Subsea 7 S.A. Announces First Quarter 2024 Results

Luxembourg – 25 April 2024 – Subsea 7 S.A. (Oslo Børs: SUBC, ADR: SUBCY, ISIN: LU0075646355, the Company) announced today results of Subsea7 Group (the Group, Subsea7) for the first quarter which ended 31 March 2024.

First quarter highlights

- Adjusted EBITDA of $162 million, up 52% on the prior year period, equating to a margin of 12%
- Backlog remains robust at $10.4 billion, of which $4.8 billion to be executed in the remainder of 2024
- High tendering activity supports management's confidence in the outlook for order intake and margin expansion
- Full year 2024 guidance reconfirmed: Adjusted EBITDA expected to be within a range from $950 million to $1.0 billion

	Three Months Ended	
For the period (in $ millions, except Adjusted EBITDA margin and per share data)	**31 Mar 2024 Unaudited**	31 Mar 2023 Unaudited
Revenue	**1,395**	1,246
Adjusted EBITDA[(a)]	**162**	107
Adjusted EBITDA margin[(a)]	**12%**	9%
Net operating income/(loss)	**20**	(15)
Net income/(loss)	**29**	(29)
Earnings per share – in $ per share		
Basic	**0.09**	(0.07)
Diluted[(b)]	**0.09**	(0.07)

At (in $ millions)	**31 Mar 2024 Unaudited**	31 Dec 2023 Unaudited
Backlog[(a)]	**10,429**	10,587
Book-to-bill ratio[(a)]	**0.9x**	1.2x
Cash and cash equivalents	**604**	751
Borrowings	**(814)**	(845)
Net debt excluding lease liabilities[(a)]	**(211)**	(94)
Net debt including lease liabilities[(a)]	**(782)**	(552)

(a) For explanations and reconciliations of Adjusted EBITDA, Adjusted EBITDA margin, Backlog, Book-to-bill ratio and Net debt refer to the 'Alternative Performance Measures' section of the Condensed Consolidated Financial Statements.

(b) For the explanation and a reconciliation of diluted earnings per share refer to Note 7 'Earnings per share' to the Condensed Consolidated Financial Statements.

John Evans, Chief Executive Officer, said:

Subsea7 delivered a strong operational and financial performance in the first quarter with Adjusted EBITDA of $162 million – up 52% on the prior year – and the Group is on track to achieve its full year objectives. Our backlog remained robust at $10.4 billion, giving us clear visibility on the remainder of 2024 and 2025. Tendering activity is high in both the subsea and offshore wind sectors, and we are confident that the Group's differentiated, value accretive solutions and strong, collaborative client relationships position us well to grow the backlog with high-quality contracts at improved margins.

First quarter operational highlights

During the first quarter we experienced normal seasonality due to winter conditions in parts of the Northern Hemisphere, while activity in the Southern Hemisphere was high. Subsea activity continued on the Bacalhau development in Brazil, with the installation of rigid risers and flowlines by *Seven Vega*, while *Seven Pacific* and *Seven Cruzeiro* installed umbilicals and other subsea structures. Early offshore activities commenced for Mero 3 with the installation of the FPSO mooring system. In Senegal, *Seven Seas* and *Seven Sisters* completed their final scopes for the Sangomar project, installing risers and umbilicals and hooking up the floating production unit. In Saudi Arabia, *Seven Borealis* completed its pipelay scope at Marjan 2 before transiting to Guyana. In Australia, *Seven Oceans* began installation activities at Scarborough and *Seven Oceanic* began installation activities at Barossa. Activity in offshore wind included cable lay at Yunlin and Zhong Neng in Taiwan while, in the UK, *Seaway Alfa Lift* continued installation of transition pieces at Dogger Bank A in the UK. In March, *Seaway Aimery* began cable lay at Moray West.

First quarter financial review

Revenue of $1.4 billion increased 12% compared to the prior year period. Adjusted EBITDA of $162 million equated to an Adjusted EBITDA margin of 12%, up from 9% in Q1 2023. This reflected a strong performance in Subsea and Conventional across our portfolio of projects, partly offset by heightened seasonality in the Renewables business unit.

Depreciation and amortisation charges were $142 million. Net operating income was $20 million compared to net operating loss of $15 million in the prior year period. Net finance costs of $14 million, a net foreign exchange gain of $49 million, and a tax charge of $26 million, resulted in net income for the quarter of $29 million compared with net loss of $29 million in the prior year period.

Net cash used in operating activities in the first quarter was $13 million, including a $157 million increase in working capital relating to the timing of milestones on major projects. Net cash used in investing activities was $17 million while net cash used in financing activities was $118 million including lease payments of $49 million. Overall, cash and cash equivalents decreased by $147 million to $604 million at 31 March 2024. Net debt was $782 million, including lease liabilities of $572 million, up from $458 million at 31 December 2023, reflecting the addition of two new vessel charters and the extension of one existing vessel charter.

First quarter order intake was $1.3 billion comprising new awards of $0.8 billion and escalations of $0.5 billion resulting in a book-to-bill ratio of 0.9 times. Backlog at the end of March was $10.4 billion, of which $4.8 billion is expected to be executed in 2024, $4.1 billion in 2025 and $1.5 billion in 2026 and beyond.

Outlook

For full year 2024 we continue to expect revenue between $6.0 billion and $6.5 billion, while Adjusted EBITDA is expected to be within a range from $950 million to $1.0 billion.

In full year 2025, as the mix of activity continues to shift to projects won in a more favourable environment, our Adjusted EBITDA margin is expected to be within an 18 to 20% range. Bidding for subsea and offshore wind work remains very active and we continue to engage early with clients to help them realise their development plans which now extend beyond 2026.

