Subsea 7 S.A.

Annual Accounts
and
Report of the Réviseur d'Entreprises Agréé

31 December 2017

412F, route d'Esch
L-2086
Luxembourg
R.C.S. Luxembourg No. B43172

Subsea 7 S.A.
Table of contents

Subsea 7 S.A.
Report of the Réviseur d'Entreprises Agréé

To the Shareholders of
Subsea 7 S.A.
412F, route d'Esch
L-2086 Luxembourg

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Subsea 7 S.A. (the "Company"), which comprise the balance sheet as at 31 December 2017, the profit and loss account for the year then ended, and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Regulation, Law and standards are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter:	Impairment of Investments in Affiliated Undertakings
Description of key audit matter:	Subsea 7 S.A., as ultimate parent of the Group, holds shares in affiliated undertakings Acergy Holdings (Gibraltar) Limited, Subsea 7 International Holdings (UK) Limited and Subsea 7 (UK Service Company) Limited amounting to an aggregate of \$1,971.0 million as at 31 December 2017 as disclosed in Note 3 to the annual accounts. As stated in Note 2.1 to the annual accounts, the company performs an annual review of the carrying amounts of individual investments with any resulting impairments reflected in the profit and loss account in the relevant period. If an impairment indicator is identified, the estimated recoverable amount of the investment is prepared. The estimated recoverable amount is calculated as the higher of the value in use or fair value less costs to sell. The outcome of the impairment review could vary significantly if different assumptions were applied in the valuation model. The key factors are: • the future EBITDA assumptions taken from the Group's most recent budgets and plans for the next five years (the "plan"); • the long-term growth rate used beyond the period covered by the plan; • the pre-tax discount rate applied to future cash flows. Impairment of shares in affiliated undertakings is considered a key audit matter because the important judgment involved regarding the assessment of their recoverable amount.
Our response:	Our audit procedures over the valuation of the investments in affiliated undertakings included, among others: We assessed Management's impairment testing by obtaining the supporting model and assessing the methodology and key assumptions made: • *Future EBITDA forecasts* – we evaluated Management's EBITDA forecasts and tested the underlying values used in the calculations by comparing Management's forecast to the latest Board approved five year strategic plan. We assessed the actual performance in the year against the prior year budgets to evaluate historical forecasting accuracy; • *Long term growth rate* – we compared the rates applied by Management to available externally developed rates; • *Pre-tax discount rates* – we involved our valuations specialists in our evaluation of the discount rate to consider the appropriateness of the rates used. We compared the carrying amount of the investments to their recoverable amount in order to assess

	whether an impairment or reversal of previously recognised impairment exists. We assessed the adequacy and appropriateness of the disclosures in Note 2.1 and Note 3 of the annual accounts.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the corporate governance statement but does not include the annual accounts and our report of “réviseur d’entreprises agréé” thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and of those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Responsibilities of the “réviseur d’entreprises agréé” for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

• Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 12 April 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Other matter

The corporate governance statement includes, when applicable, the information required by article 68ter paragraph (1) points a), b), e), f) and g) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Thierry Bertrand
Luxembourg, 28 February 2018

Report of the Board of Directors of Subsea 7 S.A. (the Company) with registered office at 412F, route d'Esch, L-2086 Luxembourg.

Dear Shareholders,

The Board of Directors of the Company is pleased to submit for your approval the balance sheet at 31 December 2017 and the profit and loss account for the year then ended.

The loss for the financial year ended 31 December 2017 was $14.6 million (2016: loss of $28.3 million). The loss was mainly as a result of $28.6 million (2016: $28.2 million) of other operating expenses, $18.9 million (2016: $50.7 million) of interest payable and similar expenses and $29.0 million (2016: $1.8 million) of value adjustments in respect of financial assets and of investments held as current assets, this was partially offset by income generated from the provision of parent company guarantees amounting to $37.6 million (2016: $50.6 million).

At 31 December 2017 the Company had net current assets of $23.1 million (2016: net current liabilities of $924.6 million). The Company has access to a short-term working capital facility provided by Subsea 7 Treasury (UK) Limited, an affiliated undertaking of the Company, which, in the opinion of the Board of Directors, provides sufficient liquidity to support the requirements of the Company. In addition the Board of Directors believes that should additional financing be required, over and above that available from the Subsea 7 Treasury (UK) Limited facility, this would be made available from affiliated undertakings.

The distributable reserves of the Company at 31 December 2017 totalled $1,261.2 million (2016: $1,479.2 million) and were represented by the share premium account, the profit or loss brought forward and the loss for the financial year.

The Board of Directors will recommend to the shareholders at the Annual General Meeting on 17 April 2018 the approval of the allocation of results of the Company and the payment of a dividend of NOK 5.00 per common share, equivalent to a total dividend of approximately $200 million, to be paid from the share premium account on 2 May 2018.

Allocation of the result

The loss of $28.3 million for the year ended 31 December 2016 was allocated to profit and loss brought forward and $28.3 million was transferred from the share premium account to profit and loss brought forward, resulting in the share premium account for the financial year ended 31 December 2017 being adjusted to $1,275.8 million and profit or loss brought forward amounting to $nil.

It is proposed that the loss of $14.6 million for the financial year ended 31 December 2017 be allocated to profit and loss brought forward at 1 January 2018 resulting in the loss brought forward amounting to $14.6 million.

Equity and loan transactions

Share repurchases

On 31 July 2014, Subsea 7 S.A. announced a share repurchase programme of up to $200 million. The programme was approved pursuant to the standing authorisation granted to the Board of Directors at the Annual General Meeting held on 27 May 2011 (as renewed and extended by the Extraordinary General Meeting on 27 November 2014), which allows for the purchase of up to a maximum of 10% of the Company's issued share capital, net of purchases already made.

