



Second Quarter 2017
Earnings Presentation

26 July 2017

Forward-looking statements

Certain statements made in this presentation 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 for the year ended 31 December 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; the 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.



Second Quarter 2017

Jean Cahuzac, CEO

- *Highlights*

Ricardo Rosa, CFO

- *Financial performance*

Jean Cahuzac, CEO

- *Strategy and outlook*

- *Q&A*

Q2 2017 results

FINANCIAL HIGHLIGHTS

- Revenue \$1.0 billion
- Adjusted EBITDA \$340 million
- Adjusted EBITDA margin 33%
- Diluted EPS \$0.43
- Net cash \$825 million
- Cash and equivalents \$1.5 bn
- \$656 million undrawn facilities
- Acquisition and consolidation of ECS on 29 June 2017

OPERATIONAL HIGHLIGHTS

- Good execution and successful project outcomes
- Vessel Utilisation
Active: 77% Total: 68%

ORDER INTAKE

- Order backlog \$5.7 billion
- \$141 million awards and escalations in Q2
- \$856 million from ECS

Some of our activities



WND Ph.2/GFR (Egypt)



Maria (Norway)



Western Isles (UK)



Stampede (US GoM)



Beatrice (UK)



Galloper substation (UK)



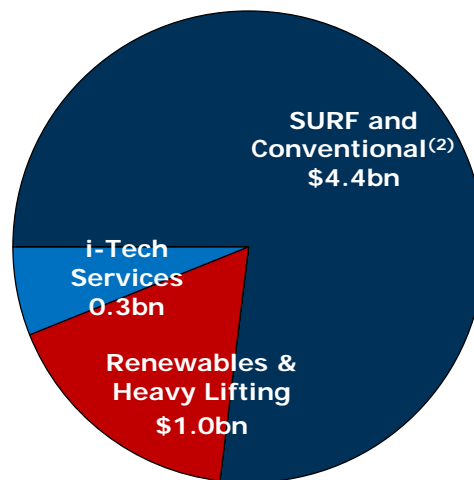
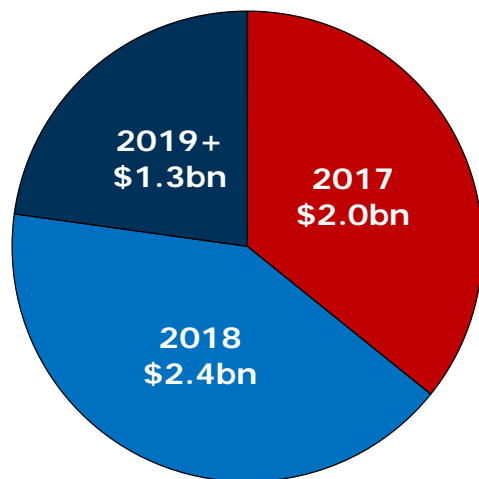
EPRS (Australia)



PLSVs (Brazil)

Backlog and order intake

Backlog of \$5.7 billion⁽¹⁾, as at 30 June 2017



- \$856 million added as a result of ECS acquisition
- \$141 million awarded in the second quarter
- \$250 million awarded after quarter end for PLSV activity, offshore Brazil

(1) Includes addition of \$0.9bn backlog recognised on acquisition and consolidation of certain businesses of ECS

(2) Includes \$1.4bn relating to 7 long-term contracts for PLSVs in Brazil, approximately 90% of which relates to the four 550t PLSVs (*Seven Waves, Seven Rio, Seven Sun and Seven Cruzeiro*)

Income statement – Q2 highlights

| In \$ millions, unless otherwise indicated | Three months ended | |
|--|---------------------------|---------------------------|
| | 30 June 2017 Unaudited | 30 June 2016 Unaudited |
| Revenue | 1,022 | 961 |
| Net operating income (NOI) ⁽¹⁾ | 235 | 177 |
| Income before taxes | 206 | 206 |
| Taxation | (60) | (69) |
| Net income | 146 | 136 |
| Adjusted EBITDA ⁽²⁾ | 340 | 280 |
| Adjusted EBITDA margin | 33% | 29% |
| Diluted earnings per share \$ | 0.43 | 0.40 |
| Weighted average number of shares (millions) | 341 | 343 |