Conference Call Information

Date: 25 April 2024
Time: 12:00 UK Time, 13:00 CET
Access the webcast at subsea7.com or https://edge.media-server.com/mmc/p/sir64zas/
Register for the conference call https://register.vevent.com/register/BI2a40990619354ae5ac59087faaa9cff6

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Special Note Regarding Forward-Looking Statements

This document may contain 'forward-looking statements' (within the meaning of the safe harbour provisions of the U.S. Private Securities Litigation Reform Act of 1995). These statements relate to our current expectations, beliefs, intentions, assumptions or strategies regarding the future and are subject to known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements may be identified by the use of words such as 'anticipate', 'believe', 'estimate', 'expect', 'future', 'goal', 'intend', 'likely' 'may', 'plan', 'project', 'seek', 'should', 'strategy' 'will', and similar expressions. The principal risks which could affect future operations of the Group are described in the 'Risk Management' section of the Group's Annual Report. Factors that may cause actual and future results and trends to differ materially from our forward-looking statements include (but are not limited to): (i) our ability to deliver fixed price projects in accordance with client expectations and within the parameters of our bids, and to avoid cost overruns; (ii) our ability to collect receivables, negotiate variation orders and collect the related revenue; (iii) our ability to recover costs on significant projects; (iv) capital expenditure by oil and gas companies, which is affected by fluctuations in the price of, and demand for, crude oil and natural gas; (v) unanticipated delays or cancellation of projects included in our backlog; (vi) competition and price fluctuations in the markets and businesses in which we operate; (vii) the loss of, or deterioration in our relationship with, any significant clients; (viii) the outcome of legal proceedings or governmental inquiries; (ix) uncertainties inherent in operating internationally, including economic, political and social instability, boycotts or embargoes, labour unrest, changes in foreign governmental regulations, corruption and currency fluctuations; (x) the effects of a pandemic or epidemic or a natural disaster; (xi) liability to Fourth parties for the failure of our joint venture partners to fulfil their obligations; (xii) changes in, or our failure to comply with, applicable laws and regulations (including regulatory measures addressing climate change); (xiii) operating hazards, including spills, environmental damage, personal or property damage and business interruptions caused by adverse weather; (xiv) equipment or mechanical failures, which could increase costs, impair revenue and result in penalties for failure to meet project completion requirements; (xv) the timely delivery of vessels on order and the timely completion of ship conversion programmes; (xvi) our ability to keep pace with technological changes and the impact of potential information technology, cyber security or data security breaches; (xvii) global availability at scale and commercially viability of suitable alternative vessel fuels; and, (xviii) the effectiveness of our disclosure controls and procedures and internal control over financial reporting. Many of these factors are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. Each forward-looking statement speaks only as of the date of this document. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

This stock exchange release was published by Katherine Tonks, Investor Relations, Subsea7, on 25 April 2024 08:00 CET.

First Quarter 2024

Income Statement

Revenue

Revenue for the first quarter was $1.4 billion, an increase of $149 million or 12% compared to Q1 2023. The increase was due to increased activity in the Subsea and Conventional business unit with strong demand for the Group's solutions within the offshore oil and gas sector.

Adjusted EBITDA

Adjusted EBITDA was $162 million, an increase of $55 million or 52% compared to Q1 2023, resulting in an Adjusted EBITDA margin of 12% compared to 9% in the prior year period. The year-on-year increase was driven by higher Adjusted EBITDA in the Subsea and Conventional business unit reflecting high activity levels and the execution of projects awarded at improved margins.

Net operating income

Net operating income was $20 million compared to net operating loss of $15 million in Q1 2023.

Net operating income in the quarter was mainly driven by:

- net operating income of $47 million in the Subsea and Conventional business unit compared to $3 million in Q1 2023. The year-on-year increase in profitability was mainly driven by higher activity levels and the execution of projects awarded at improved margins

partly offset by:

- net operating loss of $24 million in the Renewables business unit, driven by low activity levels in the Northern hemisphere due to seasonality, compared to net operating loss of $18 million in Q1 2023.

Net income

Net income was $29 million compared to net loss of $29 million in Q1 2023. The year-on-year improvement of $58 million was mainly driven by:

- an increase in net operating income of $35 million;
- net gains within other gains and losses of $49 million compared to net loss within other gains and losses of $3 million, mainly driven by non-cash foreign exchange movements

partly offset by:

- taxation of $26 million, equivalent to an effective tax rate of 47%, compared to taxation of $3 million in Q1 2023.

Earnings per share

Diluted earnings per share was $0.09 compared to diluted loss per share of $0.07 in Q1 2023, calculated using a weighted average number of shares of 301 million and 292 million, respectively.

Business Unit Highlights

Subsea and Conventional

Revenue for the first quarter was $1.2 billion, an increase of $128 million or 12% compared to Q1 2023.

During the quarter work progressed on Sangomar (Senegal); Sanha Lean Gas, CLOV 3 and Agogo (Angola); Marjan 2 (Saudi Arabia); Sakarya Phase 2a (Türkiye); Barossa and Scarborough (Australia); Cypre, Shenandoah and Guyana G2E (Gulf of Mexico); and Skarv Satellites and Yggdrasil (Norway).

In Brazil, there were high levels of utilisation of the PLSVs, work progressed on Bacalhau, Mero 3&4, Búzios 8 and BJP Salema.

Net operating income was $47 million in the first quarter compared to $3 million in Q1 2023. The year-on-year increase reflected higher activity levels, the execution of projects awarded at improved margins and the Group's share of net income in its associate, OneSubsea, of $9 million.

Renewables

Revenue for the first quarter was $179 million, an increase of $19 million or 12% compared to Q1 2023.

During the quarter work progressed on Dogger Bank A&B and Moray West Offshore (UK); Revolution (US); and Yunlin and Hai Long (Taiwan).

Net operating loss was $24 million in Q1 2024, driven by low activity levels in the Northern hemisphere due to seasonality, compared to net operating loss of $18 million in the prior year.

Corporate

Revenue, which was mainly driven by the Group's autonomous wholly-owned subsidiaries Xodus and 4Subsea, was $28 million, compared to $26 million in the prior year period. Net operating loss was $3 million compared to $nil in Q1 2023.

Vessel utilisation and fleet

Vessel utilisation for the first quarter was 73% compared with 67% in Q1 2023. At 31 March 2024, there were 40 vessels in the Group's fleet, including 12 chartered vessels and one vessel under construction.

Cash flow

Cash flow statement

Cash and cash equivalents were $604 million at 31 March 2024, a decrease of $147 million in the quarter. The movement in cash and cash equivalents during the quarter was mainly attributable to:

- net cash used in operating activities of $13 million, which included an unfavourable movement of $157 million in net working capital;
- net cash used in investing activities of $17 million, comprising $83 million related to purchases of property, plant and equipment and intangible assets partly offset by $57 million related to vessel disposal proceeds; and
- net cash used in financing activities of $118 million, which included payments related to lease liabilities of $49 million, scheduled repayments of borrowings of $31 million and share repurchases of $15 million.

