Subsea 7 S.A. Announces Fourth Quarter and Full Year 2017 Results

Luxembourg – 1 March 2018 – Subsea 7 S.A. (the Group) (Oslo Børs: SUBC, ADR: SUBCY, ISIN: LU0075646355) announced today results for the fourth quarter and full year which ended 31 December 2017. Unless otherwise stated the comparative period is the full year which ended 31 December 2016.

Fourth Quarter and Full Year 2017 highlights

- Reported Adjusted EBITDA percentage margin of 26% for the full year 2017 and 18% for the fourth quarter, reflecting lower margin projects and less activity across the industry partly offset by strong operational performance
- Strengthened market-leading position with strategic acquisitions in Renewables and the Middle East
- Enhanced capability with delivery of two new-build vessels and investment in leading-edge technology
- Collaborated with leading industry partners to engage earlier and introduce new technology and integrated services
- Reported net cash of $826 million at 31 December 2017, and $656 million unutilised credit facilities
- Announced special dividend of NOK 5.00 per share to be recommended to shareholders, reflecting a strong financial and liquidity position and an improved outlook for new awards

	Fourth Quarter		Full Year	
For the period (in $ millions, except Adjusted EBITDA margin and per share data)	**Q4 2017 Unaudited**	Q4 2016 Unaudited	**2017[d]**	2016[d]
Revenue	**1,003**	932	**3,986**	3,567
Adjusted EBITDA[a] (unaudited)	**176**	288	**1,035**	1,142
Adjusted EBITDA margin[a] (unaudited)	**18%**	31%	**26%**	32%
Net operating income excluding goodwill impairment charge	**28**	46	**581**	611
Goodwill impairment charge	**–**	(90)	**–**	(90)
Net operating income/(loss)	**28**	(45)	**581**	521
Net income excluding goodwill impairment charge	**51**	77	**455**	509
Net income/(loss)	**51**	(13)	**455**	418
Earnings per share – in $ per share				
Basic	**0.17**	0.01	**1.39**	1.34
Diluted[b]	**0.17**	0.01	**1.36**	1.27
Adjusted Diluted[c]	**0.21**	0.27	**1.27**	1.54

As at (in $ millions)	**2017 31 Dec [c]**	2016 31 Dec [c]
Backlog (unaudited)	**5,208**	5,693
Cash and cash equivalents	**1,109**	1,676
Borrowings	**283**	427

(a) For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to Note 8 'Adjusted EBITDA and Adjusted EBITDA margin' to 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.

(c) Adjusted diluted earnings per share excludes the impact of goodwill impairment charges, net remeasurement gains/(losses) and bargain purchase gains on business combinations.

(d) Audited unless otherwise stated

Jean Cahuzac, Chief Executive Officer, said:

'We performed well in 2017, delivering good operational and financial results, despite the persistently challenging conditions in the offshore oil and gas markets. Our integrated solutions gained traction with clients and contributed to our financial performance and order intake.

Early identification of industry trends enabled us to prepare for change and drive innovation. We have taken advantage of the cyclical market conditions in 2017 to increase our presence in offshore renewable energy services and acquire an established position in Conventional oil and gas services in the Middle East. Our strategic technology programme led to the first award of a project using our Electrically Heat Traced Flowline technology and we took the opportunity to invest counter-cyclically in a new reel-lay vessel for long distance tie-back projects of the future.

Our values of innovation and collaboration have enabled us to deliver the best solutions for our clients and develop strong alliances, partnerships and technology that will contribute to the long-term sustainability of offshore energy. Our commitment to integrated solutions has been ratified with key project awards in 2017 and growing client interest in collaborative solutions.

In the first quarter of 2018 we have taken the opportunity to grow and strengthen our business. Building on our existing relationships and targeted investment approach, we have:

- affirmed our commitment to integrated solutions by announcing our intention to form a joint venture with Schlumberger;
- enhanced our early engineering expertise by acquiring a strategic interest in Xodus; and
- extended our renewable energy capability by acquiring a cable laying company.'

Full year 2017

For the full year 2017 revenue was $4.0 billion, 12% higher than the prior year. This improvement was largely attributable to an increase in renewables and conventional activity, in part due to acquisitions made during the year. Adjusted EBITDA was $1.0 billion (2016: $1.1 billion) and Adjusted EBITDA percentage margin was 26%, six percentage points lower than the exceptionally high level reported in 2016, reflecting fewer projects in the final stages of completion, lower offshore activity levels and reduced pricing on projects awarded during the downturn. Net operating income was $581 million. The tax charge of $100 million was equivalent to an effective tax rate of 18%, reflecting the change in the geographic composition of the Group's activities toward lower tax jurisdictions and a reduction of irrecoverable tax assets. Diluted earnings per share was $1.36, an increase of 7% on the prior year.

Subsea 7 performed well during the cyclical downturn of the oil and gas markets by taking early action to cut costs and developing strategic alliances and partnerships to secure work. At the bottom of the cycle, from third quarter 2015 to second quarter 2017, Subsea 7 reported exceptionally high percentage margins as projects were successfully de-risked and costs were reduced. In the third quarter 2017 the benefit from pre-downturn awards came to an end and the Group now faces margin pressure as its order backlog is replenished with projects awarded with reduced pricing. The challenging market conditions are reflected in the Group's outlook and 2018 financial guidance.

At 31 December order backlog was $5.2 billion, a decrease of $0.5 billion compared to December 2016. Order intake in 2017 was $3.3 billion, including $1.1 billion from acquisitions made during the year. Major awards in 2017 included the Mad Dog Phase Two project, an integrated award in the US Gulf of Mexico, the Snorre project, using proprietary Pipeline Bundle technology offshore Norway, and the Aerfugl project, also offshore Norway, awarded within the client partnership agreement with Aker BP and the first to use Subsea 7's Electrically Heat Traced Flowline technology.

The Group's liquidity and financial position remains strong. Cash and cash equivalents were $1.1 billion, net cash was $826 million and unutilised credit facilities totalled $656 million at the year end. Subsea 7 has a defined strategy to prioritise use of its financial flexibility to grow and strengthen the business. In 2017 almost $300 million was invested in acquiring businesses and vessels that will diversify and enhance the Group's activities. In addition the Group invested in technology, taking a position in a leading composite pipeline technology company.

In light of the Group's solid financial and liquidity position and improved market outlook, the Board of Directors will recommend to the shareholders at the Annual General Meeting on 17 April 2018 that a special dividend of NOK 5.00 per share be paid, equivalent to a total dividend of approximately $200 million.

Fourth quarter 2017

Group revenue was $1.0 billion in the fourth quarter of 2017 and Adjusted EBITDA was $176 million, equating to a margin of 18%. Net operating income of $28 million included a $32 million impairment charge relating to vessels and operating equipment and $11 million loss from Associates and Joint Ventures. Net income was $51 million, including a taxation credit of $32 million as a result of a lower full year tax rate, and a $17 million remeasurement loss on business combinations mostly relating to the Group's acquisition of the remaining 50% third party interest of the Normand Oceanic joint venture.

Order intake of $1.0 billion was partially offset by $0.1 billion adverse impact from foreign exchange movements in the quarter. New awards announced in the quarter included the Snorre, Aerfugl, and Skogul projects, offshore Norway, as well as several smaller awards, mainly in the North Sea.

Operational performance in the fourth quarter was good with significant progress made on several projects. Offshore Egypt, the Atoll project was substantially completed and the West Nile Delta GFR project progressed well. Offshore Norway, the Maria project was successfully completed. In the Middle East, offshore work commenced on the Hasbah project. Offshore Scotland, the Beatrice offshore wind farm project progressed with installation of the foundations as well as cable lay operations. i-Tech Services performed well with three chartered vessels active, having returned *Subsea Viking* to its owner in early December.

Total vessel utilisation was 55% in the fourth quarter 2017 (2016: 65%) and 61% for the full year (2016: 66%). Active vessel utilisation, which excludes stacked vessels, was 62% for the fourth quarter and 71% for the full year. The seven PLSVs on long-term contracts offshore Brazil maintained high levels of activity throughout the quarter. The Group's contracts for the PLSVs *Seven Condor, Kommandor 3000* and *Seven Phoenix* are due to end in 2018.