On 25 July 2017, the Board of Directors authorised a 24 month extension to the Company's share repurchase programme of up to $200 million (the "Share Repurchase Programme").

During the year, no shares were repurchased on the open market under the Group's $200 million share repurchase programme. At 31 December 2017, the Company had repurchased, either directly or through a wholly owned-subsidiary, a cumulative 5,272,656 shares for a total consideration of $57.1 million under the Share Repurchase Programme.

During 2017 the Company acquired a total of 1,496,627 common shares having a nominal value of $2 each from employee benefit trusts. A total of 635,955 treasury shares were allocated to employees of the Subsea 7 Group to satisfy share awards under the 2013 Long-term Incentive Plan and 44,213 treasury shares were allocated to satisfy options exercised under the 2003 Plan. At 31 December 2017 a total of 857,887 common shares were held by the Company as treasury shares.

Convertible loans repurchases

During 2017 the Company repurchased $77.6 million (nominal value) of the $700 million 1.00% convertible bonds due 2017 (the Bonds) for $77.3 million in cash.

Convertible loans redemption

The Bonds reached final maturity on 5 October 2017 at which time the Company cancelled all repurchased Bonds held by the Company with an aggregate nominal value of $342 million. The remaining outstanding Bonds with an aggregate nominal value of $358 million were redeemed for cash on the maturity date.

Report of the Board of Directors of Subsea 7 S.A. (the Company) with registered office at 412F, route d'Esch, L-2086 Luxembourg.

Board of Directors

There were no changes to the Board of Directors during the year ended 31 December 2017.

If there is a vacancy on the Board of Directors, the remaining Directors appointed at the Annual General Meeting have the right to appoint a replacement Director until the next meeting of shareholders at which date a proposal to ratify such appointment will be made.

The Articles of Incorporation provide that with the exception of a candidate recommended by the Board of Directors, or a Director whose term of office expires at a general meeting of the Company, no candidate may be appointed unless at least three days and no more than 22 days before the date of the relevant meeting, a written proposal, signed by a shareholder duly authorised, shall have been deposited at the registered office of the Company together with a written declaration, signed by the proposed candidate, confirming his or her wish to be appointed.

Under the Company's Articles of Incorporation, Directors may be elected for terms of up to two years and serve until their successors are elected. There are three Directors whose terms expire at the 2018 Annual General Meeting: Sir Peter Mason KBE, Mr Jean Cahuzac and Mr Eystein Eriksrud. The current term of the remaining Directors, Mr Dod Fraser, Mr Robert Long, Mr Allen Stevens and Mr Kristian Siem, expire at the 2019 AGM. Under the Company's Articles of Incorporation, the Board of Directors must consist of no fewer than three Directors.

Legal and regulatory framework

The Company is a 'société anonyme' organised in the Grand Duchy of Luxembourg under the Company Law of 1915, as amended, and was incorporated in Luxembourg in 1993 and acts as the holding company for all of the Subsea 7 S.A. group's activities.

The Company's registered office is located at 412F, route d'Esch, L-2086 Luxembourg. The Company is registered with the Luxembourg Register of Commerce and Companies under the designation 'R.C.S. Luxembourg No. B43172'. As a company incorporated in Luxembourg and with shares traded on the Oslo Børs and American Depository Receipts (ADRs) traded over-the-counter in the United States, the Company is subject to Luxembourg laws and regulations with respect to corporate governance.

As a company listed on the Oslo Børs, the Company follows the Norwegian Code of Practice for Corporate Governance on a 'comply or explain' basis, where this does not contradict Luxembourg laws and regulations. The Norwegian Code of Practice for Corporate Governance is available at http://www.nues.no/en/.

Articles of Incorporation

The Company's Articles of Incorporation are available on Subsea 7's website: www.subsea7.com. Luxembourg law requires the convening of an extraordinary general meeting of shareholders (EGM) to resolve upon any amendment to the Articles of Incorporation. An EGM must have a quorum of at least 50% of the shares outstanding present or represented. If that quorum is not reached, the EGM may be reconvened. At such reconvened meeting, no minimum quorum will be required. Irrespective of whether the proposed matter will be subject to a vote at the first or at a subsequent EGM, its approval will require at least two thirds of the votes cast in favour at such EGM. Abstentions are not considered as votes.

Corporate Governance

The Company's Board of Directors is responsible for, and committed to, the maintenance of high standards of corporate governance at all times throughout the Subsea 7 S.A. group (the Group). The Board of Directors strongly believes that the observance of these standards is in the best interests of all stakeholders of the Company and the Group.

The Board of Directors is charged with ensuring that the Group conducts its business in accordance with exacting standards of business practice worldwide and observes high ethical standards. The Group conducts its operations in challenging environments, which heightens the need for a robust culture of governance, and the role of the Board of Directors is to proactively encourage, monitor and safeguard this governance culture. The Board of Directors and its Committees oversee the management of the Group's operations and the effectiveness of its internal controls.

The work of the Board of Directors is based on a clearly defined division of roles and responsibilities between the shareholders, the Board of Directors and the Executive Management Team of the Group. The Company has governing structures and controls in place to ensure that the business is run in an appropriate manner for the benefit of shareholders, employees, clients and other stakeholders in the countries in which the Group operates.

The Board of Directors has established an Audit Committee. The Directors appointed to this committee are selected based on their experience and to ensure that the committee operates in an effective manner. Each of the Audit Committee members meets the independence requirements under Luxembourg law. The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the Company and the Group's internal controls, internal audit function, financial controls framework and, where applicable, risk management systems. In addition the Audit Committee is responsible for reviewing and monitoring the independence of the external auditor and for putting in place procedures and making recommendations with respect to the selection and the appointment of the external auditor. The minutes of all Audit Committee meetings are circulated to all Directors.