Free cash flow
During the first quarter, the Group generated negative free cash flow of $96 million (Q1 2023: negative $219 million) which is defined as cash used in operating activities of $13 million (Q1 2023: $127 million) less purchases of property, plant and equipment and intangible assets of $83 million (Q1 2023: $93 million).

Balance Sheet

Non-current assets
At 31 March 2024, non-current assets were $5.3 billion (31 December 2023: $5.2 billion). The movement of $103 million was largely driven by an increase in right-of-use assets of $109 million, mainly related to long-term vessel leases with associated options.

Non-current liabilities
At 31 March 2024, total non-current liabilities were $1.2 billion (31 December 2023: $1.1 billion). The increase of $44 million was largely driven by an increase in lease liabilities of $79 million partly offset by $31 million reclassified to current borrowings in line with repayment schedules.

Net current assets
At 31 March 2024, current assets were $2.8 billion (31 December 2023: $2.9 billion) and current liabilities were $2.7 billion (31 December 2023: $2.6 billion), resulting in net current assets of $190 million (31 December 2023: $249 million). The decrease of $59 million in the year was largely driven by:

- decrease in cash and cash equivalents of $147 million;
- increase in trade and other liabilities of $79 million

partly offset by:

- increase in construction contract assets of $109 million; and
- decrease in construction contract liabilities of $73 million.

Equity
At 31 March 2024, total equity was $4.4 billion (31 December 2023: $4.4 billion) with net income of $29 million partly offset by share repurchases of $15 million and net foreign currency translation losses of $13 million.

Borrowings, lease liabilities, net cash/(debt) and liquidity

Borrowings
At 31 March 2024, total borrowings were $814 million (31 December 2023: $845 million). The decrease of $31 million was driven by scheduled repayments.

A summary of the borrowing facilities available at 31 March 2024 is as follows:

(in $ millions)	Total facility	Drawn[a]	Undrawn	Maturity Date
Multi-currency revolving credit and guarantee facility	700.0	–	700.0	June 2028[b]
2021 UK Export Finance (UKEF 2021) facility	400.0	(400.0)	–	February 2028
2023 UK Export Finance (UKEF 2023) facility	450.0	(292.4)	157.6	July 2030
South Korean Export Credit Agency (ECA) facility	129.1	(129.1)	–	January 2027[c]
Total	**1,679.1**	**(821.5)**	**857.6**	

(a) Borrowings presented in the Condensed Consolidated Balance Sheet are shown net of capitalised fees of $7.3 million, which are amortised over the period of the facility.

(b) The Group's multi-currency revolving credit and guarantee facility will mature in June 2028. The facility size will reduce from $700 million to $600 million in June 2027 until maturity in June 2028.

(c) 90% of the facility is provided by an Export Credit Agency (ECA) and 10% by commercial banks. The maturity of the ECA tranche is January 2029 and the maturity of the commercial tranche is January 2027.

Lease liabilities
At 31 March 2024, lease liabilities were $572 million, an increase of $113 million compared with 31 December 2023. The increase was mainly driven by leases, including options, related to vessels on long-term charters.

Net cash/(debt)
At 31 March 2024:

- net debt (excluding lease liabilities) was $211 million compared to $94 million at 31 December 2023; and
- net debt (including lease liabilities) was $782 million, compared to $552 million at 31 December 2023.

Gearing
At 31 March 2024, gross gearing (borrowings divided by total equity) was 18.7% (31 December 2023: 19.4%).

Liquidity
At 31 March 2024, the Group's liquidity, represented by cash and cash equivalents and undrawn borrowing facilities was $1.5 billion (31 December 2023: $1.6 billion).

Shareholder distributions

Share repurchase programme
During the first quarter, 971,566 shares were repurchased for a cost of $15 million, in accordance with the Group's share repurchase programme authorised on 24 July 2019, extended on 19 April 2023. At 31 March 2024, the Group had cumulatively repurchased 11 million shares for a total cost of $92 million under this programme. At 31 March 2024, the Group directly held 5 million shares (31 December 2023: 4 million) as treasury shares, representing 1.58% (31 December 2023: 1.26%) of the total number of issued shares.

Backlog

At 31 March 2024, backlog was $10.4 billion compared to $10.6 billion at 31 December 2023. Order intake was $1.3 billion representing a book-to-bill ratio of 0.9 times. Order intake included new awards of approximately $830 million, including Trion (Mexico) and Baltica 2 Offshore Substations (Poland). Escalations of approximately $500 million and unfavourable foreign exchange impact of approximately $90 million were recognised during the quarter.

$8.4 billion of the backlog at 31 March 2024 related to the Subsea and Conventional business unit (which included approximately $250 million related to long-term day-rate contracts for PLSVs in Brazil) and $2.0 billion related to the Renewables business unit. $4.8 billion of the backlog is expected to be executed in 2024, $4.1 billion in 2025 and $1.5 billion in 2026 and thereafter. Backlog related to associates and joint ventures is excluded from these amounts.

Subsea 7 S.A.
Condensed Consolidated Income Statement

(in $ millions)	Three Months Ended 31 Mar 2024 Unaudited	31 Mar 2023 Unaudited
Revenue	**1,395.4**	1,246.3
Operating expenses	**(1,314.0)**	(1,194.6)
Gross profit	**81.4**	51.7
Administrative expenses	**(70.9)**	(65.8)
Share of net income/(loss) of associates and joint ventures	**9.5**	(1.2)
Net operating income/(loss)	**20.0**	(15.3)
Finance income	**9.3**	6.1
Other gains and losses	**49.0**	(3.0)
Finance costs	**(23.3)**	(13.9)
Income/(loss) before taxes	**55.0**	(26.1)
Taxation	**(26.0)**	(3.1)
Net income/(loss)	**29.0**	(29.2)
Net income/(loss) attributable to:		
Shareholders of the parent company	**27.0**	(19.9)
Non-controlling interests	**2.0**	(9.3)
	29.0	(29.2)

Earnings per share	$ per share	$ per share
Basic	**0.09**	(0.07)
Diluted[(a)]	**0.09**	(0.07)

(a) For the explanation and a reconciliation of diluted earnings per share refer to Note 7 ‘Earnings per share’ to the Condensed Consolidated Financial Statements.