Outlook

Looking forward to the year ahead, Subsea 7 is confident it will continue to deliver cost-effective solutions that contribute to the long-term sustainability of offshore energy sources. The oil and gas cycle is gradually recovering from the very low levels of activity experienced in the last three years and offshore SURF and integrated awards to market are increasing, but pricing remains challenging. Projects are being awarded at lower values reflecting the cost savings that have been achieved through innovation, best practice processes and supply chain deflation as well as lower, and occasionally negative, margins while making positive cash contributions. Life of Field activity remains subdued at present but is expected to improve in 2018. There is a steady flow of projects being awarded in the Conventional oil and gas markets in the Middle East and the offshore Renewables market remains on a moderate growth trajectory.

Subsea 7 guidance for the full year 2018 remains unchanged. Revenue is expected to be broadly in line with 2017 and Adjusted EBITDA percentage margin is expected to be significantly lower than that achieved in 2017.

Conference Call Information

Lines will open 15 minutes prior to conference call.

Date: 1 March 2018

Time: 12:00 UK Time

Conference ID: 25867754#

	Conference Dial In Numbers
United Kingdom	0333 300 0804
United States	631 913 1422
Norway	23 50 02 43
International Dial In	+44 333 300 0804

Replay Facility Details

A replay facility (with conference ID 301216911#) will be available from:

Date: 1 March 2018
Time: 17:00 UK Time

	Conference Replay Dial In Numbers
International Dial In	+44 333 300 0819

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Special Note Regarding Forward-Looking Statements

Certain statements made in this announcement may include ‘forward-looking statements’. These statements may be identified by the use of words like ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘forecast’, ‘intend’, ‘may’, ‘might’, ‘plan’, ‘predict’, ‘project’, ‘scheduled’, ‘seek’, ‘should’, ‘will’, and similar expressions. The forward-looking statements reflect our current views and are subject to risks, uncertainties and assumptions. The principal risks and uncertainties which could impact the Group and the factors which could affect the actual results are described but not limited to those in the ‘Risk Management’ section in the Group’s Annual Report and Consolidated Financial Statements 2016. These factors, and others which are discussed in our public announcements, are among those that may cause actual and future results and trends to differ materially from our forward-looking statements: actions by regulatory authorities or other third parties; our ability to recover costs on significant projects; general economic conditions and competition in the markets and businesses in which we operate; our relationship with significant clients; the outcome of legal and administrative proceedings or governmental enquiries; uncertainties inherent in operating internationally; the timely delivery of vessels on order; the impact of laws and regulations; and operating hazards, including spills and environmental damage. Many of these factors are beyond our ability to control or predict. Other unknown or unpredictable factors could also have material adverse effects on our future results. Given these factors, you should not place undue reliance on the forward-looking statements.

Fourth Quarter 2017

Revenue

Revenue for the quarter was $1.0 billion, an increase of $70 million or 8% compared to Q4 2016. The year-on-year increase in revenue was driven by an increase within both the Surf & Conventional Business Unit, largely related to the acquisition of the former EMAS Chiyoda Subsea (ECS) businesses and the Renewables and Heavy Lifting Business Unit, mainly related to the Beatrice wind farm project. This was partially offset by lower activity levels within the i-Tech Services Business Unit.

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin for the quarter were $176 million and 18% respectively, compared to $288 million and 31% in Q4 2016. The reduced Adjusted EBITDA margin in Q4 2017 reflected fewer projects in the final stages of completion, reduced offshore activity levels and lower pricing on projects awarded during the downturn within the SURF and Conventional Business Unit, partially offset by continued cost discipline and good operational performance.

Net operating income

Net operating income for the quarter was $28 million, compared to net operating income in Q4 2016 of $46 million, excluding the impact of the goodwill impairment charge of $90 million. The decrease in net operating income was mainly due to:

- lower net operating income within the SURF and Conventional Business Unit reflecting fewer projects in the final stage of completion and lower vessel utilisation compared to the prior year period

partially offset by:

- lower impairment charges related to property, plant and equipment of $32 million recognised in Q4 2017 compared with impairment charges of $147 million recognised in Q4 2016.

Net income

Net income was $51 million in the quarter, compared to a net loss of $13 million in Q4 2016. This was primarily due to:

- the absence of goodwill impairment charges in Q4 2017, compared to a charge of $90 million in Q4 2016;
- a taxation credit of $32 million recognised in Q4 2017, compared to a taxation credit of $13 million in Q4 2016. The tax credit recognised in Q4 2017 was driven by a reduction in the full year effective tax rate as a result of the mix of jurisdictions where profits were generated

partially offset by:

- the decrease in net operating income;
- a remeasurement loss on business combination of $17 million; and
- net foreign currency gains of $2 million in Q4 2017, recognised within other gains and losses, compared to $16 million net foreign currency gains in Q4 2016.

Earnings per share

Diluted earnings per share was $0.17 for the quarter compared to $0.01 in Q4 2016, calculated using a weighted average number of shares of 329 million and 342 million respectively. The reduction in weighted average share count reflects the redemption of the convertible bond in the fourth quarter. Adjusted diluted earnings per share, which excludes the impact of goodwill impairment charges, remeasurement gains and losses and net bargain purchase gains on business combinations, was $0.21 compared to $0.27 in Q4 2016.

Cash and cash equivalents

Cash and cash equivalents was $1.1 billion at 31 December 2017, a decrease of $415 million in the quarter. The movement in cash and cash equivalents during the quarter was mainly attributable to:

- $19 million of net cash generated from operating activities;
- dividends received from joint ventures of $70 million

partially offset by:

- purchases of property, plant and equipment of $31 million; and
- net cash used in financing activities of $473 million, which included the repayment of borrowings of $108 million and the redemption of convertible bonds of $358 million.

Borrowings

Borrowings decreased to $283 million at 31 December 2017 from $647 million at 30 September 2017 mainly due to the redemption of convertible bonds of $358 million.

Year ended 31 December 2017

Revenue

Revenue for 2017 was $4.0 billion, an increase of $419 million or 12% compared to 2016. The year-on-year increase in revenue was driven by a significant increase within the Renewables and Heavy Lifting Business Unit, mainly related to the Beatrice wind farm project. This was partially offset by lower activity levels within the SURF and Conventional and i-Tech Services Business Units.

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin were $1.0 billion and 26% respectively compared to $1.1 billion and 32% for 2016. The reduction in the Adjusted EBITDA margin in 2017 reflected a reduction in offshore activity levels and lower pricing on projects awarded during the downturn within the SURF and Conventional and i-Tech Services Business Units, partially offset by continued cost discipline and good operational performance. Share of net loss of associates and joint ventures amounted to $43 million compared with net income of $46 million in the prior year. The variance reflected the acquisition of Seaway Heavy Lifting in March 2017 which is now a wholly-owned subsidiary of the Group, having previously been recognised as an equity-accounted joint venture. In addition the Group's share of net income of associates and joint ventures was adversely impacted by a $13 million impairment charge recognised in the

second quarter by the Normand Oceanic AS joint venture in relation to the *Normand Oceanic* vessel and, in the third quarter, an impairment charge of $11 million within the SapuraAcergy joint venture in relation to the disposal of the vessel, *Sapura 3000*.

Net operating income

Net operating income was $581 million in 2017 compared to $611 million in 2016, excluding the impact of the goodwill impairment charge recognised in that year. This decrease was primarily due to:

- lower activity in SURF and Conventional and i-Tech Services Business Units

partially offset by:

- increased contribution from the Renewables and Heavy Lifting Business Unit, mainly related to the Beatrice wind farm project and the consolidation of the results of Seaway Heavy Lifting, which was acquired in March 2017;
- the absence of a $97 million restructuring charge related to resizing and cost reduction measures recognised in 2016; and
- lower impairment charges related to property, plant and equipment amounting to $32 million recognised in 2017 compared with impairment charges of $158 million recognised in 2016.