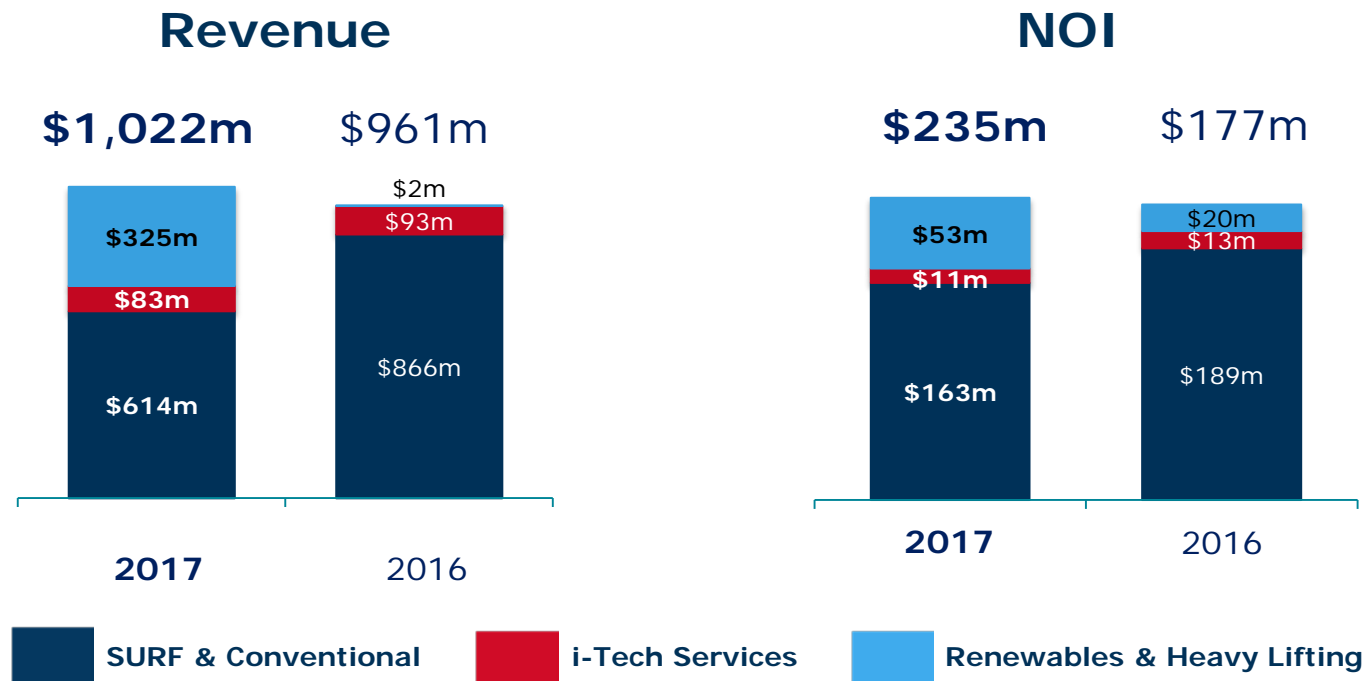
⁽¹⁾ Net operating income included a \$53m restructuring charge in Q2 2016

⁽²⁾ Adjusted EBITDA defined in Appendix

Income statement – supplementary details

| In \$ millions | Three months ended | |
|---|-------------------------|-------------------------|
| | 30 June 17 Unaudited | 30 June 16 Unaudited |
| Administrative expenses | (58) | (68) |
| Share of net (loss)/income of associates and joint ventures | (11) | 27 |
| Depreciation and amortisation | (105) | (93) |
| Net operating income | 235 | 177 |
| Net finance (loss)/income | (1) | 6 |
| Other gains and losses | (27) | 23 |
| Income before taxes | 206 | 206 |
| Taxation | (60) | (69) |
| Net income | 146 | 136 |
| Net income attributable to: | | |
| Shareholders of the parent company | 144 | 137 |
| Non-controlling interests | 2 | (1) |