Subsea 7 S.A.

Condensed Consolidated Statement of Comprehensive Income

(in $ millions)	Three Month Ended 31 Mar 2024 Unaudited	 31 Mar 2023 Unaudited
Net income/(loss)	**29.0**	(29.2)
Items that may be reclassified to the income statement in subsequent periods:		
Net foreign currency translation (losses)/gains	**(12.6)**	5.5
Net commodity cash flow hedge gains/(losses)	**1.8**	(3.0)
Tax relating to components of other comprehensive income	**0.9**	0.2
Other comprehensive (loss)/income	**(9.9)**	2.7
Total comprehensive income/(loss)	**19.1**	(26.5)
Total comprehensive income/(loss) attributable to:		
Shareholders of the parent company	**17.2**	(17.3)
Non-controlling interests	**1.9**	(9.2)
	19.1	(26.5)

Subsea 7 S.A.

Condensed Consolidated Balance Sheet

(in $ millions)	31 Mar 2024 Unaudited	31 Dec 2023 Audited
Assets		
Non-current assets		
Goodwill	**191.5**	192.2
Intangible assets	**64.3**	58.5
Property, plant and equipment	**4,046.9**	4,070.0
Right-of-use assets	**528.1**	419.4
Interest in associates and joint ventures	**351.0**	342.0
Advances and receivables	**61.0**	67.0
Derivative financial instruments	**39.6**	29.5
Other financial assets	**1.1**	1.1
Deferred tax assets	**49.8**	50.9
	5,333.3	5,230.6
Current assets		
Inventories	**63.5**	60.1
Trade and other receivables	**951.9**	921.8
Current tax assets	**117.4**	100.5
Derivative financial instruments	**47.6**	31.4
Assets classified as held for sale	**–**	57.0
Construction contracts – assets	**800.5**	691.8
Other accrued income and prepaid expenses	**259.1**	244.0
Restricted cash	**4.5**	7.4
Cash and cash equivalents	**603.7**	750.9
	2,848.2	2,864.9
Total assets	**8,181.5**	8,095.5
Equity		
Issued share capital	**608.6**	608.6
Treasury shares	**(45.8)**	(31.1)
Paid in surplus	**2,581.0**	2,579.7
Translation reserve	**(618.8)**	(607.2)
Other reserves	**(5.5)**	(7.3)
Retained earnings	**1,806.2**	1,780.3
Equity attributable to shareholders of the parent company	**4,325.7**	4,323.0
Non-controlling interests	**31.9**	34.1
Total equity	**4,357.6**	4,357.1
Liabilities		
Non-current liabilities		
Borrowings	**690.7**	721.4
Lease liabilities	**369.8**	290.5
Retirement benefit obligations	**8.6**	8.4
Deferred tax liabilities	**41.1**	43.2
Provisions	**36.8**	24.6
Contingent liabilities recognised	**0.5**	0.5
Derivative financial instruments	**17.5**	32.6
Other non-current liabilities	**1.0**	1.1
	1,166.0	1,122.3
Current liabilities		
Trade and other liabilities	**1,763.0**	1,683.9
Derivative financial instruments	**29.8**	35.3
Tax liabilities	**98.9**	76.4
Borrowings	**123.5**	123.5
Lease liabilities	**201.9**	167.8
Provisions	**82.1**	100.5
Construction contracts – liabilities	**352.0**	424.8
Deferred revenue	**6.7**	3.9
	2,657.9	2,616.1
Total liabilities	**3,823.9**	3,738.4
Total equity and liabilities	**8,181.5**	8,095.5

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2024

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2024	**608.6**	**(31.1)**	**2,579.7**	**(607.2)**	**(7.3)**	**1,780.3**	**4,323.0**	**34.1**	**4,357.1**
Comprehensive income/(loss)									
Net income	–	–	–	–	–	27.0	27.0	2.0	29.0
Net foreign currency translation losses	–	–	–	(12.5)	–	–	(12.5)	(0.1)	(12.6)
Commodity cash flow hedges	–	–	–	–	1.8	–	1.8	–	1.8
Tax relating to components of other comprehensive income	–	–	–	0.9	–	–	0.9	–	0.9
Total comprehensive income/(loss)	**–**	**–**	**–**	**(11.6)**	**1.8**	**27.0**	**17.2**	**1.9**	**19.1**
Transactions with owners									
Share repurchased	–	(14.7)	–	–	–	–	(14.7)	–	(14.7)
Share-based payments	–	–	1.3	–	–	–	1.3	–	1.3
Acquisition of non-controlling interests	–	–	–	–	–	(1.1)	(1.1)	(4.1)	(5.2)
Total transactions with owners	**–**	**(14.7)**	**1.3**	**–**	**–**	**(1.1)**	**(14.5)**	**(4.1)**	**(18.6)**
Balance at 31 March 2024	**608.6**	**(45.8)**	**2,581.0**	**(618.8)**	**(5.5)**	**1,806.2**	**4,325.7**	**31.9**	**4,357.6**

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2023

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	**600.0**	**(75.0)**	**2,503.2**	**(628.0)**	**(18.4)**	**1,739.8**	**4,121.6**	**329.1**	**4,450.7**
Comprehensive income/(loss)									
Net loss	–	–	–	–	–	(19.9)	(19.9)	(9.3)	(29.2)
Net foreign currency translation gains	–	–	–	5.4	–	–	5.4	0.1	5.5
Commodity cash flow hedges	–	–	–	–	(3.0)	–	(3.0)	–	(3.0)
Tax relating to components of other comprehensive income	–	–	–	0.2	–	–	0.2	–	0.2
Total comprehensive income/(loss)	**–**	**–**	**–**	**5.6**	**(3.0)**	**(19.9)**	**(17.3)**	**(9.2)**	**(26.5)**
Transactions with owners									
Share issuance	17.1	–	91.2	–	–	–	108.3	(108.3)	–
Share cancellation	(11.4)	41.6	(30.2)	–	–	–	–	–	–
Share-based payments	–	–	0.8	–	–	–	0.8	–	0.8
Reclassification adjustment relating to ownership interests	–	–	–	–	–	129.8	129.8	(129.8)	–
Total transactions with owners	**5.7**	**41.6**	**61.8**	**–**	**–**	**129.8**	**238.9**	**(238.1)**	**0.8**
Balance at 31 March 2023	**605.7**	**(33.4)**	**2,565.0**	**(622.4)**	**(21.4)**	**1,849.7**	**4,343.2**	**81.8**	**4,425.0**

Subsea 7 S.A.