Net income

Net income was $455 million for the year ended 31 December 2017, compared to $418 million in 2016. This increase was primarily due to:

- the absence of goodwill impairment charges in 2017, compared to a charge of $90 million recognised in 2016;
- a reduction of $59 million in the taxation charge

partially offset by:

- a decrease of $30 million in net operating income, excluding the impact of the goodwill impairment charge recognised in 2016; and
- net foreign currency losses of $57 million in 2017, recognised within other gains and losses, compared to net foreign currency gains of $43 million in 2016, largely reflecting the weakening of the US dollar against various functional currencies in the year.

The effective tax rate for 2017 was 18% compared to 24% for 2016. The decrease in the effective tax rate was driven by the change in the geographical composition of net operating income and benefitted from a reduction in withholding taxes and other irrecoverable taxes.

Earnings per share

Diluted earnings per share was $1.36 for 2017 compared to $1.27 for 2016, calculated using a weighted average number of shares of 338 million and 343 million respectively, The reduction in weighted average share count reflects the redemption of the convertible bond in the fourth quarter. Adjusted diluted earnings per share, which excludes the impact of goodwill impairment charges, remeasurement gains and losses and net bargain purchase gains on business combinations, was $1.27 compared to $1.54 for 2016.

Cash and cash equivalents

Cash and cash equivalents at 31 December 2017 was $1.1 billion compared to $1.7 billion at 31 December 2016. The movement in cash and cash equivalents during 2017 was mainly attributable to:

- $209 million of net cash generated from operating activities, which included a net adverse movement in operating assets and liabilities of $724 million

offset by:

- net cash used in investing activities of $170 million, which included:
  - $145 million net cash disbursed in acquiring the remaining 50% ownership interests in Seaway Heavy Lifting and Normand Oceanic AS, and certain businesses of ECS;
  - $147 million related to the purchase of property, plant and equipment, including the spoolbase at Ingleside in Texas, US, and the commencement of construction of a new reel-lay vessel

  partially offset by:

  - $101 million of dividends received from associates and joint ventures, mainly from SapuraAcergy following the decision to discontinue the joint venture.
- net cash used in financing activities of $602 million, which included:
  - repurchases of convertible bonds for $77 million during the year;
  - redemption of convertible bonds at maturity for $358 million;
  - dividends paid to shareholders of the parent company of $191 million;
  - repayment of borrowings of $253 million, mainly relating to Seaway Heavy Lifting and Normand Oceanic AS

  partially offset by:

  - $301 million drawn down against the export credit agency (ECA) senior secured facility.

Borrowings

Borrowings decreased to $283 million at 31 December 2017 from $427 million at 31 December 2016. During the year the Group drew down $301 million of funds against its export credit agency (ECA) senior secured facility. In March 2017, the Group recognised $125 million of borrowings assumed on the acquisition of the remaining equity in Seaway Heavy Lifting. This was repaid in full in June 2017. In October 2017, the Group recognised $101 million of borrowings assumed on the acquisition of the remaining equity in Normand Oceanic AS. This was repaid in full in October 2017.

During the year, the Group repurchased $78 million (par value) of the $700 million 1.00% convertible bonds for $77 million and, in October 2017, the Group redeemed all outstanding convertible bonds at maturity for $358 million.

Business Unit Highlights

Fourth Quarter 2017

SURF and Conventional

Revenue for the quarter was $754 million, an increase of $49 million or 7% compared to Q4 2016, the increase was mainly related to the acquisition of the ECS businesses.

During the quarter the Atoll Field Development project, offshore Egypt and the Maria project, offshore Norway, were substantially completed. Work progressed during the quarter on the West Nile Delta Phase Two project, offshore Egypt, the Hasbah project, offshore Saudi Arabia, the OCTP SURF project, offshore Ghana, and the Tahiti Vertical Expansion project, in the US Gulf of Mexico. In Brazil, there were high levels of PLSV utilisation under long-term contracts with Petrobras.

Net operating income was $34 million in the quarter, a decrease of $21 million or 38% compared to Q4 2016. The decrease in net operating income reflected fewer projects in the final stages of completion, lower offshore activity levels and underlying margin pressure. This was partially offset by lower impairment charges of $32 million recognised in Q4 2017 in relation to property, plant and equipment, compared with $138m recognised in Q4 2016.

i-Tech Services

Revenue for Q4 2017 was $67 million, a decrease of $18 million or 21% compared to Q4 2016. ROV support activity decreased across the fleet due to a reduction in the number of active drill rigs worldwide.

Inspection, Repair and Maintenance (IRM) activity decreased as the Emergency Pipeline Repair System project, offshore Australia, neared completion and activity levels in the Gulf of Mexico reduced. This was partially offset by a high level of utilisation of ROV support vessels in the North Sea.

Net operating loss was $5 million in Q4 2017 compared to a $9 million loss in Q4 2016. The reduction in net operating loss reflected the absence of a $9 million impairment charge, related to property, plant and equipment recognised in Q4 2016, partially offset by lower activity levels and underlying pricing pressure.

Renewables and Heavy Lifting

Revenue was $181 million in Q4 2017 compared to $142 million in Q4 2016. Revenue mainly related to the Beatrice wind farm project. Net operating loss was $3 million in Q4 2017 compared to $10 million net operating loss in Q4 2016. The reduction in the net operating loss was mainly related to the phasing of revenue recognition on projects and relatively high vessel utilisation in Q4 2017. The Renewables and Heavy Lifting results for Q4 2017 benefitted from the consolidation of Seaway Heavy Lifting following its acquisition by the Group in March 2017.

Year ended 31 December 2017

SURF and Conventional

Revenue was $2.7 billion, a decrease of $288 million or 10% compared to 2016, reflecting lower activity levels.

During the year the West Nile Delta Phase One and West Nile Delta platform extension and tie in projects, both offshore Egypt, the Coulomb and Stampede projects, in the US Gulf of Mexico, the Western Isles project, offshore UK, the Maria project, offshore Norway and the Atoll Field Development project, offshore Egypt, were substantially completed. There was significant progress on the Catcher and Culzean projects, offshore UK, the West Nile Delta Phase Two project, offshore Egypt, the Hasbah project, offshore Saudi Arabia, the OCTP SURF project, offshore Ghana, and the Tahiti Vertical Expansion project, in the US Gulf of Mexico. In Brazil, PLSV activity benefitted from the addition of *Seven Sun* and *Seven Cruzeiro* to the fleet in Q1 2017 and *Seven Waves* recommencing operations during the third quarter, following the completion of repairs to its lay-tower.

Net operating income was $451 million, a decrease of $174 million or 28% compared to 2016. The reduction in net operating income reflected lower activity levels compared with the prior year, fewer large projects in their commercial close-out stages and underlying margin pressure. This was partially offset by lower impairment charges of $32 million, recognised in 2017 in relation to property, plant and equipment, compared with $149 million recognised in 2016.

i-Tech Services

Revenue in 2017 was $302 million, a decrease of $75 million or 20% compared to 2016. ROV support activity decreased across the fleet due to a reduction in the number of active drill rigs worldwide and there was a reduction in Inspection, Repair, and Maintenance (IRM) activity in all regions compared to 2016.

Net operating income was $23 million for 2017 compared to $38 million in 2016. The reduction in net operating income reflected lower activity levels and underlying pricing pressure. This was partially offset by the absence of a $9 million impairment charge, related to property, plant and equipment recognised in 2016.

Renewables and Heavy Lifting

Revenue was $959 million compared to $176 million in 2016, and related mainly to the Beatrice wind farm project.

Net operating income was $90 million compared to net operating income of $28 million in 2016. The results benefitted from high levels of activity on the Beatrice wind farm project and the consolidation of Seaway Heavy Lifting following its acquisition by the Group in March 2017.

Asset Development and Activities

Vessel Utilisation

Total Vessel Utilisation for the quarter was 55% compared with 65% in Q4 2016. Active Vessel Utilisation, which excludes stacked vessel days, was 62% compared to 78% in Q4 2016. For the full year 2017 Total Vessel Utilisation was 66% which was in line with 2016. Active Vessel Utilisation, which excludes stacked vessel days, was 71% in 2017 compared to 80% in 2016.

At 31 December 2017 there were 35 vessels in the total fleet, comprised of 29 active vessels, five stacked vessels and one vessel under construction.

Asset Development

During the quarter construction continued of the Group's new reel-lay vessel.

