). Reference is made to note 4.3.19 Trade and Other Receivables for information on the distribution of the trade debtor balances by country and an analysis of the ageing of those amounts. At December 31, 2024, three major customers in three countries account for over 10% each of total recognized contract assets (December 31, 2023: two major customers in two countries).

For lease receivables and other financial assets, the credit quality of each counterpart is assessed, taking into account its credit agency rating when available or a comparable proxy. At December 31, 2024, there are two major customers in two countries that have an outstanding balance with a percentage over 10% each of the total of finance lease receivables (December 31, 2023: two major customers in two countries). The Company has concluded that these balances have low credit risk, as explained in 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract Assets. Outstanding finance lease receivables are mostly graded at the equivalent between S&P ratings AAA and A (December 31, 2023: between AAA and BBB+). Furthermore, limited recourse project financing removes a significant portion of the credit risk on finance lease receivables.

Regarding loans to joint ventures and associates, the maximum exposure to credit risk is the carrying amount of these instruments. As the counterparties of these instruments are joint ventures, the Company has visibility over the expected cash flows and can monitor and manage credit risk that mainly arises from the joint venture's final client.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In 2024, the Company again conducted various liquidity scenarios, financial stress tests and sensitivity analyses. The conclusion remained that the Company's lease portfolio and the existing financing facilities and overall financing capacity are sufficient to ensure that the Company will continue as a going concern in the foreseeable future and it can sustain future growth plans. Furthermore, under its Lease and Operate contractual arrangements with clients, the Company has considerable time under charters in which to deal with disruptions from events outside the Company's control, thus providing it with considerable financial protection.

Liquidity is monitored using rolling forecasts of the Company's liquidity reserves, based on expected cash flows. Flexibility is secured by maintaining availability under committed credit lines.

The table below analyses the Company's non-derivative financial liabilities, derivative financial liabilities and derivative financial assets in relevant maturity groupings, based on the remaining period at the statement of financial position date until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for borrowings and derivative financial instruments are based on the SOFR 3-month rates as at the reporting date.

Liquidity risk 2024

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2024					
Borrowings		1,112	8,096	5,048	14,256
Lease liabilities		10	30	31	71
Derivative financial liabilities		215	74	-	289
Derivative financial assets		(186)	(313)	(321)	(820)
Trade and other payables	4.3.25	1,088	-	-	1,088
Total		2,239	7,886	4,759	14,884

Liquidity risk 2023

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2023					
Borrowings		436	7,327	6,176	13,939
Lease liabilities		11	44	61	116
Derivative financial liabilities		80	10	-	90
Derivative financial assets		(302)	(539)	(468)	(1,310)
Trade and other payables	4.3.25	1,170	-	-	1,170
Total		1,395	6,841	5,769	14,005

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure which optimizes the Company's cost of capital while ensuring diversification of sources of external funds.

The Company mainly uses its corporate revolving credit facility (RCF, US\$1 billion), supply-chain financing (SCF, US\$260 million) and the revolving credit facility for MPF hulls (US\$210 million) to bridge financing requirements on projects under