

SUBSEA 7 INC.

REPORT FOR THE FIRST QUARTER 2008

22 April 2008 – Subsea 7 Inc. (Oslo Stock Exchange: SUB) today reports the results for the first quarter of 2008.

PERFORMANCE SUMMARY

Quarter Highlights

- Good project execution in all regions and satisfactory financial result with EBITDA margin of 19%.
- Construction of the new North Sea spoolbase in Vigra, Norway was completed and pipeline production operations commenced.
- Awarded a contract by Petrobras America for installation works in the deepwater Cascade and Chinook fields in the Gulf of Mexico, valued in excess of USD 50 million.
- Awarded an EPIC contract by Petrobras in respect of the Espirito Santo Basin offshore Brazil, valued in excess of USD 200 million.

Financial Results

The Company's accounts are prepared in accordance with International Financial Reporting Standards (IFRS).

<i>In USD millions</i>	Three months ended	
	31/03/2008	31/03/2007
	Unaudited	Unaudited
Revenue	562.1	475.9
Adjusted EBITDA	106.9	62.5
Net operating profit	84.7	45.6
Profit before tax	81.6	45.9
Net profit attributable to equity shareholders	55.1	32.4
 <u>Earnings per share, in USD per share</u>		
Earnings per share, basic	0.37	0.22
Earnings per share, diluted	0.37	0.22

OPERATIONS

North Sea

Highlights for the quarter included the successful completion of the pipelay work on Total's L4PN and K5F projects, as well as the work associated with the riser and umbilical installation on Venture's Chestnut field.

Fabrication of the pipeline bundle for Total's Jura project was completed during the quarter and the bundle was successfully launched in early April 2008.

Engineering and procurement work progressed on Statoil/Hydro's Vega and Vigdis projects as well as Venture's Stamford, Grouse and Chestnut projects.

Production of the Statoil Mongstad pipeline commenced at the end of the quarter in the Company's new North Sea spoolbase in Vigra, Norway and IRM operations continued on the Shell ISSC, ConocoPhillips and BP West of Shetland projects.

Africa

The Exxon Mobil Saxi Batuque project in Angola was successfully completed as planned during the quarter.

Project management, procurement and engineering continued on the Chevron Tombua Landana project with pipeline welding activities continuing on schedule at the Luanda spool base.

Mobilisation activities have been completed for the Block 18 Life of Field project and the vessel and construction team have commenced operations in Angola.

Brazil

The remaining pipelay activity on the PDEG project for Petrobras that had previously been scheduled for completion in the second quarter of 2008 was successfully completed by the *Seven Oceans* during the quarter.

The offshore phase of the Hybrid Steel project for Petrobras commenced and progressed well during the quarter with the *Seven Oceans* successfully completing five out of a total of eight pipelay trips on this project during the quarter.

The *Normand Seven* continued offshore operations on the Roncador project with satisfactory progress being made.

Project management, procurement and engineering continued on Shell's BC10 project, with onshore fabrication of the steel catenary risers commencing during the quarter.

Project management, procurement and engineering continued on the Peregrino project and the *Lochnagar, K3000* and *K2000* continued to support Petrobras on day rate operations during the quarter.

North and Central America (previously called Gulf of Mexico)

Activity levels remained high in the North and Central America (NACA) region during the quarter. The first phase of work was completed on Chevron's Tahiti project and offshore activities progressed well on BP's Thunder Horse and Atlantis projects.

Asia Pacific

Work continued under the Woodside Frame Agreement in Australia with offshore execution progressing well on the Vincent project. The Kupe project in New Zealand also made good progress in the quarter.

Project management and engineering was undertaken in respect of the KNOC Donghae and ENI Woolybutt projects during the quarter.

Capital Expenditure

Work continued on the new-build deepwater flexlay / J lay vessel *Seven Seas*. Commissioning progressed as planned and the final delivery of the vessel remains as originally scheduled for the second quarter of 2008.