Report of the Board of Directors of Subsea 7 S.A. (the Company) with registered office at 412F, route d'Esch, L-2086 Luxembourg.

One class of shares
The Company has one class of shares which are listed on the Oslo Børs. Each share carries equal rights including an equal voting right at annual or extraordinary general meetings of shareholders of the Company. No shares carry any special control rights. The Articles of Incorporation contain no restrictions on voting rights.

Share issues
The Board of Directors is authorised to suppress the pre-emptive rights of shareholders under certain circumstances and within the limits set forth in the Articles of Incorporation of the Company. This is to allow flexibility to deal with matters deemed to be in the best interest of the Company.

In the event of the Board of Directors resolving to issue new shares and waive the pre-emptive rights of existing shareholders, the Board of Directors intends to comply with the recommendation of The Norwegian Code of Practice for Corporate Governance that the justification for such a waiver is noted in the Stock Exchange announcement relating to such a share issue.

Freely negotiable shares
The Company's shares are traded as common shares on the Oslo Børs and as ADRs over-the-counter in the United States. All shares are freely negotiable. The Articles of Incorporation contain no form of restriction on the negotiability of shares in the Company.

Take-overs
The Company's Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of Luxembourg law and in accordance with the applicable principles for good corporate governance.

Significant beneficial owners
The Company has been notified of the following significant shareholders who controlled 5% or more of the voting rights of the Company at 31 December 2017:

	%
Siem Industries Inc.	**21.3**
Folketrygdfondet	**9.0**

Risks and uncertainties
The Company is a holding company and is therefore dependent on the earnings and cash flows of, and dividends and distributions from, its affiliated undertakings to pay expenses, meet its financial obligations, pay any cash dividends or distributions on its common shares or conduct share and convertible bond repurchases. Significant cash or cash equivalent balances are held from time to time in the Company's affiliated undertakings, including in particular those in the United Kingdom, where the Company maintains cash management systems under which most of its cash and cash equivalents are centralised, and in certain other countries in which the Group operates. Certain of these affiliated undertakings have debt outstanding or are subject to restrictions on the payment of dividends, but such restrictions are not significant in the context of the Company's overall liquidity. Repatriation of funds from affiliated undertakings may also be affected by tax and foreign exchange policies in place from time to time in the various countries where the Group operates, though none of these are significant in the context of the Group's overall liquidity. If the cash flows of its affiliated undertakings are substantially reduced, the Company may not be in a position to meet its operational needs or to make shareholder distributions.

Within the Company, investments in affiliated undertakings and amounts due from affiliated undertakings are reviewed periodically to assess whether there is objective evidence that the carrying amount of the investment or amounts due is impaired. In making this assessment, the Company considers whether or not they are able to recover the carrying amount of the asset. Evaluating whether an investment in, or amount due from, an affiliated undertaking is impaired or if impairment should be reversed requires a degree of management judgment. Estimating recoverable amounts involves complexity in estimating relevant future cash flows, based on assumptions about the future, and discounting to their present value. Long-term assumptions related to macro-economic factors are made at a Company level, and are subject to a high level of management review.

The Company is subject to certain risks and uncertainties which are common with those that exist within the Group as a whole, and the Company may be affected by these risks and uncertainties. Further details related to the principal risks and uncertainties which could materially adversely impact the Group's reputation, operations and/or financial performance and position are noted on pages 20 to 26 of Subsea 7 S.A.'s Annual Report and Consolidated Financial Statements 2017 which is available on the Group's website: www.subsea7.com.

Non-financial information
Details related to non-financial information are noted on pages 1 to 41 of Subsea 7 S.A.'s Annual Report and Consolidated Financial Statements 2017.

Report of the Board of Directors of
Subsea 7 S.A. (the Company)
with registered office at 412F, route d'Esch, L-2086 Luxembourg.

Future developments

The Company is confident it will continue to deliver cost-effective solutions that contribute to the long-term sustainability of offshore energy sources. The oil and gas cycle is gradually recovering from the very low levels of activity experienced in the last three years and offshore SURF and integrated awards to market are increasing, but pricing remains challenging. Projects are being awarded at lower values reflecting the cost savings that have been achieved through innovation, best practice processes and supply chain deflation as well as lower, and occasionally negative, margins while making positive cash contributions. Life of Field activity remains subdued at present but is expected to improve in 2018. There is a steady flow of projects being awarded in the Conventional oil and gas markets in the Middle East and the offshore Renewables market remains on a moderate growth trajectory.

Annual General Meeting

The Board of Directors will recommend to the shareholders at the Annual General Meeting on 17 April 2018 the approval of the allocation of results of the Company and the payment of a dividend of NOK 5.00 per common share, equivalent to a total dividend of approximately $200 million, to be paid from the share premium account on 2 May 2018.

Extraordinary General Meeting (EGM)

An EGM will take place at the Company's registered office immediately after the AGM on 17 April 2018. At the EGM, the Company is seeking shareholder approval to re-instate, for a period of three years, the authorised share capital of the Company and set it at $900,000,000 represented by 450,000,000 common shares, par value $2.00, consisting of 122,632,889 authorised unissued common shares and 327,367,111 issued common shares. The Board is also seeking authority for the same three-year period, to issue up to 32,736,711 of new shares (representing 10% of the issued share capital at 28 February 2018) while limiting or suspending existing shareholders preferential subscription rights. Both authorities will require an amendment to the Company's Articles of Association.

Directors' Responsibility Statement

We confirm that, to the best of our knowledge, the Annual Accounts for the year ended 31 December 2017 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company. We also confirm that, to the best of our knowledge, the 2017 Annual Accounts include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties facing the Company.

On behalf of the Board of Directors of Subsea 7 S.A.