Condensed Consolidated Cash Flow Statement

(in $ millions)	Three Months Ended 31 Mar 2024 Unaudited	31 Mar 2023 Unaudited Re-presented[a]
Operating activities		
Income/(loss) before taxes	**55.0**	(26.1)
Adjustments for non-cash items:		
Depreciation and amortisation charges	**141.9**	122.1
(Increase)/decrease in foreign exchange embedded derivatives	**(46.6)**	5.1
Adjustments for investing and financing items:		
Share of net (income)/loss of associates and joint ventures	**(9.5)**	1.2
Net loss on disposal of property, plant and equipment	**0.3**	0.1
Finance income	**(9.3)**	(6.1)
Finance costs	**23.3**	13.9
Adjustments for equity items:		
Share-based payments	**1.3**	0.8
	156.4	111.0
Changes in working capital:		
Increase in inventories	**(3.6)**	(6.7)
Increase in trade and other receivables	**(52.0)**	(99.8)
Increase in construction contract – assets	**(132.2)**	(133.0)
Increase in other working capital assets	**(18.5)**	(17.7)
Increase in trade and other liabilities	**104.5**	10.4
(Decrease)/increase in construction contract – liabilities	**(51.6)**	18.6
(Decrease)/increase in other working capital liabilities	**(3.1)**	14.2
Net movement in working capital	**(156.5)**	(214.0)
Income taxes paid	**(13.1)**	(23.7)
Net cash used in operating activities	**(13.2)**	(126.7)
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	**56.8**	–
Purchases of property, plant and equipment and intangible assets	**(82.9)**	(92.5)
Interest received	**9.3**	6.1
Net cash used in investing activities	**(16.8)**	(86.4)
Cash flows (used in)/generated from financing activities		
Interest paid	**(16.3)**	(7.3)
Repayment of borrowings	**(31.2)**	(6.2)
Proceeds from borrowings	**–**	300.0
Cost of share repurchases	**(14.7)**	–
Payments related to lease liabilities – principal	**(41.2)**	(25.3)
Payments related to lease liabilities – interest	**(8.2)**	(5.6)
Payments to non-controlling interests	**(6.4)**	–
Net cash (used in)/generated from financing activities	**(118.0)**	255.6
Net (decrease)/increase in cash and cash equivalents	**(148.0)**	42.5
Cash and cash equivalents at beginning of period	**750.9**	645.6
Decrease/(increase) in restricted cash	**3.0**	(3.1)
Effect of foreign exchange rate movements on cash and cash equivalents	**(2.2)**	0.6
Cash and cash equivalents at end of period	**603.7**	685.6

(a) Re-presented to remove embedded foreign currency derivative movements from net working capital.

1. General information

Subsea 7 S.A. is a company registered in Luxembourg whose common shares trade on the Oslo Børs and over-the-counter as American Depositary Receipts (ADRs) in the US. The address of the registered office is 412F, route d'Esch, L-1471 Luxembourg. The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 24 April 2024.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the period from 1 January 2024 to 31 March 2024 for Subsea 7 S.A. have been prepared on a going concern basis and in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

The Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2023 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Condensed Consolidated Financial Statements are unaudited.

3. Accounting policies

Basis of accounting

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with the Consolidated Financial Statements for the year ended 31 December 2023.

No new International Financial Reporting Standards (IFRSs) were adopted by the Group for the financial year beginning 1 January 2024. Amendments to existing IFRSs, issued with an effective date of 1 January 2024 but not yet endorsed by the EU, will be adopted by the Group following their adoption by the EU.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in the Consolidated Financial Statements for the year ended 31 December 2023, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised.

Management makes accounting judgements on the following aspects of the business as described in full in the Annual Report for the year ended 31 December 2023:

- Revenue recognition
- Goodwill carrying amount
- Property, plant and equipment
- Recognition of provisions and disclosure of contingent liabilities
- Taxation

5. Seasonality

A significant portion of the Group's revenue is generated from work performed offshore. During certain periods of the year, the Group may be affected by adverse weather conditions such as hurricanes, tropical storms and rough seas, which may cause delays. In the Northern Hemisphere seasonally adverse weather occurs typically during the period from October to March, whereas in the Southern Hemisphere it typically occurs during the period from May to September. Depending on project execution, each can affect the Group's offshore operations. Periods of adverse weather conditions usually result in low levels of activity.

6. Segment information

For management and reporting purposes, the Group is organised into three business units; Subsea and Conventional, Renewables and Corporate. These business units represent the Group's operating segments and are defined as follows:

Subsea and Conventional

The Subsea and Conventional business unit includes:

- Subsea Umbilicals, Risers and Flowlines (SURF) activities related to the engineering, procurement, installation and commissioning of highly complex subsea oil and gas systems in deep waters, including the long-term contracts for PLSVs in Brazil;
- Conventional services including the fabrication, installation, extension and refurbishment of fixed and floating platforms and associated pipelines in shallow water environments;
- Activities associated with the provision of inspection, repair and maintenance (IRM) services, integrity management of subsea infrastructure and remote intervention support;
- Activities associated with heavy lifting operations and decommissioning of redundant offshore structures;
- Activities associated with carbon capture, utilisation and storage (CCUS); and
- Share of net income of the Group's associate, OneSubsea.

This segment includes costs, including depreciation, amortisation and impairment charges, related to owned and long-term leased vessels, equipment and offshore personnel deployed in Subsea and Conventional activities.

Renewables

The Renewables business unit comprises activities related to the delivery of fixed offshore wind farm projects and floating wind activities. Activities include the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations and heavy transportation services for renewables structures. This segment includes costs, including depreciation, amortisation and impairment charges, related to owned and long-term leased vessels, equipment and offshore personnel deployed in Renewables activities.

Corporate

The Corporate business unit includes group-wide activities, and associated costs, including captive insurance activities, operational support, corporate services and costs associated with discrete events such as restructuring. The Corporate business unit also includes the results of the Group's autonomous subsidiaries, Xodus and 4Subsea, and its activities in emerging energies such as hydrogen. A significant portion of the Corporate business unit's costs are allocated to the Subsea and Conventional and Renewables business units based on a percentage of external revenue.