Backlog

At 31 December 2017 backlog was $5.2 billion, a reduction of $0.1 billion compared with 30 September 2017. Order intake totalling $979 million, comprising new awards and project escalations, was recorded in the quarter. Adverse foreign exchange movement of approximately $60 million were recognised during the quarter. New awards included the Aerfugl gas field development, Skogul and Valhall Flank West projects, all for Aker BP, and the Snorre Expansion Project for Statoil. These project awards were all for execution offshore Norway.

$4.3 billion of the backlog at 31 December 2017 related to the SURF and Conventional Business Unit, (which included $1.3 billion related to long-term day-rate contracts for PLSV's in Brazil), $0.3 billion related to the i-Tech Services Business Unit and $0.6 billion related to the Renewables and Heavy Lifting Business Unit. $3.1 billion of this backlog is expected to be executed in 2018, $1.0 billion in 2019 and $1.1 billion in 2020 and thereafter. Backlog related to associates and joint ventures was excluded from these figures.

Risks and uncertainties

The principal risks and uncertainties which could materially adversely impact the Group's reputation, operations and/or financial performance and position are noted on pages 30 to 35 of Subsea 7 S.A.'s Annual Report and Consolidated Financial Statements 2016. The Executive Management Team considered these principal risks and uncertainties and concluded that these have not changed significantly in the year to 31 December 2017.

During 2017, the Group completed three business combinations mainly with the aim of strengthening its participation in the areas of renewables, heavy lifting and decommissioning services and enhancing its presence in the SURF and conventional market in the Middle East. Diversification of service offerings and expansion into new geographical markets could increase the Group's exposure to risk. The Executive Management Team has considered the impact that these acquisitions has had on the Group's exposure to risks and uncertainties and, with the approval of the Board of Directors, has taken actions to measure, monitor or mitigate these risks and the potential impact that they may have on the financial performance of the Group.

Responsibility statement

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

Kristian Siem
Chairman

Jean Cahuzac
Chief Executive Officer

Subsea 7 S.A.

Condensed Consolidated Income Statement

(in $ millions)	Three Months Ended 31 Dec 2017 Unaudited	Three Months Ended 31 Dec 2016 Unaudited	Year Ended 31 Dec 2017 Audited	Year Ended 31 Dec 2016 Audited
Revenue	**1,002.6**	932.2	**3,985.6**	3,566.7
Operating expenses	**(889.1)**	(821.9)	**(3,118.4)**	(2,759.6)
Gross profit	**113.5**	110.3	**867.2**	807.1
Administrative expenses	**(74.0)**	(57.9)	**(243.8)**	(242.1)
Impairment of goodwill	**–**	(90.4)	**–**	(90.4)
Share of net (loss)/income of associates and joint ventures	**(11.3)**	(6.9)	**(42.7)**	46.4
Net operating income/(loss)	**28.2**	(44.9)	**580.7**	521.0
Finance income	**7.7**	7.0	**24.6**	17.9
Remeasurement (loss)/gain on business combination	**(17.3)**	–	**25.0**	–
Other gains and losses	**6.4**	15.5	**(54.8)**	44.9
Finance costs	**(5.8)**	(3.6)	**(21.0)**	(7.1)
Income/(loss) before taxes	**19.2**	(26.0)	**554.5**	576.7
Taxation	**32.1**	12.7	**(99.9)**	(158.4)
Net income/(loss)	**51.3**	(13.3)	**454.6**	418.3
Net income/(loss) attributable to:				
Shareholders of the parent company	**56.6**	2.6	**454.8**	436.0
Non-controlling interests	**(5.3)**	(15.9)	**(0.2)**	(17.7)
	51.3	(13.3)	**454.6**	418.3

Earnings per share	$ per share	$ per share	$ per share	$ per share
Basic	**0.17**	0.01	**1.39**	1.34
Diluted[(a)]	**0.17**	0.01	**1.36**	1.27

(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

	Three Months Ended		Year Ended	
(in $ millions)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Net income/(loss)	**51.3**	(13.3)	**454.6**	418.3
Other comprehensive income				
Items that may be reclassified to the income statement in subsequent periods:				
Foreign currency translation (losses)/gains	**(18.0)**	(88.5)	**124.9**	(232.4)
Cash flow hedges:				
Net fair value gains arising	**–**	–	**–**	7.3
Reclassification adjustments for amounts recognised in the Consolidated Income Statement	**–**	–	**–**	(10.0)
Share of other comprehensive income of associates and joint ventures	**–**	0.7	**0.5**	2.2
Reclassification adjustments relating to business combination	**–**	–	**9.0**	-
Tax relating to components of other comprehensive income which may be reclassified	**1.2**	2.0	**(0.5)**	0.8
Items that will not be reclassified to the income statement in subsequent periods:				
Remeasurement gains on defined benefit pension schemes	**0.4**	1.0	**0.4**	1.0
Tax relating to remeasurement gains on defined benefit pension schemes	**–**	(0.5)	**–**	(0.5)
Other comprehensive (loss)/income	**(16.4)**	(85.3)	**134.3**	(231.6)
Total comprehensive income/(loss)	**34.9**	(98.6)	**588.9**	186.7
Total comprehensive income attributable to:				
Shareholders of the parent company	**40.1**	(83.3)	**589.5**	200.2
Non-controlling interests	**(5.2)**	(15.3)	**(0.6)**	(13.5)
	34.9	(98.6)	**588.9**	186.7

Subsea 7 S.A.
Condensed Consolidated Balance Sheet

As at (in $ millions)	31 Dec 2017 Audited	31 Dec 2016 Audited
Assets		
Non-current assets		
Goodwill	**700.8**	627.7
Intangible assets	**81.0**	34.9
Property, plant and equipment	**4,688.1**	4,123.5
Interest in associates and joint ventures	**28.7**	378.5
Advances and receivables	**35.2**	34.4
Derivative financial instruments	**5.8**	25.2
Financial investments	**5.5**	–
Retirement benefit assets	**–**	0.3
Deferred tax assets	**17.2**	13.2
	5,562.3	5,237.7
Current assets		
Inventories	**36.7**	39.0
Trade and other receivables	**497.3**	499.6
Derivative financial instruments	**36.9**	53.2
Assets classified as held for sale	**0.7**	0.7
Construction contracts – assets	**319.1**	79.7
Other accrued income and prepaid expenses	**176.3**	216.7
Restricted cash	**6.3**	–
Cash and cash equivalents	**1,109.1**	1,676.4
	2,182.4	2,565.3
Total assets	**7,744.7**	7,803.0
Equity		
Issued share capital	**654.7**	654.7
Treasury shares	**(19.7)**	(31.5)
Paid in surplus	**3,033.7**	3,227.5
Equity reserve	**–**	50.2
Translation reserve	**(523.6)**	(689.1)
Other reserves	**(29.3)**	(40.2)
Retained earnings	**2,776.8**	2,411.9
Equity attributable to shareholders of the parent company	**5,892.6**	5,583.5
Non-controlling interests	**48.4**	(46.9)
Total equity	**5,941.0**	5,536.6
Liabilities		
Non-current liabilities		
Non-current portion of borrowings	**258.2**	–
Retirement benefit obligations	**30.9**	9.9
Deferred tax liabilities	**78.4**	60.7
Provisions	**67.6**	61.9
Contingent liability recognised	**7.8**	7.5
Derivative financial instruments	**0.5**	12.2
Other non-current liabilities	**49.9**	51.6
	493.3	203.8
Current liabilities		
Trade and other liabilities	**892.9**	823.7
Derivative financial instruments	**24.3**	40.7
Current tax liabilities	**87.7**	120.0
Current portion of borrowings	**24.5**	427.3
Provisions	**76.8**	108.6
Construction contracts – liabilities	**200.0**	536.2
Deferred revenue	**4.2**	6.1
	1,310.4	2,062.6
Total liabilities	**1,803.7**	2,266.4
Total equity and liabilities	**7,744.7**	7,803.0