Kristian Siem
Chairman
28 February 2018

Jean Cahuzac
Director - CEO

Subsea 7 S.A.

Balance Sheet

As at (in $'000)	Notes	**2017 31 Dec**	2016 31 Dec
Assets			
Fixed assets			
Financial fixed assets			
Shares in affiliated undertakings	3	**1,971,010**	3,105,588
Participating interests	3	**-**	18,823
Current assets			
Amounts owed by affiliated undertakings			
becoming due and payable within one year	8	**10,427**	-
Other debtors			
becoming due and payable within one year		**159**	79
Investments			
Own shares	6	**12,771**	407
Other investments	7	-	246,821
Cash at bank and in hand		**1**	3
Prepayments		**47**	531
Total assets		**1,994,415**	3,372,252
Capital, reserves and liabilities			
Capital and reserves			
Subscribed capital	4	**654,734**	654,734
Share premium account	4	**1,275,757**	1,507,535
Reserves			
Legal reserve	4, 5	**65,473**	65,473
Reserve for own shares	4, 6	**12,771**	407
Profit or (loss) for the financial year	4	**(14,581)**	(28,343)
Total capital and reserves		**1,994,154**	2,199,806
Creditors			
Convertible loans			
becoming due and payable within one year	7	-	700,000
Amounts owed to affiliated undertakings			
becoming due and payable within one year	9	-	471,217
Other creditors			
Tax authorities		**121**	3
Other creditors			
becoming due and payable within one year		**140**	1,226
Total liabilities		**261**	1,172,446
Total capital, reserves and liabilities		**1,994,415**	3,372,252

The accompanying notes on pages 10 to 16 form an integral part of these Annual Accounts.

Subsea 7 S.A.

Profit and Loss Account

For the year ended (in $'000)	Notes	**2017 31 Dec**	2016 31 Dec
Other operating income	10	**37,547**	50,628
Raw materials and consumables and other external expenses			
Other external expenses	12	**(763)**	(858)
Staff costs			
Wages and salaries		**(86)**	(132)
Social security costs		**(12)**	(18)
Other operating expenses	13	**(28,574)**	(28,171)
Other interest receivable and similar income			
derived from affiliated undertakings		**7,278**	2,731
other interest and similar income	7	**17,902**	-
Value adjustments			
in respect of financial assets and of investments held as current assets	3, 6	**(28,972)**	(1,825)
Interest payable and similar expenses			
concerning affiliated undertakings		**(13,302)**	(45,838)
other interest and similar expenses		**(5,589)**	(4,857)
Tax on profit or loss	14	**(10)**	(3)
Loss for the financial year		**(14,581)**	(28,343)

The accompanying notes on pages 10 to 16 form an integral part of these Annual Accounts.

Subsea 7 S.A.

Notes to the Annual Accounts
at 31 December 2017

1. Organisation
Subsea 7 S.A. (the Company) is a holding company which was incorporated under the laws of Luxembourg on 10 March 1993. The Company has been incorporated for an unlimited period of time. The Subsea 7 S.A. group (the Group) consists of Subsea 7 S.A. and its affiliated undertakings at 31 December 2017.

The objects of the Company are to invest in affiliated undertakings which provide subsea construction, maintenance, inspection, survey and engineering services, predominantly for the offshore oil and gas, renewable energy, heavy lifting and related industries. More generally, the Company is authorised to participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences it will administer and exploit. The Company is authorised to lend or borrow with or without security, provided that any monies so borrowed may only be used for the purpose of the Company, or companies which are affiliated undertakings of, or associated with the Company; in general it is authorised to undertake any operations directly or indirectly connected with these objects.

The Company also prepares Consolidated Financial Statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union. Copies of the Annual Report and Consolidated Financial Statements are available at the registered office of the Company or at www.subsea7.com.

2. Significant accounting policies
The Annual Accounts were prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 as amended, determined and applied by the Board of Directors of the Company. The Company maintains its accounting records and presents its Annual Accounts in US Dollars ($). Significant accounting policies are as follows:

2.1. Financial fixed assets
Shares in affiliated undertakings, participating interests and investments held as fixed assets and own shares are stated at cost less any accumulated impairment in value. Article 51 (e) of the law of 19 December 2002 states that the components of asset and liability items must be valued separately. An annual review of the carrying amount is performed on an individual investment basis with resulting impairments or reversals of impairment reflected in the profit and loss account in the relevant period. Earnings in investee companies are recognised when, and to the extent that, dividends are received from affiliated undertakings and participating interests.

2.2. Translation of foreign currencies
The Company maintains its accounts in US Dollars, this is the currency in which its capital is expressed and the Annual Accounts are prepared. Amounts in foreign currencies are translated into US Dollars on the following basis:

- formation expenses, the cost of acquisition of intangible, tangible and financial fixed assets denominated in a currency other than US Dollars are translated at historical exchange rates;
- all other assets denominated in a currency other than US Dollars are valued individually at the lower of their values translated into US Dollars at their historical exchange rate or exchange rate prevailing at the balance sheet date;
- all liabilities denominated in a currency other than US Dollars are valued individually at the higher of their values translated at historical exchange rate or exchange rate prevailing at the balance sheet date; and
- revenues and expenses denominated in a currency other than US Dollars are translated into US Dollars at the exchange rates applicable on the day on which they are collected or disbursed.

Only realised foreign exchange gains and losses and unrealised foreign exchange losses are recognised in the profit and loss account.

2.3. Share-based payments
Awards made under the Group's Long-term Incentive Plans, in the form of equity-settled share-based payments, are satisfied by the Company on behalf of its affiliated undertakings. The costs associated with these awards are recognised within the affiliated undertakings over the period during which the performance and/or service conditions are fulfilled ending on the date on which the relevant employees become fully entitled to the award. Equity-settled share-based payments are measured at fair value at the date on which they are granted, the fair value is determined using a Monte Carlo model.