Summarised financial information relating to each operating segment is as follows:

For the three months ended 31 March 2024

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	**1,041.2**	**171.6**	**3.7**	**1,216.5**
Day-rate contracts	**147.7**	**7.1**	**24.1**	**178.9**
	1,188.9	**178.7**	**27.8**	**1,395.4**
Net operating income/(loss)	**47.1**	**(24.3)**	**(2.8)**	**20.0**
Finance income				**9.3**
Other gains and losses				**49.0**
Finance costs				**(23.3)**
Income before taxes				**55.0**
Adjusted EBITDA[(a)]	***159.6***	**1.2**	***1.4***	***162.2***
Adjusted EBITDA margin[(a)]	***13.4%***	**0.7%**	***5.0%***	***11.6%***

For the three months ended 31 March 2023

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	904.2	158.7	4.9	1,067.8
Day-rate contracts	157.0	0.8	20.7	178.5
	1,061.2	159.5	25.6	1,246.3
Net operating income/(loss)	2.7	(18.0)	–	(15.3)
Finance income				6.1
Other gains and losses				(3.0)
Finance costs				(13.9)
Loss before taxes				(26.1)
Adjusted EBITDA[(a)]	*96.8*	*6.1*	*3.9*	*106.8*
Adjusted EBITDA margin[(a)]	*9.1%*	*3.8%*	*15.2%*	*8.6%*

(a) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to the 'Alternative Performance Measures' section of the Condensed Consolidated Financial Statements.

7. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the parent company by the weighted average number of common shares in issue during the period, excluding common shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The net income and share data used in the calculation of basic and diluted earnings per share were as follows:

For the period (in $ millions)	Three Months Ended **31 Mar 2024** **Unaudited**	 31 Mar 2023 Unaudited
Net income/(loss) attributable to shareholders of the parent company	**27.0**	(19.9)
Earnings/(loss) used in the calculation of diluted earnings per share	**27.0**	(19.9)

For the period (number of shares)	Three Months Ended **31 Mar 2024** **Unaudited**	 31 Mar 2023 Unaudited
Weighted average number of common shares used in the calculation of basic earnings/(loss) per share	**300,180,735**	291,837,052
Performance shares	**890,787**	–
Weighted average number of common shares used in the calculation of diluted earnings/(loss) per share	**301,071,522**	291,837,052

For the period (in $ per share)	Three Months Ended **31 Mar 2024** **Unaudited**	 31 Mar 2023 Unaudited
Basic earnings/(loss) per share	**0.09**	(0.07)
Diluted earnings/(loss) per share	**0.09**	(0.07)

The following shares that could potentially dilute earnings per share were excluded from the calculation of diluted earnings per share due to being anti-dilutive:

For the period (number of shares)	Three Months Ended **31 Mar 2024** **Unaudited**	 31 Mar 2023 Unaudited
Performance shares	**972,978**	1,788,755

8. Goodwill

The movement in goodwill during the period was as follows:

(in $ millions)	**31 Mar 2024** **Unaudited**	31 Mar 2023 Unaudited
At year beginning	**192.2**	191.3
Exchange differences	**(0.7)**	–
At period end	**191.5**	191.3

9. Treasury shares

At 31 March 2024, the Company directly held 4,811,370 shares (Q4 2023: 3,839,804) as treasury shares, representing 1.58% (Q4 2023: 1.26%) of the total number of issued shares.

The movement in treasury shares during the period was as follows:

	31 Mar 2024 **Number of shares** **Unaudited**	**31 Mar 2024** **in $ millions** **Unaudited**	31 Mar 2023 Number of shares Unaudited	31 Mar 2023 in $ millions Unaudited
At year beginning	**3,839,804**	**31.1**	9,794,267	75.0
Shares repurchased	**971,566**	**14.7**	–	–
Shares cancelled	**–**	**–**	(5,681,967)	(41.6)
At period end	**4,811,370**	**45.8**	4,112,300	33.4

10. Share repurchase programme

During the first quarter, 971,566 shares were repurchased for a cost of $14.7 million, under the Group's $200 million share repurchase programme authorised by the Board of Directors on 24 July 2019. On 19 April 2023, the Board of Directors authorised a 24-month extension to this programme which will now expire on 18 April 2025.

At 31 March 2024, the Group had cumulatively repurchased 10,971,778 shares for a total cost of $91.5 million under this programme.

11. Commitments and contingent liabilities

Commitments

At 31 March 2024, the Group had contractual capital commitments totalling $143.2 million (31 December 2023: $204.4 million).

Contingent liabilities not recognised in the Consolidated Balance Sheet

The Group is subject to tax audits and receives tax assessments in a number of jurisdictions where it has, or has had, operations. The estimation of the ultimate outcome of these audits and disputed tax assessments is complex and subjective. The likely outcome of the audits and associated cash outflow, if any, may be impacted by technical uncertainty and the availability of supporting documentation.

Between 2009 and 2023, the Group's Brazilian businesses were audited and formally assessed for ICMS and federal taxes (including import duty) by the Brazilian state and federal tax authorities. The amount assessed, including penalties and interest, at 31 March 2024 amounted to BRL 969.3 million, equivalent to $194.8 million (31 December 2023: BRL 956.3 million, equivalent to $196.6 million). The Group has challenged these assessments. A contingent liability has been disclosed for the total amounts assessed as the disclosure criteria have been met however management believes that the likelihood of payment is not probable.

During 2018, 2019 and 2020, the Group's Brazilian business received several labour claims. The amount assessed at 31 March 2024 amounted to BRL 177.6 million, equivalent to $35.7 million (31 December 2023: BRL 191.8 million, equivalent to $39.4 million). The Group has challenged these claims. A contingent liability has been disclosed for BRL 126.3 million, equivalent to $25.4 million as the disclosure criteria have been met (31 December 2023: BRL 137.2 million, equivalent to $28.2 million), however, management believes that the likelihood of payment is not probable. At 31 March 2024, a provision of BRL 51.3 million, equivalent to $10.3 million was recognised within the Consolidated Balance Sheet (31 December 2023: BRL 54.6 million, equivalent to $11.2 million), as the IAS 37 'Provisions, contingent liabilities and contingent assets' recognition criteria were met.