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2017

Unaudited (in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Equity reserve	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	**654.7**	**(31.5)**	**3,227.5**	**50.2**	**(689.1)**	**(40.2)**	**2,411.9**	**5,583.5**	**(46.9)**	**5,536.6**
Comprehensive income/(loss)										
Net income/(loss)	–	–	–	–	–	–	454.8	454.8	(0.2)	454.6
Foreign currency translation gains/(losses)	–	–	–	–	125.3	–	–	125.3	(0.4)	124.9
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	0.5	–	0.5	–	0.5
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	0.4	–	0.4	–	0.4
Reclassification adjustments relating to business combination	–	–	–	–	4.5	4.5	–	9.0	–	9.0
Tax relating to components of other comprehensive income	–	–	–	–	(0.5)	–	–	(0.5)	–	(0.5)
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**129.3**	**5.4**	**454.8**	**589.5**	**(0.6)**	**588.9**
Transactions with owners										
Dividends declared	–	–	(191.1)	–	–	–	–	(191.1)	–	(191.1)
Equity component of convertible bonds	–	–	–	(50.2)	–	–	50.1	(0.1)	–	(0.1)
Addition of non-controlling interest	–	–	–	–	–	–	–	–	0.2	0.2
Share-based payments	–	–	6.0	–	–	–	–	6.0	–	6.0
Vesting of share-based payments	–	–	(8.7)	–	–	–	8.7	–	–	–
Shares reallocated relating to share-based payments	–	11.8	–	–	–	–	–	11.8	–	11.8
Loss on reissuance of treasury shares	–	–	–	–	–	–	(11.3)	(11.3)	–	(11.3)
Reclassification adjustment relating to business combination	–	–	–	–	–	5.5	(5.5)	–	–	–
Reclassification of non-controlling interest	–	–	–	–	36.2	–	(131.9)	(95.7)	95.7	–
Total transactions with owners	**–**	**11.8**	**(193.8)**	**(50.2)**	**36.2**	**5.5**	**(89.9)**	**(280.4)**	**95.9**	**(184.5)**
Balance at 31 December 2017	**654.7**	**(19.7)**	**3,033.7**	**–**	**(523.6)**	**(29.3)**	**2,776.8**	**5,892.6**	**48.4**	**5,941.0**

For the year ended 31 December 2016

Unaudited (in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Equity reserves	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	**654.7**	**(31.7)**	**3,223.0**	**63.2**	**(452.8)**	**(55.8)**	**1,976.5**	**5,377.1**	**(30.9)**	**5,346.2**
Comprehensive income	–	–	–	–	–	–				
Net income/(loss)	–	–	–	–	–	–	436.0	436.0	(17.7)	418.3
Foreign currency translation (losses)/gains	–	–	–	–	(236.6)	–	–	(236.6)	4.2	(232.4)
Cash flow hedges	–	–	–	–	–	(2.7)	–	(2.7)	–	(2.7)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	2.2	–	2.2	–	2.2
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	1.0	–	1.0	–	1.0
Tax relating to components of other comprehensive income	–	–	–	–	0.3	–	–	0.3	–	0.3
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**(236.3)**	**0.5**	**436.0**	**200.2**	**(13.5)**	**186.7**
Transactions with owners										
Dividends declared	–	–	–	–	–	–	–	–	(2.5)	(2.5)
Equity component of convertible bonds	–	–	–	(13.0)	–	–	12.6	(0.4)	–	(0.4)
Share-based payments	–	–	6.6	–	–	–		6.6	–	6.6
Vesting of share-based payments	–	–	(2.1)	–	–	–	2.1	–	–	–
Reclassification of remeasurement loss on defined benefit pension scheme	–	–	–	–	–	15.1	(15.1)	–	–	–
Shares reallocated relating to share-based payments	–	0.2	–	–	–	–	–	0.2	–	0.2
Loss on reissuance of treasury shares	–	–	–	–	–	–	(0.2)	(0.2)	–	(0.2)
Total transactions with owners	**–**	**0.2**	**4.5**	**(13.0)**	**–**	**15.1**	**(0.6)**	**6.2**	**(2.5)**	**3.7**
Balance at 31 December 2016	**654.7**	**(31.5)**	**3,227.5**	**50.2**	**(689.1)**	**(40.2)**	**2,411.9**	**5,583.5**	**(46.9)**	**5,536.6**

Subsea 7 S.A.
Condensed Consolidated Cash Flow Statement

(in $ millions)	Year Ended 31 Dec 2017 Audited	31 Dec 2016 Audited
Net cash generated from operating activities	**209.3**	1,045.6
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**0.8**	16.8
Purchases of property, plant and equipment	**(146.7)**	(300.3)
Purchases of intangible assets	**(7.4)**	(4.1)
Loans to third parties	**(25.0)**	–
Loan repayments from third parties	**25.0**	–
Loan repayments from joint venture	**1.1**	69.6
Loans to joint venture	**(0.6)**	(8.5)
Advances from joint venture	**10.0**	–
Loans to non-controlling interests	**(0.2)**	–
Interest received	**24.6**	17.9
Dividends received from associates and joint ventures	**100.7**	27.7
Acquisition of business (net of cash and borrowings acquired)	**(146.5)**	(18.0)
Investment in financial assets	**(5.5)**	–
Net cash used in investing activities	**(169.7)**	(198.9)
Cash flows from financing activities		
Interest paid	**(15.9)**	(11.8)
Proceeds from borrowings	**301.2**	–
Repayments of borrowings	**(252.9)**	–
Repayment of derivative financial instrument	**(8.0)**	–
Repurchase of convertible bonds	**(77.3)**	(106.0)
Redemption of convertible bonds	**(358.0)**	–
Proceeds from reallocation of ordinary shares	**0.5**	–
Dividends paid to shareholders of the parent company	**(191.1)**	–
Dividends paid to non-controlling interests	**(0.5)**	(3.4)
Net cash used in financing activities	**(602.0)**	(121.2)
Net (decrease)/increase in cash and cash equivalents	**(562.4)**	725.5
Cash and cash equivalents at beginning of year	**1,676.4**	946.8
(Increase)/decrease in restricted cash	**(6.3)**	–
Effect of foreign exchange rate movements on cash and cash equivalents	**1.4**	4.1
Cash and cash equivalents at end of year	**1,109.1**	1,676.4

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-2086 Luxembourg. The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 28 February 2018.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the period from 1 January 2017 to 31 December 2017 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 2016 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 2016.

No new International Financial Reporting Standards (IFRS) were adopted by the Group for the financial year beginning 1 January 2017. Amendments endorsed by the EU and effective for the financial year beginning 1 January 2017 have been adopted, however, none of these amendments have significantly impacted the financial results for the fourth quarter and full year which ended 31 December 2017.

The Group will implement the following IFRS effective from 1 January 2018:

- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 9 'Financial Instruments'

The implementation of both IFRS 15 and IFRS 9 is not expected to have a significant impact on the Consolidated Balance Sheet or the Consolidated Statement of Comprehensive Income of the Group. Further details regarding the implementation of these standards will be disclosed in the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2017, to be published on 8 March 2018. IFRS 15 will result in the re-statement of onerous lump-sum contract provisions, previously recognised in accordance with IAS 11 'Construction Contracts', which will, from 1 January 2018, be recognised in accordance with the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. As a result of the implementation of IFRS 15, onerous lump-sum contract provisions totalling $95.0 million will be reallocated on the balance sheet from 'construction contacts - liabilities' to 'provisions'. In addition an adjustment increasing retained earnings by $3.9 million will be recognised at 1 January 2018 representing the re-assessment and re-statement of lump-sum onerous contract provisions, as required by IFRS 15, to treat these in line with the requirements of IAS 37.

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 2016, 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 believe 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 in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management makes accounting judgements on the following aspects of the business as described in full in the audited Consolidated Financial Statements for the year ended 31 December 2016:

- Revenue recognition on long-term construction contracts
- Revenue recognition on variation orders and claims
- Allocation of goodwill to cash-generating units (CGUs)
- Goodwill carrying amount
- Property, plant and equipment
- Recognition of provisions and disclosure of contingent liabilities
- Taxation

In addition, following the business combinations completed during the year ended 31 December 2017, management were required to make accounting judgements on the following:

- Purchase price allocation

Following the acquisitions of the 50% of shares, not already owned by the Group, of Seaway Heavy Lifting Holding Limited and the Normand Oceanic entities, and the acquisition of certain businesses of EMAS Chiyoda Subsea (ECS), consideration paid and the acquired assets and assumed liabilities are subject to an ongoing fair value exercise in accordance with IFRS 3 'Business combinations'. This process results in valuation adjustments being made to a number of acquired assets and assumed liabilities and in some cases, the measurement and recognition of previously unrecognised intangible assets and liabilities for contingent consideration. Estimates of fair value include valuations from expert third parties and in some cases the use of significant management estimates and

assumptions where market valuations are not available. Fair value adjustments are provisional in nature and are subject to change throughout the measurement period, which shall not exceed one year from the acquisition date, for each acquisition.

