

SUBSEA 7 INC.

REPORT FOR THE FOURTH QUARTER AND PRELIMINARY YEAR END RESULTS FOR 2007

5 February 2008 – Subsea 7 Inc. (Oslo Stock Exchange: SUB) today reports the results for the fourth quarter and preliminary year end results for 2007.

PERFORMANCE SUMMARY

Quarter Highlights

- Operational activity and project performance particularly strong in Africa with the successful completion of the Petro SA and Agbami projects and significant progress made on the Saxi Batuque project.
- *Seven Oceans* successfully completed its first pipelay campaign on the Blind Faith project for Chevron in the Gulf of Mexico and the deepwater pipelay scope on PDEG for Petrobras in Brazil.
- *Normand Seven* entered the fleet as planned and commenced operations.
- Awarded two separate contracts by BP with a combined value in excess of USD 265 million for installation and general subsea construction works in the Skarv and Idun fields in the northern North Sea.

Financial Results

Accounts prepared in accordance with IFRS

<i>In USD millions</i>	Three months ended		Year ended	
	31/12/2007 Unaudited	31/12/2006 Unaudited	31/12/2007 Unaudited	31/12/2006 Audited
Revenue	562.3	394.7	2,187.4	1,670.4
Adjusted EBITDA	102.6	30.4	391.5	264.9
Net operating profit	80.2	11.4	316.1	199.3
Profit before tax	80.8	9.4	314.8	207.2
Net profit attributable to equity shareholders	54.7	5.1	214.1	137.6
<i>Earnings per share, in USD per share</i>				
Earnings per share, basic	0.37	0.03	1.45	0.93
Earnings per share, diluted	0.36	0.03	1.44	0.93

OPERATIONS

Operations in General

Activity levels remained high and in general, operational performance was good during the quarter. Operational performance in Africa was particularly pleasing during the quarter with the successful completion of the Petro SA and Agbami projects, along with significant progress on the offshore scope of the Saxi Batuque project. The new pipelay vessel *Seven Oceans* successfully completed the pipelay work on the Blind Faith project in the Gulf of Mexico before transiting to Brazil to commence work on the PDEG project. In addition, the *Normand Seven* was successfully commissioned and commenced work on the Roncador project in Brazil.

North Sea

The North Sea region continued to perform well during the quarter.

Highlights for the period included the successful completion of the ConocoPhillips Kelvin, Talisman Galley and the Asgard J101 projects. Work progresses on the Vega, Jura, K5F and L4PN construction projects, with IRM operations continuing on the Shell ISSC, BP West of Shetland and Venture projects.

Africa

Activity levels remained high in the Africa region, with the offshore construction phase of the Saxi Batuque project in Angola progressing well, and outstanding variation orders resolved in the quarter in respect of the Petro SA project. The Agbami project was also successfully completed in the quarter as planned.

Project management, procurement and engineering are ongoing on the Tombua Landana project, with fabrication of the pipe strings and coating progressing on schedule. The Addax project is progressing well and mobilisation activities are underway for commencement of the Block 18 Life of Field project.

Brazil

During the fourth quarter the *Seven Oceans* completed the deepwater scope of the PDEG pipelay project. Seventeen of the eighteen pipeline load-out trips on this project have now been completed with the remaining line scheduled to be installed during the second quarter of 2008.

Onshore fabrication of the Hybrid Steel pipeline was completed in the quarter and fabrication of the Shell BC10 Steel Catenary Risers (SCR) and Flowlines is scheduled to commence during the first quarter of 2008.

The *Normand Seven* entered the fleet and commenced offshore operations on the Roncador project.

Project management, procurement and engineering continued on the BC10 and Peregrino projects. The *Lochnagar* and *K3000* continued to support Petrobras on day rate operations during the quarter.

A loss in respect of the PDEG project was recognised in the quarter. The loss predominantly relates to increased project costs associated with weather delays, higher costs associated with the change of support vessels and a reassessment of the cost to complete the project. Additionally, the commissioning of the pipelay spread onboard the *Normand Seven* took longer than anticipated which also adversely impacted the result for Brazil in the quarter.

Gulf of Mexico

The installation phase of Chevron's Blind Faith project was completed successfully during the fourth quarter with the *Seven Oceans*.

Work continued on the BP Thunder Horse and Atlantis projects.

Asia Pacific

The BHP Stybarrow project in Australia and the Murphy Kikeh project in Malaysia were completed as planned during the quarter and activity continued under the Woodside Frame Agreement in Australia.