Contingent liabilities recognised in the Consolidated Balance Sheet

As part of the accounting for the business combination of Pioneer Lining Technology Limited, IFRS 3 required the Group to recognise a provision in respect of contingent consideration payable to a third party following the acquisition of intangible assets in 2009. The value of the provision recognised within the Consolidated Balance Sheet at 31 March 2024 was $0.5 million (31 December 2023: $0.5 million). While complying with the requirements of IFRS 3, management continues to believe that payment relating to the remaining recognised contingent liabilities is not probable.

12. Fair value and financial instruments

The carrying values of the Group's financial assets and financial liabilities recorded at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values.

Borrowings

Fair value is determined by matching the maturity profile of amounts utilised under each facility to market interest rates available to the Group for borrowings with similar security, maturity and repayment profiles. At 31 March 2024, interest charged under each facility is representative of market rates currently available to the Group and therefore the carrying amount approximates fair value.

Fair value measurements

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recurring and non-recurring fair value measurements

Recurring fair value measurements are those that IFRS require at the end of each reporting period and non-recurring fair value measurements are those that IFRS require or permit in particular circumstances.

Assets and liabilities which are measured at fair value in the Consolidated Balance Sheet and their level in the fair value hierarchy were as follows:

At (in $ millions)	**2024 31 Mar Level 1**	**2024 31 Mar Level 2**	**2024 31 Mar Level 3**	2023 31 Dec Level 1	2023 31 Dec Level 2	2023 31 Dec Level 3
Recurring fair value measurements						
Financial assets:						
Financial assets measured at fair value through profit and loss – embedded derivatives	**–**	**86.3**	**–**	–	58.5	–
Financial assets measured at fair value through profit and loss – forward foreign exchange contracts	**–**	**0.2**	**–**	–	0.8	–
Financial assets measured at fair value through other comprehensive income – commodity derivatives	**–**	**0.7**	**–**	–	1.6	–
Financial liabilities:						
Financial liabilities measured at fair value through profit and loss – embedded derivatives	**–**	**(45.6)**	**–**	–	(64.2)	–
Financial liabilities measured at fair value through profit and loss – forward foreign exchange contracts	**–**	**(0.7)**	**–**	–	(1.2)	–
Financial liabilities measured at fair value through profit and loss – commodity derivatives	**–**	**(0.1)**	**–**	–	(0.1)	–
Financial liabilities measured at fair value through other comprehensive income – commodity derivatives	**–**	**(0.9)**	**–**	–	(2.4)	–
Contingent consideration	**–**	**–**	**(1.2)**	–	–	(1.2)

During the period ended 31 March 2024 there were no transfers between levels of the fair value hierarchy. The Group accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstance that caused the transfer.

12. Fair value and financial instruments continued

Fair value techniques and inputs

Financial assets and liabilities mandatorily measured at fair value through profit or loss

The Group's financial assets and liabilities measured at fair value through profit or loss comprised:

- Forward foreign exchange contracts and embedded derivatives
  The fair value of outstanding forward foreign exchange contracts and embedded derivatives were calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

- Contingent consideration
  The fair value of contingent consideration is determined based on current expectations of the achievement of specific targets and milestones and calculated using the discounted cash flow method and unobservable inputs.

Financial assets and liabilities measured at fair value through other comprehensive income

The Group's financial assets and liabilities measured at fair value through other comprehensive income comprised:

- Commodity derivatives in designed hedge accounting relationships
  The fair value of outstanding commodity contracts were calculated using quoted commodity rates matching maturities of the contracts.

Financial assets measured at fair value through other comprehensive income and designated as such at initial recognition

The Group's financial assets measured at fair value through other comprehensive income and designated as such at initial recognition comprised:

- Other financial assets
  Strategic financial investments in unlisted companies are disclosed as other financial assets within non-current assets on the Consolidated Balance Sheet. Management concluded that due to the nature of these investments, there are a wide range of possible fair value measurements and in some cases, there may be insufficient recent information available to enable the Group to accurately measure fair value. Management review investments annually to ensure the carrying amount can be supported by expected future cash flows and have concluded cost is considered to represent the best estimate of fair value of each investment within a range of possible outcomes.

Alternative Perfomance Measures (APMs)

Alternative Performance Measures (APMs) - definitions

The Group uses Alternative Performance Measures (APMs) when evaluating financial performance, financial position and cash flows which are not defined or specified under International Financial Reporting Standards (IFRS), as adopted by the EU. Management considers that these non-IFRS measures, which are not a substitute for nor superior to IFRS measures, provide stakeholders with additional information to further understand the Group's financial performance, financial position and cash flows.

APM	Description	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements	Rationale for utilising APM
Income Statement APMs				
Adjusted EBITDA and Adjusted EBITDA margin	Adjusted earnings before interest, taxation, depreciation and amortisation represents net income/(loss) before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.	Net income/(loss)	Net income/(loss) adjusted to exclude depreciation and amortisation costs, including amortisation of prepaid mobilisation expenses and amortisation of intangible assets, impairment charges or impairment reversals, gains and losses on disposal of property, plant and equipment and maturity of lease liabilities, finance income, remeasurement gains and losses on business combinations, other gains and losses (including foreign exchange gains and losses, gains on disposal of subsidiaries, gains and losses resulting from remeasurement of contingent consideration, gains on distributions and bargain purchase gains on business combinations), finance costs and taxation.	Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the Group and provide a meaningful comparative for its business units. The presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea7's peer group. Adjusted EBITDA margin may also be a useful ratio to compare performance to the Group's competitors and is widely used by shareholders and analysts. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.
Effective tax rate (ETR)	The effective tax rate is expressed as a percentage, calculated as the taxation expense/(credit) divided by the income/(loss) before taxes.	Taxation	n/a	Provides a useful and relevant measure of the effectiveness of the Group's tax strategy and tax planning.
Balance Sheet APM				
Net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities	Net cash/(debt) is defined as cash and cash equivalents less borrowings. The Group utilises both net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities as financial position measures.	No direct equivalent	Calculated as cash and cash equivalent less borrowings (current and non-current). The measure may exclude lease liabilities (current and non-current) or include them.	Net cash/(debt) provides a meaningful and reliable basis to evaluate financial strength and liquidity of the Group.