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. Periods of adverse weather conditions usually result in low levels of activity.

6. Segment information

With effect from 1 January 2017 the Group implemented a new organisational structure comprising four Business Units: SURF and Conventional, i-Tech Services, Renewables and Heavy Lifting and Corporate. These operating segments are defined as follows:

SURF and Conventional

The SURF and Conventional Business Unit includes:

- Subsea Umbilicals, Risers and Flowlines (SURF) activities related to the engineering, procurement, installation and commissioning of highly complex systems offshore, including the long-term PLSV contracts in Brazil; and
- Conventional services including the fabrication, installation, extension and refurbishment of fixed and floating platforms and associated pipelines in shallow water environments.

This segment includes costs, including depreciation and impairment charges, related to vessels, equipment and offshore personnel deployed in SURF and Conventional activities. This segment also includes activity related to the businesses of EMAS Chiyoda Subsea (ECS), acquired during 2017, and the SapuraAcergy and Subsea 7 Malaysia joint ventures. The results of the Normand Oceanic entities, which became wholly-owned subsidiaries of the Group on 31 October 2017, having previously been a 50% owned joint venture, are included within this Business Unit on an equity accounting basis up to the date of acquisition and as a wholly-owned subsidiary on a fully consolidated basis thereafter.

i-Tech Services

The i-Tech Services Business Unit includes activities associated with the provision of Inspection, Repair and Maintenance (IRM) services, integrity management of subsea infrastructure and remote intervention support. This segment includes costs, including depreciation and impairment charges, related to vessels, equipment and offshore personnel deployed in i-Tech Services activities. The Eidesvik Seven joint venture is reported within this segment.

Renewables and Heavy Lifting

The Renewables and Heavy Lifting Business Unit includes activities related to three specialist segments of the offshore energy market: the installation of offshore wind farm foundations, heavy lifting operations for oil and gas structures, and the decommissioning of redundant offshore structures. This segment includes costs, including depreciation and impairment charges, related to vessels, equipment and offshore personnel deployed in Renewables and Heavy Lifting activities. The results of Seaway Heavy Lifting, which became a wholly-owned subsidiary of the Group on 10 March 2017 having previously been a 50% owned joint venture, are included within this Business Unit on an equity accounting basis up to the date of acquisition and as a wholly-owned subsidiary on a fully consolidated basis thereafter.

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. A significant portion of the Corporate Business Unit's costs are allocated to the other operating segments based on a percentage of their external revenue.

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

For the three months ended 31 December 2017

(in $ millions) Unaudited	SURF and Conventional	i-Tech Services	Renewables and Heavy Lifting	Corporate	Total
Revenue	**754.1**	**67.3**	**181.2**	**–**	**1,002.6**
Net operating income/(loss)	**34.4**	**(5.0)**	**(3.3)**	**2.1**	**28.2**
Finance income					**7.7**
Net remeasurement loss on business combination					**(17.3)**
Other gains and losses					**6.4**
Finance costs					**(5.8)**
Income before taxes					**19.2**

For the three months ended 31 December 2016

(in $ millions) Unaudited	SURF and Conventional	i-Tech Services	Renewables and Heavy Lifting	Corporate	Total
Revenue	705.1	85.1	141.9	0.1	932.2
Net operating income/(loss) excluding goodwill impairment charge	55.4	(8.8)	(9.9)	8.8	45.5
Impairment of goodwill	(90.4)	–	–	–	(90.4)
Net operating income/(loss)	(35.0)	(8.8)	(9.9)	8.8	(44.9)
Finance income					7.0
Other gains and losses					15.5
Finance costs					(3.6)
Loss before taxes					(26.0)

For the year ended 31 December 2017

(in $ millions) Unaudited	SURF and Conventional	i-Tech Services	Renewables and Heavy Lifting	Corporate	Total
Revenue	**2,724.8**	**302.3**	**958.5**	**–**	**3,985.6**
Net operating income	**450.8**	**22.7**	**90.0**	**17.2**	**580.7**
Finance income					**24.6**
Net remeasurement gain on business combination					**25.0**
Other gains and losses					**(54.8)**
Finance costs					**(21.0)**
Income before taxes					**554.5**

For the year ended 31 December 2016

(in $ millions) Unaudited	SURF and Conventional	i-Tech Services	Renewables and Heavy Lifting	Corporate	Total
Revenue	3,013.1	377.4	176.0	0.2	3,566.7
Net operating income/(loss) excluding goodwill impairment charge	624.9	38.0	27.8	(79.3)	611.4
Impairment of goodwill	(90.4)	–	–	–	(90.4)
Net operating income/(loss)	534.5	38.0	27.8	(79.3)	521.0
Finance income					17.9
Other gains and losses					44.9
Finance costs					(7.1)
Income before taxes					576.7

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 income and share data used in the calculation of basic and diluted earnings per share were as follows:

	Three Months Ended		Year Ended	
For the period (in $ millions)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Net income attributable to shareholders of the parent company	**56.6**	2.6	**454.8**	436.0
Interest on convertible bonds (net of amounts capitalised)	**–**	–	**4.7**	–
Earnings used in the calculation of diluted earnings per share	**56.6**	2.6	**459.5**	436.0

	Three Months Ended		Year Ended	
For the period (number of shares)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Weighted average number of common shares used in the calculation of basic earnings per share	**327,123,211**	325,644,215	**326,013,650**	325,692,190
Convertible bonds	**579,178**	15,521,527	**10,748,457**	16,488,335
Share options and performance shares	**1,250,305**	804,089	**1,728,282**	705,069
Weighted average number of common shares used in the calculation of diluted earnings per share	**328,952,694**	341,969,831	**338,490,389**	342,885,594

	Three Months Ended		Year Ended	
For the period (in $ per share)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Basic earnings per share	**0.17**	0.01	**1.39**	1.34
Diluted earnings per share	**0.17**	0.01	**1.36**	1.27

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:

	Three Months Ended		Year Ended	
For the period (number of shares)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Share options and performance shares	**1,103,390**	1,212,955	**1,127,927**	1,187,825

Adjusted diluted earnings per share

Adjusted diluted earnings per share represents diluted earnings per share excluding the goodwill impairment charge of nil (2016: $90.4 million) and the net remeasurement and bargain purchase gains on business combinations totalling $28.4 million (2016: nil). The income and share data used in the calculation of Adjusted diluted earnings per share were as follows:

	Three Months Ended		Year Ended	
For the period (in $ millions)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Net income attributable to shareholders of the parent company	**56.6**	2.6	**454.8**	436.0
Impairment of goodwill	**–**	90.4	**–**	90.4
Remeasurement loss/(gain) on business combination	**17.3**	–	**(25.0)**	–
Bargain purchase gain on business combination[a]	**(3.4)**	–	**(3.4)**	–
Interest on convertible bonds (net of amounts capitalised)	**–**	–	**4.7**	–
Earnings used in the calculation of Adjusted diluted earnings per share	**70.5**	93.0	**431.1**	526.4

(a) Bargain purchase gain on business combination is recognised within 'other gains and losses' within the Consolidated Income Statement.