The construction of the diving support vessel *Seven Atlantic* continued to progress.

Subsea 7's new North Sea spoolbase at Vigra in Norway was successfully completed and commissioned on time and production of pipeline commenced by the end of the quarter.

Financials

Revenue for the first quarter 2008 was USD 562.1 million compared to USD 475.9 million for the same period in 2007 reflecting a higher level of project activity as compared to 2007.

Net operating profit for the first quarter 2008 was USD 84.7 million compared to USD 45.6 million for the same period in 2007. Net operating margins as a percentage of revenue increased to 15.1% in the first quarter 2008 from 9.6% in the first quarter 2007. The year-on-year improvement in margins is generally due to higher offshore activity levels and good project execution.

Net financial expense for the first quarter 2008 was USD 4.9 million compared USD 0.6 million for the first quarter 2007. The main components of this difference are foreign exchange losses and an increase in interest expense in respect of the Company's convertible bonds offset by gains on derivative financial instruments as compared to the same period last year.

Taxation expense for the first quarter 2008 was USD 26.5 million which equates to an effective tax rate of 32.5%.

Net profit attributable to equity shareholders for the first quarter 2008 was USD 55.1 million, or USD 0.37 per share, compared to a net profit of USD 32.4 million, or USD 0.22 per share, for the first quarter 2007.

Cash and short-term deposits at 31 March 2008 were USD 148.5 million compared to USD 167.7 million at 31 December 2007.

Shareholders' equity at 31 March 2008 totalled USD 852.2 million compared to USD 819.8 million at 31 December 2007.

Share Capital

During the quarter, a total of 2,500 share options were exercised under the Company's share option plan.

In January 2008, the Company repurchased 890,000 of its own shares at an average price of NOK 98.04 per share. These shares were cancelled and form part of the authorised but unissued share capital of the Company.

The Company had 146,849,980 shares issued and outstanding at 31 March 2008.

Backlog

During the first quarter of 2008, the Company was awarded new contracts, including commitments under frame agreements, of an aggregate USD 0.3 billion. The worldwide order book of the Company at 31 March 2008 was approximately USD 3.9 billion, comprising of approximately USD 2.1 billion of day-rate contracts and USD 1.8 billion of lump sum contracts.

Main new contracts since 1 January 2008

In January 2008, the Company announced it had been awarded a contract by Petrobras America for installation works in the deepwater Cascade and Chinook fields in the Gulf of Mexico. The contract is valued in excess of USD 50 million, with the offshore installation phase scheduled to commence in late 2009.

In March 2008, the Company announced it had been awarded a contract by Petrobras for the design, engineering, procurement, fabrication and installation of the 78km Sul Capixaba 12" Export Gas Pipeline and end termination assembly in the Jubarte Field. The contract is valued in excess of USD 200 million with the offshore installation phase scheduled to commence during 2009.

Market Outlook

The market fundamentals for the sector remain strong. Tendering activity remains at a high level in all regions with a notable increase in the number of North Sea tenders. This high level of tendering is expected to continue throughout 2008.

On behalf of the Board of Directors of Subsea 7 Inc.

22 April 2008

Kristian Siem, Chairman

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Subsea 7 Inc.

Income Statement <i>(Amounts in USD 1,000)</i>	YTD 31/03/2008	YTD 31/03/2007	Full year 2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenue	562,109	475,897	2,187,354
Operating expenses	(456,937)	(414,431)	(1,797,994)
Depreciation, amortisation and impairments	(20,735)	(18,318)	(76,927)
Profit on disposal of property, plant and equipment	252	2,407	3,654
Net operating profit	84,689	45,555	316,087
Changes in fair value of derivative financial instruments	5,135	779	(2,032)
Net currency (loss)/gain	(4,772)	2,578	14,957
Finance income	2,361	1,076	8,843
Finance expense	(7,604)	(5,063)	(25,238)
Net financial items	(4,880)	(630)	(3,470)
Share of post-tax profit from joint ventures	1,580	724	1,165
Share of post-tax profit from associates	190	273	998
Profit before tax	81,579	45,922	314,780
Taxation expense	(26,499)	(13,526)	(100,659)
Net profit attributable to equity shareholders	55,080	32,396	214,121