Cash flow APMs				
Cash conversion	Cash conversion is defined as net cash generated from/(used in) operating activities, add back income taxes paid, divided by Adjusted EBITDA, expressed as a percentage.	No direct equivalent	Calculated as net cash generated from/(used in) operating activities in the Group's Consolidated Cash Flow Statement, add back income taxes paid and divided by Adjusted EBITDA.	Cash conversion is a financial management tool to determine the efficiency of the Group's ability to generate cash from its operating activities.
Free cash flow	Free cash flow is defined as net cash generated from/(used in) operating activities less purchases of property, plant and equipment and intangible assets.	No direct equivalent	Calculated as net cash generated from/(used in) operating activities from the Group's Consolidated Cash Flow Statement less purchases of property, plant and equipment and intangible assets.	Free cash flow is a relevant metric for shareholders and analysts when determining cash available to the Group to invest or potentially distribute.
Other APMs				
Backlog	Backlog represents expected future revenue from projects. Awards to associates and joint ventures are excluded from backlog figures, unless otherwise stated. Despite being a non-IFRS term, the Group recognises backlog in accordance with the requirements of IFRS 15, 'Revenue from Contracts with Customers', which represents revenue expected to be recognised in the future related to performance obligations which are unsatisfied, or partially unsatisfied, at the reporting date.	Transaction price allocated to the remaining performance obligations	n/a	Utilising the term backlog is in accordance with expected industry-wide terminology. It is similarly used by companies within Subsea7's peer group and is a helpful term for those evaluating companies within Subsea7's industry. Backlog may also be useful to compare performance with competitors and is widely used by shareholders and analysts. Notwithstanding this, backlog presented by the Group may not be comparable to similarly titled measures reported by other companies.
Order intake	Order intake represents new project awards plus escalations on existing projects.	No direct equivalent	n/a	Order intake is in accordance with expected industry-wide terminology and primarily enables the book-to-bill APM to be calculated.
Book-to-bill ratio	Book-to-bill ratio represents total order intake divided by revenue for the reporting period.	No direct equivalent	n/a	The book-to-bill metric is widely used in the energy sector by shareholders and analysts and is a helpful term for those evaluating companies within Subsea7's industry. Notwithstanding this, the book-to-bill ratio presented by the Group may not be comparable to similarly titled measures reported by other companies.

Alternative Performance Measures - calculations

1a. Reconciliation of net operating income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin

For the period (in $ millions)	Three Months Ended 31 Mar 2024 Unaudited	Three Months Ended 31 Mar 2023 Unaudited
Net operating income/(loss)	**20.0**	(15.3)
Depreciation, amortisation and mobilisation	**141.9**	122.1
Net loss on disposal of property, plant and equipment	**0.3**	–
Adjusted EBITDA	**162.2**	106.8
Revenue	**1,395.4**	1,246.3
Adjusted EBITDA margin	**11.6%**	8.6%

1b. Reconciliation of net income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin

For the period (in $ millions)	Three Months Ended 31 Mar 2024 Unaudited	Three Months Ended 31 Mar 2023 Unaudited
Net income/(loss)	**29.0**	(29.2)
Depreciation, amortisation and mobilisation	**141.9**	122.1
Net loss on disposal of property, plant and equipment	**0.3**	–
Finance income	**(9.3)**	(6.1)
Other gains and losses	**(49.0)**	3.0
Finance costs	**23.3**	13.9
Taxation	**26.0**	3.1
Adjusted EBITDA	**162.2**	106.8
Revenue	**1,395.4**	1,246.3
Adjusted EBITDA margin	**11.6%**	8.6%

2. Effective tax rate

For the period (in $ millions)	Three Months Ended 31 Mar 2024 Unaudited	Three Months Ended 31 Mar 2023 Unaudited
Taxation	**(26.0)**	(3.1)
Income/(loss) before taxation	**55.0**	(26.1)
Effective tax rate (percentage)	**47.3%**	(11.9%)

3. Net (debt)/cash excluding lease liabilities and net debt including lease liabilities

At (in $ millions)	31 Mar 2024 Unaudited	31 Mar 2023 Unaudited
Cash and cash equivalents	**603.7**	685.6
Total borrowings	**(814.2)**	(648.8)
Net (debt)/cash excluding lease liabilities	**(210.5)**	36.8
Total lease liabilities	**(571.7)**	(456.2)
Net debt including lease liabilities	**(782.2)**	(419.4)

4. Cash conversion

For the period (in $ millions)	Three Months Ended 31 Mar 2024 Unaudited	Three Months Ended 31 Mar 2023 Unaudited
Net cash used in operating activities	**(13.2)**	(126.7)
Income taxes paid	**13.1**	23.7
	(0.1)	(103.0)
Adjusted EBITDA	**162.2**	106.8
Cash conversion	**–**	(1.0)x

5. Free cash flow

For the period (in $ millions)	Three Months Ended **31 Mar 2024** **Unaudited**	 31 Mar 2023 Unaudited
Net cash used in operating activities	**(13.2)**	(126.7)
Purchases of property, plant and equipment and intangible assets	**(82.9)**	(92.5)
Free cash flow	**(96.1)**	(219.2)

6. Backlog

IFRS 15 'Revenue from Contracts with Customers' disclosure in relation to remaining performance obligations is contained in the 'Construction contracts' note, in the Group's 2023 Annual Report. Unless otherwise stated, backlog and remaining performance obligations, as required by IFRS 15, will be the same number. Backlog by year of execution is as follows:

At (in $ millions)	**31 Mar 2024** **Unaudited**	31 Mar 2023 Unaudited
Total backlog	**10,428.6**	9,683.0
Expected year of execution:		
2023	**–**	4,036.5
2024	**4,843.0**	3,435.7
2025	**4,065.1**	1,731.3
2026	**1,287.8**	479.5
2027 and thereafter	**232.7**	–

7. Order intake

For the period (in $ millions)	Three Months Ended **31 Mar 2024** **Unaudited**	 31 Mar 2023 Unaudited
New project awards	**836.0**	1,228.6
Escalations on existing projects	**489.5**	691.9
Order intake	**1,325.5**	1,920.5

8. Book-to-bill ratio

For the period (in $ millions)	Three Months Ended **31 Mar 2024** **Unaudited**	 31 Mar 2023 Unaudited
Order intake	**1,325.5**	1,920.5
Revenue	**1,395.4**	1,246.3
Book-to-bill ratio	**0.9x**	1.5x