	Three Months Ended		Year Ended	
For the period (number of shares)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Weighted average number of common shares used in the calculation of basic earnings per share	**327,123,211**	325,644,215	**326,013,650**	325,692,190
Convertible bonds	**579,178**	15,521,527	**10,748,457**	16,488,335
Share options and performance shares	**1,250,644**	804,089	**1,728,282**	705,069
Weighted average number of common shares used in the calculation of Adjusted diluted earnings per share	**328,953,033**	341,969,831	**338,490,389**	342,885,594

	Three Months Ended		Year Ended	
For the period (in $ per share)	**31 Dec 2017 Unaudited**	31 Dec 2016 Unaudited	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Adjusted diluted earnings per share	**0.21**	0.27	**1.27**	1.54

8. Adjusted EBITDA and Adjusted EBITDA margin

Adjusted earnings before interest, taxation, depreciation and amortisation ('Adjusted EBITDA') is a non-IFRS measure that represents net income before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. The Group defines Adjusted EBITDA as net income adjusted to exclude depreciation costs, amortisation of prepaid mobilisation expenses and amortisation of intangible assets, impairment charges or impairment reversals, 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 on distributions and bargain purchase gains on business combinations), finance costs and taxation. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.

The items excluded from Adjusted EBITDA represent items which are individually or collectively material but which are not considered representative of the performance of the business during the periods presented. Other gains and losses principally relate to disposals of investments, property, plant and equipment and net foreign exchange gains or losses. Impairments of assets represent the excess of the assets' carrying amount over the amount that is expected to be recovered from their use in the future or their sale.

Adjusted EBITDA and Adjusted EBITDA margin have not been prepared in accordance with IFRS as adopted by the EU. These measures exclude items that can have a significant effect on the Group's income or loss and therefore should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with IFRS) as a measure of the Group's operating results or cash flows from operations (as determined in accordance with IFRS) as a measure of the Group's liquidity.

Management believes that Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the business. These non-IFRS measures provide management with a meaningful comparative for its Business Units, as they eliminate the effects of financing, depreciation and taxation. Management believes that the presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea 7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Subsea 7's industry. Adjusted EBITDA margin may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group's performance. 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.

Reconciliation of net operating income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin:

For the period (in $ millions)	Three Months Ended 31 Dec 2017 Unaudited	Three Months Ended 31 Dec 2016 Unaudited	Year Ended 31 Dec 2017 (a)	Year Ended 31 Dec 2016 (a)
Net operating income/(loss)	**28.2**	(44.9)	**580.7**	521.0
Depreciation, amortisation and mobilisation	**116.4**	95.2	**422.3**	371.8
Impairment of property, plant and equipment	**31.5**	147.5	**31.5**	157.9
Impairment of intangible assets	**–**	–	**–**	0.6
Impairment of goodwill	**–**	90.4	**–**	90.4
Adjusted EBITDA (unaudited)	**176.1**	288.2	**1,034.5**	1,141.7
Revenue	**1,002.6**	932.2	**3,985.6**	3,566.7
Adjusted EBITDA margin (unaudited)	**17.6%**	30.9%	**25.9%**	32.0%

(a) Audited unless otherwise stated

Reconciliation of net income/(loss) to Adjusted EBITDA and Adjusted EBITDA margin:

For the period (in $ millions)	Three Months Ended 31 Dec 2017 Unaudited	Three Months Ended 31 Dec 2016 Unaudited	Year Ended 31 Dec 2017 (a)	Year Ended 31 Dec 2016 (a)
Net income/(loss)	**51.3**	(13.3)	**454.6**	418.3
Depreciation, amortisation and mobilisation	**116.4**	95.2	**422.3**	371.8
Impairment of property, plant and equipment	**31.5**	147.5	**31.5**	157.9
Impairment of intangible assets	**–**	–	**–**	0.6
Impairment of goodwill	**–**	90.4	**–**	90.4
Remeasurement loss/(gain) on business combination	**17.3**	–	**(25.0)**	–
Finance income	**(7.7)**	(7.0)	**(24.6)**	(17.9)
Other gains and losses	**(6.4)**	(15.5)	**54.8**	(44.9)
Finance costs	**5.8**	3.6	**21.0**	7.1
Taxation	**(32.1)**	(12.7)	**99.9**	158.4
Adjusted EBITDA	**176.1**	288.2	**1,034.5**	1,141.7
Revenue	**1,002.6**	932.2	**3,985.6**	3,566.7
Adjusted EBITDA margin	**17.6%**	30.9%	**25.9%**	32.0%

(a) Audited unless otherwise stated

9. Goodwill

The movement in goodwill during the year was as follows:

(in $ millions)	Year Ended 31 Dec 2017 Audited	Year Ended 31 Dec 2016 Audited
At year beginning	**627.7**	766.8
Acquired in business combination	**45.6**	14.9
Impairment charge	**–**	(90.4)
Exchange differences	**27.5**	(63.6)
At year end	**700.8**	627.7

10. Business combination

Seaway Heavy Lifting Holding Limited

On 10 March 2017 an indirect wholly-owned subsidiary of Subsea 7 S.A. acquired 50% of the shares of Seaway Heavy Lifting Holding Limited. Subsequent to initial recognition of provisional amounts in Q2 2017, retrospective adjustments to goodwill were made following completion of certain post-transaction procedures specified at the time of business combination. A reconciliation of movements is as follows:

(in $ millions)	
Provisional goodwill arising on business combination	42.0
Adjustments to total identifiable net assets at fair value subsequent to initial recognition	1.5
Decrease in contingent consideration subsequent to initial recognition	(8.8)
At 31 December 2017	**34.7**

For a further explanation and the related financial disclosures refer to Note 10 ‘Business combination’ within the Group’s Condensed Consolidated Financial Statements for the quarter ended 31 March 2017.

Acquisition of certain businesses and assets of EMAS Chiyoda Subsea (ECS)

On 29 June 2017, indirect wholly-owned subsidiaries of Subsea 7 S.A. acquired certain businesses and assets of Emas Chiyoda Subsea (ECS). Subsequent to the initial recognition of provisional amounts in Q2 2017, retrospective adjustments to the fair value of assets, liabilities and goodwill were made following completion of certain post-transaction procedures specified at the time of the business combination. The provisional fair values of the identifiable assets and liabilities acquired as at 29 June 2017 are show below. Where required these amounts will be adjusted retrospectively during the measurement period ending 28 July 2018. This table is inclusive of adjustments recognised between the date of acquisition and 31 December 2017.

(in $ millions)	
Assets	
Intangible assets	**45.9**
Property, plant and equipment	**2.5**
Inventories	**0.3**
Trade and other receivables	**32.1**
Construction contracts – assets	**21.4**
Other accrued income and prepaid expenses	**11.3**
Restricted cash	**2.4**
Cash and cash equivalents	**5.3**
	121.2
Liabilities	
Trade and other liabilities	**52.9**
Construction contracts - liabilities	**18.3**
	71.2
Identifiable net assets at fair value	**50.0**
Less: deferred tax liability recognised on intangible assets	**(8.6)**
Add: goodwill arising on acquisition	**10.9**
	52.3
Consideration comprised	
Cash and cash equivalents	**52.3**
	52.3

Receivables

Receivables are shown at fair value and represent the best estimate of amounts expected to be collected. The gross contractual amounts receivable include $22.3 million which has been recognised at a fair value of $nil due to uncertainty surrounding collection.

Goodwill

Goodwill comprises the value of intangible assets which do not meet the criteria for separate recognition including the assembled workforce and local presence within the Middle East region. Goodwill is not expected to be deductible for tax purposes.

For a further explanation and the financial disclosures related to the ECS transaction, refer to Note 10 ‘Business combination’ within the Group’s Condensed Consolidated Financial Statements for the quarter ended 30 June 2017.

Normand Oceanic AS and Normand Oceanic Chartering AS

On 31 October 2017 an indirect wholly-owned subsidiary of Subsea 7 S.A. acquired 50% of the voting shares of Normand Oceanic AS and Normand Oceanic Chartering AS (collectively referred to as Normand Oceanic) which are both limited liability companies incorporated and domiciled in Norway. Normand Oceanic AS owns *Normand Oceanic*, a flex-lay and heavy construction vessel currently on long-term charter to a third party. The acquisition reflects the Group’s strategy to own high specification vessels that differentiate the Group’s engineering and construction services offering. The net assets acquired, the gain on bargain purchase arising on acquisition and the analysis of purchase consideration are shown in the table below. Stamp duty and other expenses incurred in connection with the acquisition have been accounted for separately and recorded within operating expenses in the Consolidated Income Statement.