Average number of issued shares (1,000)	147,044	147,281	147,413
Earnings per share, in USD per share	0.37	0.22	1.45
Average number of issued shares, diluted (1,000)	165,122	148,012	162,013
Earnings per share, diluted, in USD per share	0.37	0.22	1.44

Balance Sheet <i>(Amounts in USD 1,000)</i>	At 31/03/2008	At 31/03/2007	At 31/12/2007
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Assets			
Non-current assets			
Goodwill	98,533	98,594	98,533
Other intangible assets	1,636	1,781	1,780
Property, plant and equipment	980,678	651,108	906,551
Deferred tax asset	3,458	3,419	3,454
Retirement benefit asset	858	578	-
Investment in joint ventures	2,394	373	814
Investment in associates	1,799	884	1,609
	1,089,356	756,737	1,012,741
Current assets			
Inventories	21,038	31,308	25,209
Trade and other receivables	686,209	568,787	659,139
Derivative financial instruments	9,274	6,116	5,120
Cash and cash equivalents	148,498	84,358	167,657
	865,019	690,569	857,125
Total assets	1,954,375	1,447,306	1,869,866

Equity and liabilities			
Shareholders' equity			
Share capital	1,468	1,473	1,477
Share premium reserve	270,816	283,847	286,508
Other reserves	524,867	252,434	317,651
Result for period	55,080	32,396	214,121
	852,231	570,150	819,757
Non-current liabilities			
Borrowings	394,886	266,073	387,301
Deferred tax liability	63,292	34,046	57,823
Retirement benefit liability	-	-	1,789
Finance leases	-	176	-
Other	4,369	4,353	4,384
	462,547	304,648	451,297
Current liabilities			
Derivative financial instruments	1,301	467	2,282
Trade and other payables	595,935	560,399	548,770
Current tax liability	42,165	10,837	47,366
Finance leases	196	805	394
	639,597	572,508	598,812
Total liabilities	1,102,144	877,156	1,050,109
Total shareholders' equity and liabilities	1,954,375	1,447,306	1,869,866

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Cash Flow <i>(Amounts in USD 1,000)</i>	YTD 31/03/2008 <i>Unaudited</i>	YTD 31/03/2007 <i>Unaudited</i>	Full year 2007 <i>Audited</i>
Net profit attributable to equity shareholders	55,080	32,396	214,121
Adjustments for:			
Taxation expense	26,499	13,526	100,659
Depreciation and amortisation	20,735	18,318	76,927
Share based payments	1,161	444	2,785
Profit on disposal of property, plant and equipment	(252)	(2,407)	(3,654)
Deferred government grant income	(6)	(6)	(25)
Finance income	(2,361)	(1,076)	(8,843)
Finance expense	7,604	5,063	25,238
Share of post tax profit from joint ventures	(1,580)	(724)	(1,165)
Share of post tax profit from associates	(190)	(273)	(998)
Changes in working capital (excluding effects of acquisitions and disposal of subsidiaries):			
Decrease/(increase) in inventories	4,171	(3,125)	2,974
Increase in trade and other receivables	(31,498)	(101,374)	(191,544)
Increase in trade and other payables	43,537	109,764	107,352
Cash generated from operations	122,900	70,526	323,827

Cash flows from operating activities

Cash generated from operations	122,900	70,526	323,827
Finance income received	2,635	1,076	8,489
Finance expense paid	(19)	(40)	(8,677)
Taxation paid	(26,235)	(8,754)	(35,616)
Net cash from operating activities	99,281	62,808	288,023