Project management and engineering commenced on the Kupe and KNOC Donghae projects.

Capital Expenditure

Work has continued on the new-build deepwater flexlay / J lay vessel *Seven Seas*. The pipelay system and main crane have been installed, commissioning is progressing 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* continues to progress with final delivery planned for the first quarter of 2009.

Work in respect of the Company's new North Sea spoolbase in Vigra, Norway advanced during the quarter and it is scheduled to commence pipeline production operations in the first quarter 2008 as planned.

Financials

Fourth Quarter 2007

Revenue for the fourth quarter 2007 was USD 562.3 million compared to USD 394.7 million for the same period in 2006 reflecting a higher level of project activity as compared to 2006.

Net operating profit for the fourth quarter 2007 was USD 80.2 million compared to USD 11.4 million for the same period in 2006. Net operating margins as a percentage of revenue increased to 14.3% in the fourth quarter 2007 from 2.9% in the fourth quarter 2006. Margins in the fourth quarter 2006 were adversely impacted by exceptionally bad weather and the divers' strike in the North Sea. Other reasons for the year-on-year improvement in margins include higher activity levels, improved pricing and good project execution.

Net financial income for the fourth quarter 2007 was USD 0.1 million compared to a cost of USD 2.1 million for the fourth quarter 2006. The main drivers for this difference are additional interest income from higher levels of cash and foreign exchange gains being offset to some extent by an increase in interest expense in respect of the Company's convertible bonds compared to the same period last year.

Taxation expense for the fourth quarter 2007 was USD 26.0 million which equates to an effective rate of 32.2%.

Net profit attributable to equity shareholders for the fourth quarter 2007 was USD 54.7 million, or USD 0.37 per share, compared to a net profit of USD 5.1 million, or USD 0.03 per share, for the fourth quarter 2006.

Full Year

Revenue for the year ended 31 December 2007 was USD 2.19 billion which represents an increase of 31.0% from USD 1.67 billion in 2006.

Net operating profit for the year ended 31 December 2007 was USD 316.1 million which represents an increase of 58.6% from USD 199.3 million in 2006. Net operating margins as a percentage of revenue increased to 14.5% in 2007 from 11.9% in 2006. The major reasons for the improvement in margins include higher activity levels, improved pricing and good project execution.

Taxation expense for the year ended 31 December 2007 was USD 100.7 million which equates to an effective rate of 32.0%, compared to an expense of USD 69.5 million and an effective rate of 33.6% in 2006.

Net profit attributable to equity shareholders for the year ended 31 December 2007 was USD 214.1 million, or USD 1.45 per share, compared to a net profit of USD 137.6 million, or USD 0.93 per share in 2006.

Cash and short-term deposits at 31 December 2007 were USD 167.7 million compared to USD 86.6 million at 31 December 2006.

Shareholders' equity at 31 December 2007 totalled USD 819.8 million compared to USD 531.9 million at 31 December 2006.

Share Capital

During the quarter, a total of 326,880 share options were exercised under the Company's share option plan.

The Company had 147,737,480 shares issued and outstanding at 31 December 2007.

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

Backlog

During the fourth quarter of 2007, the Company was awarded new contracts, including commitments under frame agreements, of an aggregate amount of USD 0.6 billion. The worldwide order book of the Company at 31 December 2007 was approximately USD 4.2 billion, which comprised of approximately USD 2.4 billion of day-rate contracts and USD 1.8 billion of lump sum contracts.

Main new contracts since 1 October 2007

BP awarded the Company two separate contracts for installation and general construction works in the Skarv and Idun fields in the northern North Sea on 3 October and 29 November 2007. The combined value of these contracts was in excess of USD 265 million with the respective offshore phases to take place between 2009 and 2011.

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.

Market Outlook

The market outlook remains strong with a high level of tendering continuing.

Activity in the North Sea looks positive with strong demand in Norway being complimented by an increase in field developments in the UK sector following a recovery in gas prices.

The anticipated African projects are beginning to be awarded, with further announcements expected through the first two quarters of 2008. These project awards will underpin a strong market through to 2012.

Expectations of market growth in Brazil are likely to be exceeded, with high levels of pipelay demand already evident and likely to be fuelled by the recent major discoveries.

An increasing number of deepwater tie-back projects in the Gulf of Mexico will provide further opportunities for growth in the region.