2.4. Convertible loans
Convertible bonds are accounted for as debt instruments. The financial costs incurred in connection with the issuance of the convertible bonds are treated as a deferred debt cost and amortised over the life of the convertible bonds and recognised in other interest and similar expenses. If the convertible bonds are converted at the option of the holders the deferred debt cost is expensed within the profit and loss account immediately.

2.5. Parent company guarantees
The Company issues parent company guarantees (PCGs) to third parties on behalf of its direct and indirect affiliated undertakings where requested. The Company receives a fee in respect of the PCGs issued, which is recorded as other operating income within the profit and loss account. This income is recognised on a straight-line basis over the period of the guarantee.

2.6. Interest payable and receivable

Amounts owed to and owed by affiliated undertakings bear interest at commercial rates.

2.7. Amounts owed by affiliated undertakings and other debtors

Amounts owed by affiliated undertakings and other debtors are recognised initially at nominal amount. Provision for impairment is made when there is objective evidence that the Company may not be able to collect all of the amounts due. Bad debts are written off where necessary.

2.8. Amounts owed to affiliated undertakings and other creditors

Amounts owed to affiliated undertakings and other creditors are stated at nominal amount.

3. Financial fixed assets

($'000)	Shares in affiliated undertakings	Participating interests
Cost		
At 1 January 2017 (re-presented)(1)	4,195,955	18,823
Acquisitions in year	659,908	-
Return of capital	(1,794,486)	-
At 31 December 2017	**3,061,377**	**18,823**
Accumulated value adjustments		
At 1 January 2017 (re-presented)(1)	(1,090,367)	-
Value adjustments in year	-	(18,823)
At 31 December 2017	**(1,090,367)**	**(18,823)**
Carrying amount:		
At 31 December 2016	3,105,588	18,823
At 31 December 2017	**1,971,010**	-

(1) The cost and accumulated value adjustments at 1 January 2017 have been re-presented to correct a misallocation of amounts totalling $183 million which had been incorrectly reflected within accumulated value adjustments instead of cost. The carrying amount at 31 December 2016 is unaffected by this re-presentation.

Value adjustment

A review of the carrying amount of financial fixed assets was performed at 31 December 2017, this resulted in a value adjustment of $18.8 million being recognised in respect of the Company's participating interest in Subsea 7 Shipping Limited.

Return of capital

On 9 May 2017, the Company received a partial return of capital amounting to $500.0 million from Acergy Holdings (Gibraltar) Limited.

On 7 August 2017, the Company received a partial return of capital amounting to $1,294.5 million from Acergy Holdings (Gibraltar) Limited.

Consideration for these transactions was settled through the short-term working capital facility provided by Subsea 7 Treasury (UK) Limited and at 31 December 2017 these amounts remained outstanding as short-term interest bearing amounts due from Subsea 7 Treasury (UK) Limited.

Acquisitions

On 21 December 2017, the Company acquired one share in Subsea 7 (UK Service Company) Limited. Immediately thereafter the Company made a capital contribution in exchange for the issue of one £1 share in Subsea 7 (UK Service Company) Limited at a premium equivalent to $79.9 million.

On 21 December 2017, the Company made a capital contribution in exchange for the issue of one $1 share in Subsea 7 International Holdings (UK) Limited at a premium of $580.0 million.

Consideration for the above transactions was settled through the short-term working capital facility provided by Subsea 7 Treasury (UK) Limited. At 31 December 2017 these amounts remained outstanding as short-term interest bearing amounts due from Subsea 7 Treasury (UK) Limited.

3. Financial fixed assets (continued)

Shares in affiliated undertakings

Name of the Company	Country	Percentage held 2017	2016	Carrying amount ($'000) 2017	2016
Acergy Holdings (Gibraltar) Limited	Gibraltar	100%	100%	**789,584**	2,584,070
Subsea 7 International Holdings (UK) Limited	UK	100%	100%	**1,101,518**	521,518
Subsea 7 (UK Service Company) Limited	UK	100%	-	**79,908**	-
Total shares in affiliated undertakings				**1,971,010**	3,105,588

Participating interests

Name of the Company	Country	Percentage held 2017	2016	Carrying amount ($'000) 2017	2016
Subsea 7 Shipping Limited	Isle of Man	<1%	<1%	**-**	18,823

The capital, reserves and profit and loss of the affiliated undertakings of the Company are included within the Consolidated Financial Statements of Subsea 7 S.A., and the Company has applied the exemption, in accordance with Art. 67 (3) b of the law of 19 December 2002, to not disclose this information.

4. Capital and reserves

($'000)	Subscribed capital	Share premium account	Legal reserve	Reserve for own shares	Profit or (loss) brought forward	Profit or (loss) for the financial year	Total
Balance at 1 January 2017	654,734	1,507,535	65,473	407	-	(28,343)	2,199,806
Allocation of the result	-	-	-	-	(28,343)	28,343	-
Transfer from share premium	-	(28,343)	-	-	28,343	-	-
Dividend paid	-	(191,071)	-	-	-	-	(191,071)
Net purchase of treasury shares	-	(12,364)	-	12,364	-	-	-
Loss for the financial year	-	-	-	-	-	(14,581)	(14,581)
Balance at 31 December 2017	**654,734**	**1,275,757**	**65,473**	**12,771**	**-**	**(14,581)**	**1,994,154**

At 31 December 2017, the authorised share capital comprised 450,000,000 $2.00 common shares (2016: 450,000,000 $2.00 common shares). The subscribed capital comprised 327,367,111 $2.00 common shares (2016: 327,367,111 $2.00 common shares).