Cash flows from investing activities

Deferred consideration on acquisition of subsidiary	-	-	(1,136)
Proceeds from sale of property, plant and equipment	277	2,407	4,287
Purchase of property, plant and equipment	(105,841)	(88,111)	(383,690)
Purchase of intangible assets	-	-	(501)
Net cash used in investing activities	(105,564)	(85,704)	(381,040)

Cash flows from financing activities

Net proceeds from issue of ordinary share capital	13	165	2,830
Purchase of own shares	(15,714)	-	-
Finance lease principal payments	(198)	(180)	(767)
Drawdown/(repayment) of bank loans	-	20,000	-
Government grants received	-	-	83
Proceeds of convertible bond loan	-	-	175,000
Net cash (used in)/from financing activities	(15,899)	19,985	177,146
Effects of exchange rate changes	3,023	684	(3,057)
Net (decrease)/increase in cash and cash equivalents	(19,159)	(2,227)	81,072
Cash and cash equivalents at start of period	167,657	86,585	86,585
Cash and cash equivalents at end of period	148,498	84,358	167,657

Shareholders' equity

<i>(Amounts in USD 1,000)</i>	YTD 31/03/2008 <i>Unaudited</i>	YTD 31/03/2007 <i>Unaudited</i>	Full year 2007 <i>Audited</i>
Shareholders' equity at start of period	819,757	531,936	531,936
Share issues	13	165	2,830
Purchase of own shares	(15,714)	-	-
Result for the period	55,080	32,396	214,121
Share based payment	1,161	444	2,785
Convertible bond 2007-17 equity component	-	-	48,019
Currency translation differences	(8,066)	5,209	20,066
Shareholders' equity at end of period	852,231	570,150	819,757

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Segment reporting

YTD 31/03/2008 (Unaudited amounts in USD 1,000)	North Sea	Africa	Brazil	NACA	Asia Pacific	Global	Total
Revenue	200,819	146,522	150,536	50,118	14,090	24	562,109
Profit/(loss)	22,252	37,689	12,244	13,428	10,140	(15,944)	79,809
Share of post-tax profit from joint ventures	-	-	-	-	1,580	-	1,580
Share of post-tax profit from associates	-	-	-	-	-	190	190
Profit/(loss) before tax	22,252	37,689	12,244	13,428	11,720	(15,754)	81,579

YTD 31/03/2007 (Unaudited amounts in USD 1,000)	North Sea	Africa	Brazil	NACA	Asia Pacific	Global	Total
Revenue	163,135	87,449	127,777	37,236	57,649	2,651	475,897
Profit/(loss)	26,370	(1,613)	2,647	8,322	14,021	(4,822)	44,925
Share of post-tax profit from joint ventures	-	-	-	-	724	-	724
Share of post-tax profit from associates	-	-	-	-	-	273	273
Profit/(loss) before tax	26,370	(1,613)	2,647	8,322	14,745	(4,549)	45,922

The 'Global' segment includes the vessel management group based in Grimstad, Norway which is responsible for the management and maintenance of the vessels and equipment, and the global support team and treasury function which are both based in Aberdeen, Scotland. Finance income and expense, derivative instrument fair value changes and net currency items are also allocated to this segment.

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Reconciliation of net profit attributable to equity shareholders to Adjusted EBITDA

(Amounts in USD 1,000 except percentages)	Three months ended	
	31/03/2008 <i>Unaudited</i>	31/03/2007 <i>Unaudited</i>
Net profit attributable to equity shareholders	55,080	32,396
Adjustments:		
Taxation expense	26,499	13,526
Net financial items	4,880	630
Depreciation, amortisation and impairments	20,735	18,318
Profit on disposal of property, plant and equipment	(252)	(2,407)
Adjusted EBITDA	106,942	62,463
Revenue	562,109	475,897
Adjusted EBITDA %	19.0%	13.1%

The Company calculates "Adjusted EBITDA" (adjusted earnings before interest, taxation, depreciation and amortisation) as net profit attributable to equity shareholders adjusted for taxation, net financial items, depreciation, amortisation, impairments and profits or losses on disposals of property, plant and equipment.