The long term outlook for Asia Pacific remains positive, although significant growth is not expected until 2010.

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

5 February 2008

Kristian Siem, Chairman

www.subsea7.com

Subsea 7 Inc. - Accounts prepared in accordance with IFRS

Income Statement	4Q 2007	4Q 2006	Year ended	Year ended
<i>(Amounts in USD 1,000)</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>31/12/2007</i>	<i>31/12/2006</i>
			<i>Unaudited</i>	<i>Audited</i>
Revenue	562,303	394,725	2,187,354	1,670,358
Operating expenses	(460,201)	(364,472)	(1,797,994)	(1,405,140)
Depreciation, amortisation and impairments	(21,834)	(18,875)	(76,927)	(67,311)
(Loss)/profit on disposal of property, plant and equipment	(66)	29	3,654	1,350
Net operating profit	80,202	11,407	316,087	199,257
Changes in fair value of derivative financial instruments	302	1,147	(2,032)	9,048
Net currency gain	4,482	579	14,957	4,818
Finance income	2,786	1,181	8,843	8,107
Finance expense	(7,482)	(4,988)	(25,238)	(13,780)
Net financial items	88	(2,081)	(3,470)	8,193
Share of post-tax profit/(loss) from joint ventures	195	-	1,165	(400)
Share of post-tax profit from associates	277	102	998	102
Profit before tax	80,762	9,428	314,780	207,152
Taxation expense	(26,024)	(4,287)	(100,659)	(69,534)
Net profit attributable to equity shareholders	54,738	5,141	214,121	137,618
Average number of issued shares (1,000)	147,638	147,240	147,413	147,450
Earnings per share, in USD per share	0.37	0.03	1.45	0.93
Average number of issued shares, diluted (1,000)	165,826	148,036	162,013	148,268
Earnings per share, diluted, in USD per share	0.36	0.03	1.44	0.93

Balance Sheet	At 31/12/2007	At 31/12/2006
<i>(Amounts in USD 1,000)</i>	<i>Unaudited</i>	<i>Audited</i>
Assets		
Non-current assets		
Goodwill	98,533	98,543
Other intangible assets	1,780	2,072
Property, plant and equipment	906,551	576,493
Deferred tax asset	3,454	5,439
Investment in joint ventures	814	-
Investment in associates	1,609	611
	1,012,741	683,158
Current assets		
Inventories	25,209	28,183
Trade and other receivables	660,997	466,985
Derivative financial instruments	5,120	7,304
Cash and cash equivalents	167,657	86,585
	858,983	589,057
Total assets	1,871,724	1,272,215
Equity and liabilities		
Shareholders' equity		
Share capital	1,477	1,473
Share premium reserve	286,508	283,682
Other reserves	317,651	109,163
Result for period	214,121	137,618
	819,757	531,936
Non-current liabilities		
Borrowings	386,741	243,176
Deferred tax liability	57,823	32,605
Retirement benefit liability	769	182
Finance leases	-	379
Other	4,384	4,314
	449,717	280,656
Current liabilities		
Derivative financial instruments	2,282	2,434
Trade and other payables	552,208	446,881
Current tax liability	47,366	9,526
Finance leases	394	782
	602,250	459,623
Total liabilities	1,051,967	740,279
Total shareholders' equity and liabilities	1,871,724	1,272,215