5. Legal reserve

Luxembourg law requires that 5% of the Company’s unconsolidated net income is allocated to a legal reserve annually, prior to declaration of dividends. This requirement continues until the reserve is 10% of its issued share capital at nominal value, after which no further allocations are required until further issuance of shares. The legal reserve may also be satisfied by allocation of the required amount at the issuance of shares or by a transfer from share premium. The legal reserve is not distributable. The legal reserve for all issued common shares has been satisfied and appropriate allocations are made to the legal reserve account at the time of each issuance of new shares.

6. Reserve for own shares

	2017 Number of shares	**($'000)**	2016 Number of shares	($'000)
At year beginning	**41,428**	**407**	31,683	266
Shares repurchased	**1,496,627**	**23,214**	200,000	1,966
Shares reallocated relating to share-based payments	**(680,168)**	**(10,850)**	(190,255)	(1,825)
Balance at year end	**857,887**	**12,771**	41,428	407

At 31 December 2017, the Company directly held 857,887 (2016: 41,428) treasury shares with a total nominal value of $1,715,774 (2016: $82,856), representing 0.26% (2016: 0.01%) of the total number of issued shares.

6. Reserve for own shares (continued)

During 2017, the Company purchased shares from affiliated undertakings, these had either been previously repurchased on the open market by the affiliated undertakings, in line with the Group's objective to give its shareholders a competitive return on their invested capital, or had been held by employee benefit trusts to satisfy performance shares under the Group's 2009 Long-term Incentive Plan and to support specified share option awards. The purchases by the Company during the year were as follows:

- On 27 September 2017, the Company acquired 629,807 treasury shares, with a total nominal value of $1,259,614 representing 0.19% of the total number of issued shares, from Acergy (Gibraltar) Limited, an indirect wholly-owned subsidiary, for a consideration of $10.3 million.

- On 12 October 2017, the Company acquired 250,386 treasury shares, with a total nominal value of $500,772 representing 0.08% of the total number of issued shares, from Subsea 7 Inc., an indirect wholly-owned subsidiary, for a consideration of $4.1 million.

- On 14 December 2017, the Company acquired 616,434 treasury shares, with a total nominal value of $1,232,868, representing 0.19% of the total number of issued shares, from Acergy (Gibraltar) Limited, an indirect wholly-owned subsidiary, for a consideration of $8.8 million.

Consideration for the transactions related to the acquisition of shares, as described above, was settled through the short-term working capital facility provided by Subsea 7 Treasury (UK) Limited and at 31 December 2017 these amounts remained outstanding as short-term interest bearing amounts due to Subsea 7 Treasury (UK) Limited.

During the year ended 31 December 2017, 635,955 (2016: 190,255) treasury shares, with a total nominal value of $1,271,910 (2016: $380,510), representing 0.19% of the total number of issued shares (2016: 0.06%) were reallocated for nil consideration to employees of the Subsea 7 Group to satisfy share awards under the 2013 Long-term Incentive Plan. In addition, 44,213 (2016: nil), treasury shares with a total nominal value of $88,426 (2016: nil), representing 0.01% of the total number of shares issued, were reallocated to employees of the Subsea 7 Group to satisfy options exercised under the 2003 Plan.

7. Convertible loans

$700 million 1.00% convertible bonds due 2017 (2017 Bonds)

On 5 October 2012, the Company issued $700.0 million in aggregate principal amount of 1.00% convertible bonds due 2017. The 2017 Bonds had an annual interest rate of 1.00% payable semi-annually in arrears on 5 April and 5 October of each year up to and including 2017. They were issued at 100% of their principal amount and unless previously redeemed, converted or cancelled they matured on 5 October 2017 at 100% of their principal amount.

Bond repurchases

During 2017 the Company repurchased $77.6 million (nominal value) of the 2017 Bonds for $77.3 million in cash. Prior to the maturity of the bond on 5 October 2017, the Company held $342.0 million (nominal value) of the 2017 Bonds, (31 December 2016: $264.4 million at nominal value), at a carrying amount of $324.1 million (31 December 2016: $246.8 million).

Bond redemption and cancellation

On 5 October 2017, the Company cancelled the repurchased convertible bonds with an aggregate nominal value of $342.0 million, as a result of this transaction a gain of $17.9 million was recognised within the profit and loss account. The remaining outstanding convertible bonds, with an aggregate value of $358.0 million, were redeemed for cash on the maturity date of 5 October 2017.

8. Amounts owed by affiliated undertakings

Becoming due and payable within one year

Amounts owed by affiliated undertakings are mainly related to amounts due from Subsea 7 Treasury (UK) Limited under a short-term working capital facility as described in the Report of the Board of Directors.

9. Amounts owed to affiliated undertakings

Becoming due and payable within one year

($'000)	**2017**	2016
Amounts owed to affiliated undertakings	-	471,217

Amounts owed to affiliated undertakings in the prior year were mainly related to amounts due to Subsea 7 Treasury (UK) Limited under a short-term working capital facility as described in the Report of the Board of Directors.

10. Other operating income

($'000)	**2017**	2016
Parent company guarantee income	**37,547**	50,628

11. Commitments and guarantees

The Company arranges bank guarantees, which collectively refer to bank guarantees, performance bonds, tendering bonds, advance payment bonds, guarantees or standby letters of credit in respect of the performance obligations certain of its affiliated undertakings have to their clients.

Facilities

The multi-currency revolving credit and guarantee facility

The Group entered into a $500 million multi-currency revolving credit and guarantee facility on 3 September 2014 which was originally due to mature on 3 September 2019. In March 2016 the Group increased the value of this facility to $750 million. In November 2016 $656 million of the facility was extended to mature on 2 September 2021 and in June 2017 the remaining unextended $94 million of the facility was cancelled. The facility is with several banks and is available for the issuance of guarantees, up to a limit of $200 million, a combination of guarantees and cash drawings, or is available in full for cash drawings. The facility is guaranteed by the Company and Subsea 7 Finance (UK) PLC. The facility was unutilised at 31 December 2017.

