

2017

ANNUAL REPORT



EXPERIENCE MATTERS

4.1.5 OUTLOOK AND GUIDANCE

Management expects the deep water oil and gas market to continue to recover on the basis of improved break-even prices of world-class reservoirs combined with clients gaining confidence in long-term returns of offshore projects. Medium-term market visibility has improved as there is increased client demand for front-end engineering and design (FEED) scope aiming at optimizing project returns so that Final Investment Decisions (FIDs) can be taken. The Company continues to believe that deep water developments have a significant role to play in the energy mix of the future. The low level of investment in offshore projects over the past years has the potential to cause a long-term supply gap as reservoir decline rates are not offset by new production.

The Company's 2018 Directional revenue guidance is around US\$ 1.9 billion, with around US\$ 1.3 billion from Lease and Operate and around US\$ 600 million from Turnkey. Guidance for 2018 Directional EBITDA is around US\$ 750 million. This excludes the gain on the sale of *Turritella* (FPSO) (US\$ 213 million) and the expected positive impact from implementation of IFRS16 (c. US\$ 35 million) which the Company has decided to adopt early from 2018.

The Company expects that the performance of its Turnkey division will improve in line with the gradual market recovery in 2018 with 2017 being the turning point of the current cycle.

The above guidance assumes a partial sell-down of the Company's ownership share of FPSO Liza, which remains subject to negotiation and Management decision. Should expectation of this scenario change, guidance will be adjusted accordingly.