Business combination achieved in stages

Prior to the acquisition, the Group held a 50% interest in Normand Oceanic and this transaction was therefore treated as a business combination achieved in stages. On the acquisition date the Group remeasured its previously held equity interest to a fair value of $3.4 million. This resulted in the recognition of a remeasurement loss of $16.5 million. Subsequent to remeasurement, the Group derecognised its equity interest in Normand Oceanic and recognised the separately identifiable assets and liabilities related to the acquisition as part of the calculation to determine the gain on bargain purchase.

The provisional fair values of the identifiable assets and liabilities of Normand Oceanic at 31 October 2017 are shown below:

As at (in $ millions)	
Assets	
Property, plant and equipment	**116.7**
Trade and other receivables	**5.1**
Cash and cash equivalents	**4.0**
	125.8
Liabilities	
Borrowings	**101.5**
Trade and other liabilities	**17.5**
	119.0
Identifiable net assets at fair value	**6.8**
Consideration comprised	
Cash	**–**
Fair value of the Group's equity interest prior to business combination	**3.4**
	3.4
Bargain purchase gain on business combination	**3.4**

Receivables

Receivables are shown at fair value and represent the gross contractual amounts receivable.

Bargain purchase gain on business combination

The acquisition resulted in the recognition of a bargain purchase gain on business combination of $3.4 million being recorded in the Consolidated Income Statement within 'other gains and losses'. The gain on bargain purchase arose due to the nominal amount of cash consideration paid to acquire the remaining 50% of shares that the Group did not already own at fair value.

11. Treasury shares

During the fourth quarter, 646,330 shares were used to satisfy share-based awards and 866,820 shares were transferred to Subsea 7 S.A. from employee benefit trusts. Following these transactions, at 31 December 2017, the Group held 857,887 common shares as treasury shares of which 857,887 (Q3 2017: 632,356) common shares were directly held, representing 0.26% (Q3 2017: 0.19%) of the total number of issued shares; no common shares (Q3 2017: 616,434) were held by an employee benefit trust to satisfy performance shares under the Group's 2009 Long-term Incentive Plan and no common shares (Q3 2017: 250,376) were held in a separate employee benefit trust to support specified share option awards.

12. Share repurchase programme

During the fourth quarter, no shares were repurchased under the Group's $200 million share repurchase programme initiated in July 2014 and extended to 31 July 2019. At 31 December 2017, the Group had repurchased a cumulative 5,272,656 shares for a total consideration of $57.1 million under the July 2014 programme.

13. Commitments, and contingent liabilities

Commitments

At 31 December 2017, the Group had entered into significant contractual commitments totalling $279.5 million mainly in relation to the construction of a new reel-lay vessel and associated pipe-lay equipment.

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.

Among these audits, the Group's Nigerian businesses were subject to audit by Rivers State, Nigeria, in respect of payroll taxes for the years 2010 to 2014. At 31 December 2017, there was a contingent liability relating to the assessments received from Rivers State, which total NGN 34,190 million, equivalent to $95.0 million (31 December 2016: $nil). The Group has challenged the assessments and is currently involved in court proceedings in Nigeria to protect its assets from sequestration by Rivers State authorities in respect of one of the assessments totalling NGN 3,352 million, equivalent to $9.3 million.

The Group does not believe the likelihood of payments is probable and no provision has been recognised in the Consolidated Balance Sheet in respect of assessments resulting from the Rivers State audits.

Between 2009 and 2017, 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 December 2017 amounted to BRL 703.3 million, equivalent to $213.7 million (2016: BRL 670.1 million, equivalent to $201.4 million). The Group has challenged these assessments. No provision has been made in relation to these cases. A contingent liability has been disclosed for the total amounts assessed as the disclosure criteria have been met however the Group does not believe that the likelihood of payment is probable.

Contingent liabilities recognised in the Consolidated Balance Sheet

As part of accounting for the business combination with Subsea 7 Inc., IFRS 3 'Business Combinations' required the Group to recognise as a provision, as of the acquisition date, the fair value of contingent liabilities assumed if there was a present obligation that arose from past events, even where payment was not probable. The value of the provision recognised within the Consolidated Balance Sheet at 31 December 2017 was $4.9 million (31 December 2016: $4.8 million). While complying with the requirements of IFRS 3, the Group continues to believe that payment relating to the remaining recognised contingent liabilities is not probable.

As part of the accounting for the business combination of Pioneer Lining Technology Limited, IFRS 3 'Business Combinations' 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 December 2017 was $2.9 million (31 December 2016: $2.7 million).

14. Cash flow from operating activities

For the year ended (in $ millions)	**31 Dec 2017 Audited**	31 Dec 2016 Audited
Cash flow from operating activities:		
Income before taxes	**554.5**	576.7
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	**388.5**	354.5
Impairment of property, plant and equipment	**31.5**	157.9
Impairment of intangible assets	**–**	0.6
Amortisation of intangible assets	**26.4**	7.3
Impairment of goodwill	**–**	90.4
Mobilisation costs	**7.4**	10.0
Adjustments for investing and financing items:		
Remeasurement gain on business combination	**(25.0)**	–
Net bargain purchase gain on business combination	**(3.4)**	–
Share of net loss/(income) of associates and joint ventures	**42.7**	(46.4)
Finance income	**(24.6)**	(17.9)
(Profit)/loss on disposal of property, plant and equipment	**(0.5)**	2.3
Net loss/(gain) on repurchase of convertible bonds and settlement of borrowings	**2.4**	(3.0)
Finance costs	**21.0**	7.1
Adjustments for equity items:		
Reclassification adjustments relating to foreign subsidiaries disposed of in the year	**7.4**	–
Share-based payments	**6.0**	6.6
	1,034.3	1,146.1
Changes in operating assets and liabilities:		
Decrease in inventories	**7.4**	6.3
(Increase)/decrease in operating receivables	**(176.8)**	126.3
Decrease in operating liabilities	**(554.4)**	(92.5)
	(723.8)	40.1
Income taxes paid	**(101.2)**	(140.6)
Net cash generated from operating activities	**209.3**	1,045.6

15. Fair value and financial instruments

Except as detailed in the following table, the carrying value of the Group's financial assets and financial liabilities recorded at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values:

As at (in $ millions)	**31 Dec 2017 Carrying amount Audited**	**31 Dec 2017 Fair value Audited**	31 Dec 2016 Carrying amount Audited	31 Dec 2016 Fair value Audited
Financial liabilities				
Borrowings – convertible bonds – Level 2	**–**	**–**	(427.3)	(435.3)
Borrowings – senior secured facility – Level 2	**(282.7)**	**(282.7)**	–	–

Borrowings – convertible bonds

The fair value of the liability component of convertible bonds is determined by matching the maturity profile of the convertible bonds to market interest rates available to the Group. At the balance sheet date the interest rate available was nil (31 December 2016: 2.2%).

Borrowings – senior secured facility

The fair value of the senior secured facility is determined by matching the maturity profile of the amounts utilised under the facility to market interest rates available to the Group for borrowings with similar security, maturity and repayment profiles. At 31 December 2017 interest charged under the 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 date (unobservable inputs).

Recurring and non-recurring fair value measurements

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

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

As at (in $ millions)	**2017 31 Dec Level 2**	**2017 31 Dec Level 3**	2016 31 Dec Level 2	2016 31 Dec Level 3
Recurring fair value measurements				
Financial assets:				
Financial assets at fair value through profit or loss – derivative instruments	**42.7**	**–**	78.4	–
Financial liabilities:				
Financial liabilities at fair value through profit or loss – derivative instruments	**(24.8)**	**–**	(52.9)	–
Contingent consideration	**–**	**(20.0)**	–	(11.5)

During the year ended 31 December 2017 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.

Fair value techniques and inputs

Financial assets and liabilities at fair value through profit or loss

The Group's financial assets and liabilities 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 was calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contract.
- 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.

16. Post balance sheet events

Dividend

In light of the Group's solid financial and liquidity position and improved market outlook, the Board of Directors will recommend to the shareholders at the Annual General Meeting on 17 April 2018 that a special dividend of NOK 5.00 per share be paid, equivalent to a total dividend of approximately $200 million.

Agreement to invest in Xodus Group

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

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

Schlumberger and Subsea 7 announce intent to form a joint venture

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

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

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

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

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

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

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