The Export Credit Agency (ECA) senior secured facility

In July 2015 the Group entered into a $357 million senior term loan facility secured on two vessels under construction. The facility is provided 90% by an Export Credit Agency (ECA) and 10% by two banks and is available for general corporate purposes. The ECA tranche has a twelve-year maturity and a twelve-year amortising profile. The bank tranche has a five-year maturity and a fifteen-year amortising profile, in all cases from the date of delivery of the vessels. If the bank tranche is not refinanced satisfactorily after five years then the ECA tranche also becomes due. During the first quarter of 2017, in line with the Group's vessel construction programme, an amount of $301.3 million was drawn under the facility. The facility is guaranteed by the Company and Subsea 7 Finance (UK) PLC. At 31 December 2017 the amount drawn under the facility was $282.7 million (2016: $nil).

Other facilities

In addition to the above there are a number of uncommitted, unsecured bi-lateral guarantee arrangements in place in order to provide specific geographical coverage within the Group. The total utilisation of these facilities at 31 December 2017 was $542.0 million (2016: $451.3 million).

Guarantee arrangements with joint ventures

On 27 July 2016 Eidesvik Seven AS, a 50% owned joint venture between Eidesvik Offshore ASA and the Group, drew down NOK 572 million from a NOK 600 million bank loan facility to repay a shareholder loan from the Group. The facility, secured on Seven Viking, is fully guaranteed by Subsea 7 S.A. with a 50% counter-guarantee from Eidesvik Shipping AS and has a termination date of 31 January 2021. The outstanding balance at 31 December 2017 was NOK 513 million ($61.0 million).

Following the acquisition of Normand Oceanic AS by the Group and the subsequent repayment of the loan, the guarantees previously provided by Subsea 7 S.A. were cancelled on 31 October 2017.

On 17 October 2017, the Group and Sapura Energy Berhad agreed to discontinue the SapuraAcergy joint venture. As such the guarantee arrangements previously in place representing 50% of the financing were cancelled.

12. Other external expenses

($'000)	**2017**	2016
Administrative expenses	**717**	813
Statutory audit fees	**46**	45
Total	**763**	858

13. Other operating expenses

($'000)	**2017**	2016
Corporate allocation and shareholders costs	**27,662**	27,407
Other operating expenses	**912**	764
Total	**28,574**	28,171

14. Tax on profit or loss

($'000)	**2017**	2016
Tax charge for the year	**6**	3
Tax charge for prior years	**4**	-
Total	**10**	3

For the year ended 31 December 2017 the Company was fully taxable at an effective rate of 27.08% (2016: 29.22%). For tax purposes the loss recorded for the year ended 31 December 2017 resulted in only the minimum net wealth tax liability being incurred.

15. Share-based payments

Awards made under the Group's Long-term Incentive Plans, in the form of equity-settled share-based payments, are satisfied by the Company on behalf of its affiliated undertakings. The most significant share-based schemes operated by the Group are:

2009 Long-term Incentive Plan

The 2009 Long-term Incentive Plan (2009 LTIP) was approved by the Company's shareholders at the Extraordinary General Meeting on 17 December 2009. The 2009 LTIP had a five-year term but was replaced with the 2013 Long-term Incentive Plan during 2013. The final award under the terms of the 2009 LTIP concluded, without vesting, on 10 September 2017.

2013 Long-term Incentive Plan

The 2013 Long-term Incentive Plan (2013 LTIP) was approved by the Company's shareholders at the Annual General Meeting on 28 June 2013. The 2013 LTIP has a five-year term with awards being made annually. The aggregate number of shares which may be granted in any calendar year is limited to 0.5% of issued and outstanding share capital on 1 January of each such calendar year. Grants are determined by the Compensation Committee of the Company Board of Directors, which is responsible for operating and administering the plan.

The 2013 LTIP is an essential component of the Group reward strategy, and was designed to align the interests of participants with those of the Company's shareholders, and enables participants to share in the success of the Group. The 2013 LTIP provides for conditional awards of shares based upon performance conditions over a performance period of at least three years.

Performance conditions are based on two measures: relative TSR against a specified comparator group of companies and the level of Return on Average Invested Capital (ROAIC) achieved. Both performance conditions are determined over a three-year period.

During 2017, initial grants comprising 1,119,000 (2016: 1,021,000) conditional awards of shares were made under the terms of the 2013 LTIP; 727,350 (2016: 663,650) awards are subject to relative TSR performance measures and 391,650 (2016: 357,350) are subject to ROAIC performance measures.

On 1 October 2017, in accordance with the terms of the 2013 LTIP, shares totalling 635,955 (2016: 190,255) were unconditionally reallocated to participants.

TSR based awards

The Group will have to deliver a TSR ranking above the median for any awards to vest. If the ranked TSR position of the Group during the three-year period, as converted to a percentage, is equal to 50%, 20% of the share award will vest. If the actual ranked TSR position of the Group is greater than 50% and below 90%, the vesting of the share award between 20% and 65% is determined by linear interpolation. The maximum award of 65% would only vest if the Group achieved top decile TSR ranking.

ROAIC based awards

ROAIC will be calculated for each of the three years of the performance period on a quarterly basis. If the average ROAIC achieved by the Group during the performance period is greater than 9% but less than 11%, vesting between 5% and 15% shall be determined by linear interpolation. If the actual ROAIC achieved by the Group during the performance period is greater than 11% but less than 14%, vesting between 15% and 35% shall be determined by linear interpolation. The maximum award of 35% would only vest if the Group achieved average ROAIC of 14% or greater.