Subsea 7 Inc. - Accounts prepared in accordance with IFRS

Cash Flow	Year ended 31/12/2007	Year ended 31/12/2006
<i>(Amounts in USD 1,000)</i>	<i>Unaudited</i>	<i>Audited</i>
Net profit attributable to equity shareholders	214,121	137,618
Adjustments for:		
Taxation expense	100,659	69,534
Depreciation and amortisation	76,927	67,311
Share based payments	2,785	1,341
Profit on disposal of property, plant and equipment	(3,654)	(1,350)
Deferred government grant income	(25)	-
Finance income	(8,843)	(8,107)
Finance expense	25,238	13,780
Share of post tax (profit)/loss from joint ventures	(1,165)	400
Share of post tax profit from associates	(998)	(102)
Changes in working capital (excluding effects of acquisitions and disposal of subsidiaries):		
Decrease/(increase) in inventories	2,974	(8,937)
Increase in trade and other receivables	(191,474)	(92,543)
Increase/(decrease) in trade and other payables	107,282	(31,275)
Cash generated from operations	323,827	147,670
Cash flows from operating activities		
Cash generated from operations	323,827	147,670
Finance income received	8,489	8,107
Finance expense paid	(8,677)	(7,455)
Taxation paid	(35,616)	(53,478)
Net cash from operating activities	288,023	94,844
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	-	(28,384)
Deferred consideration on acquisition of subsidiary	(1,136)	-
Investment in joint ventures	-	(49)
Investment in associates	-	(509)
Proceeds from sale of property, plant and equipment	4,287	1,770
Purchase of property, plant and equipment	(383,690)	(265,184)
Purchase of intangible assets	(501)	-
Net cash used in investing activities	(381,040)	(292,356)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	2,830	1,332
Purchase of own shares	-	(13,573)
Finance lease principal payments	(767)	(399)
Repayment of bank loans	-	(66,500)
Repayment of other borrowings	-	(3,560)
Government grants received	83	-
Proceeds of convertible bond loan 2006-2011	-	300,000
Proceeds of convertible bond loan 2007-2017	175,000	-
Net cash from financing activities	177,146	217,300
Effects of exchange rate changes	(3,057)	1,880
Net increase in cash and cash equivalents	81,072	21,668
Cash and cash equivalents at start of period	86,585	64,917
Cash and cash equivalents at end of period	167,657	86,585
Shareholders' equity	Year ended 31/12/2007	Year ended 31/12/2006
<i>(Amounts in USD 1,000)</i>	<i>Unaudited</i>	<i>Audited</i>
Shareholders' equity at start of period	531,936	288,678
Share issues	2,830	24,539
Purchase of own shares	-	(13,573)
Result for the period	214,121	137,618
Share based payments	2,785	1,341
Convertible bond 2006-11 equity component	-	63,265
Convertible bond 2007-17 equity component	48,019	-
Currency translation differences	20,066	30,068
Shareholders' equity at end of period	819,757	531,936

Subsea 7 Inc. - Accounts prepared in accordance with IFRS

Segment reporting

4Q 2007 <i>(Unaudited amounts in USD 1,000)</i>	North Sea	Africa	Brazil	Gulf of Mexico	Asia Pacific	Global	Total
Revenue	223,031	204,470	76,176	40,198	17,863	565	562,303
Profit/(loss) before tax	33,539	60,756	(13,598)	4,678	3,831	(8,444)	80,762

4Q 2006 <i>(Unaudited amounts in USD 1,000)</i>	North Sea	Africa	Brazil	Gulf of Mexico	Asia Pacific	Global	Total
Revenue	177,147	41,964	107,310	32,466	33,580	2,258	394,725
Profit/(loss) before tax	4,634	4,898	3,808	6,356	4,304	(14,572)	9,428

Year ended 31/12/2007 <i>(Unaudited amounts in USD 1,000)</i>	North Sea	Africa	Brazil	Gulf of Mexico	Asia Pacific	Global	Total
Revenue	1,025,031	514,280	323,411	152,394	167,353	4,885	2,187,354
Profit/(loss) before tax	229,077	75,179	(27,053)	29,615	35,849	(27,887)	314,780

Year ended 31/12/2006 <i>(Audited amounts in USD 1,000)</i>	North Sea	Africa	Brazil	Gulf of Mexico	Asia Pacific	Global	Total
Revenue	760,706	376,620	300,363	97,478	125,843	9,348	1,670,358
Profit/(loss) before tax	139,678	72,791	(6,086)	18,528	13,636	(31,395)	207,152

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, net currency items, and share of profits or losses from associates are also allocated to this segment.

Reconciliation of net profit attributable to equity shareholders to Adjusted EBITDA

<i>(Amounts in USD 1,000 except percentages)</i>	Three months ended		Year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	Unaudited	<i>Unaudited</i>	Unaudited	<i>Audited</i>
Net profit attributable to equity shareholders	54,738	5,141	214,121	137,618
Adjustments:				
Taxation expense	26,024	4,287	100,659	69,534
Net financial items	(88)	2,081	3,470	(8,193)
Depreciation, amortisation and impairments	21,834	18,875	76,927	67,311
Loss/(profit) on disposal of property, plant and equipment	66	(29)	(3,654)	(1,350)
Adjusted EBITDA	102,574	30,355	391,523	264,920
Revenue	562,303	394,725	2,187,354	1,670,358
Adjusted EBITDA %	18.2%	7.7%	17.9%	15.9%

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