Under the terms of the award plan participants are not entitled to receive dividend equivalent payments.

Approximately 160 senior managers and key employees participate in the 2013 LTIP. Individual award caps are in place such that no senior executive or other employee may be granted shares under the 2013 LTIP in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of senior executives, or 100%, in the case of other employees, of their annual base salary as of the first day of the year of award. Additionally, a holding requirement for senior executives applies where senior executives must hold 50% of all awards that vest until they have built up a shareholding with a fair value of 150% of their annual base salary which must be maintained throughout their tenure.

2003 Plan

The Company operated a share option plan which was approved in April 2003 (the 2003 Plan). This plan included an additional option plan for key employees resident in France as a sub-plan (the French Plan), and additional options which were granted under the Senior Management Incentive Plan. The Compensation Committee, appointed by the Company's Board of Directors, administers these plans. Options were awarded at the discretion of the Compensation Committee to directors and key employees.

Options under the 2003 Plan (and therefore also under the French Plan) are exercisable for periods of up to ten years, at an exercise price not less than the fair market value per share at the time the option is granted. All such options had vested prior to 31 December 2017. Share option exercises are satisfied by reissuing treasury shares. Furthermore, options are generally forfeited if the option holder leaves the Group under any circumstances other than due to the option holder's death, disability or retirement before his or her options are exercised.

No further share options will be granted under the 2003 Plan or the French Plan.

16. Staff

The average full-time equivalent number of employees of the Company for the year ended 31 December 2017 was 1 (2016: 1.4).

17. Related party transactions

The Company has taken advantage of the exemption under the law of 19 December 2002, Article 65 which does not require the disclosure of transactions with wholly-owned members of the Group.

The Company is an associate of Siem Industries Inc. and is equity accounted for within Siem Industries Inc.'s consolidated annual financial statements. During the year ended 31 December 2017 payments totalling $200,000 (2016: $200,000) were made to Siem Industries Inc. in relation to the services provided by Mr Siem to the Company.

18. Board of Directors' expenses

Fees paid to Directors for the year ended 31 December 2017 amounted to $571,000 (2016: $571,000).

19. Subsequent events

Agreement to invest in Xodus Group

On 20 February 2018 an indirect subsidiary of Subsea 7 S.A. agreed to acquire 60% of the voting shares of Xodus Group (Holdings) Limited, a leading energy consultancy, from the Chiyoda Corporation.

The primary reason for the investment is to enhance the Group's early engineering engagement in both the oil and gas and offshore renewables industries. The business combination, which is expected to be completed during the first quarter of 2018, and subsequent to the business combination, Xodus Group (Holdings) Limited and its subsidiaries will become non-wholly owned subsidiaries of the Group.

Schlumberger and Subsea 7 announce intent to form a joint venture

On 23 February 2018 the Group announced that it has entered into exclusive negotiations with Schlumberger to form a joint venture. The Group will own 50% of the voting shares of the joint venture and its interest will be equity accounted within the Consolidated Financial Statements. The creation of the joint venture builds upon the existing Subsea Integration Alliance which has been in place between the two companies since 2015. The proposed transaction will result in both parties contributing resources related to early engagement and tendering and both parties will assign their respective Life of Field businesses to the joint venture.

The primary reason for the transaction is to strengthen the front-end engineering, design and execution of integrated projects and to create a Life of Field offering which includes autonomous subsea technology, digitally enabled remote surveillance and production monitoring, and inspection, maintenance and repair services.

Agreement to acquire certain businesses and assets of Siem Offshore Inc.

On 28 February 2018, the Board of Directors entered into an agreement to acquire the entire share capital of Siem Offshore Contractors GmbH ('Siem Offshore Contractors'), the inter-array cable lay vessel *Siem Aimery* and the support vessel *Siem Moxie*. The acquisition will further expand Subsea 7's presence in the renewables segment.

Siem Offshore Contractors is a well-known installer of subsea inter-array cables and provides repair and maintenance services to the global offshore renewable energy market. It employs approximately 100 people. The vessels, *Siem Aimery* and *Siem Moxie*, are owned by Siem Offshore Rederi AS. Siem Offshore Contractors GmbH and Siem Offshore Rederi AS are wholly-owned subsidiaries of Siem Offshore Inc., which is a related party to Subsea 7 S.A.

The initial consideration is EUR 140 million subject to adjustments for working capital and net cash in Siem Offshore Contractors and a deferred contingent consideration, based on the contracted volume of work achieved each year up to 2024, which is not expected to exceed EUR 40 million over the period.

The transaction is expected to be completed in the first half of 2018, subject to competition clearance in Germany. Subsequent to the business combination Siem Offshore Contractors will become a wholly-owned subsidiary of the Group with the results being recognised within the Renewables and Heavy Lifting Business Unit.

Annual General Meeting

The Board of Directors will recommend to the shareholders at the Annual General Meeting on 17 April 2018 the approval of the allocation of results of the Company and the payment of a dividend of NOK 5.00 per common share, equivalent to a total dividend of approximately $200 million, to be paid from the share premium account on 2 May 2018.

Extraordinary General Meeting

An EGM will also take place at the Company's registered office immediately after the AGM on 17 April 2018. At the EGM, the Company is seeking shareholder approval to re-instate for a period of three years, the authorised share capital of the Company and set it at $900,000,000 represented by 450,000,000 common shares, par value $2.00, consisting of 122,632,889 authorised unissued common shares and 327,367,111 issued common shares. The Board is also seeking authority for the same three year period, to issue up to 32,736,711 new shares (representing 10% of the issued share capital at 28 February 2018) whilst limiting or suspending existing shareholders preferential subscription rights. Both authorities will require an amendments to the Company's Articles of Association.