Business Unit performance– Second quarter



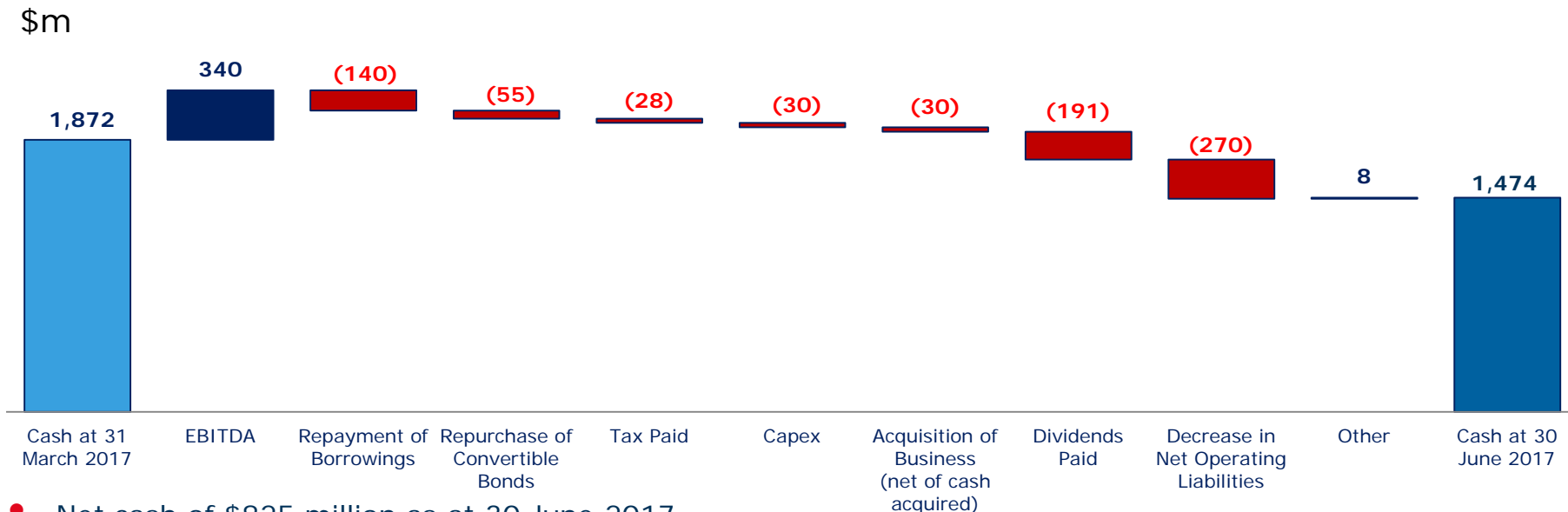
Corporate segment: net operating income Q2 2017 \$8m (net operating loss Q2 2016: \$ 45m, which included \$53m related to restructuring charges)

Provisional ECS accounting and consolidation

- Consideration of \$55 million for the ECS businesses:
 - Included \$30 million cash disbursed in Q2 (net of \$8 million cash acquired)
 - \$17 million accrued consideration will be cash-settled in Q3
- \$25 million debtor-in-possession financing repaid
- Provisional identifiable net assets of \$48 million⁽¹⁾ recognised. \$8 million allocated to other intangible assets pending completion of acquisition accounting
- \$856 million added to Subsea 7 order backlog, mostly relating to projects in Saudi Arabia
- ECS's Ingleside Spoolbase, Texas, acquired for \$16 million in an associated transaction

(1) At 30 June 2017, acquisition accounting was incomplete and all amounts are subject to revision.

Summary of second quarter 2017 cash flow



- Net cash of \$825 million as at 30 June 2017
- \$140 million repayment of borrowings: \$133m in relation to SHL and \$7m in relation to Export Credit Agency
- \$656 million of undrawn committed credit facilities

Our priorities for capital allocation

1. Invest to grow and strengthen our business

- Acquired certain business of ECS
- Investment in vessel capability to meet demand
- Focused investment in technology and innovation

2. Maintain an investment-grade profile

- Net cash \$825 million at 30 June 2017
- \$342 million (par value) convertible bonds re-purchased to date, \$358 million remain outstanding

3. Return surplus cash to shareholders

- \$200m share repurchase programme extended to July 2019
- Over \$1.2 billion cash returned since 2011
- \$191m special dividend paid in 2017, NOK 5.00 per share

Financial guidance

2017 Guidance

| | | |
|-----------------------------------|-------|-------------------------------|
| Revenue | | Higher than 2016 |
| Adjusted EBITDA percentage margin | | Lower than 2016 |
| Administrative expense | | \$220 million - \$240 million |
| Net finance cost | | \$5 million - \$10 million |
| Depreciation and Amortisation | | \$410 million - \$430 million |
| Full year effective tax rate | | 28% - 33% |
| Capital expenditure | | \$160 million - \$180 million |

- Guidance given at 26 July 2017 and includes the acquisition and consolidation of certain businesses of ECS in June 2017

Subsea 7's approach and strategy through the cycle

Reduce capacity, invest in capability and technology



Growing and strengthening our business

Acquired certain businesses of **EMAS Chiyoda Subsea** - 29 June 2017



Accelerated strategy to grow in the **Middle East**



Long-term agreement (**LTA**) for work with **Saudi Aramco**, together with **L&T**



Added **\$856** million of signed order **backlog**



850 people integrated into our business



Two chartered **vessels** added to our fleet capability

Middle East – an opportunity in Conventional

Long-term agreement to provide services to Saudi Aramco, in consortium with L&T, continues to 2021

Three current projects offshore Saudi Arabia

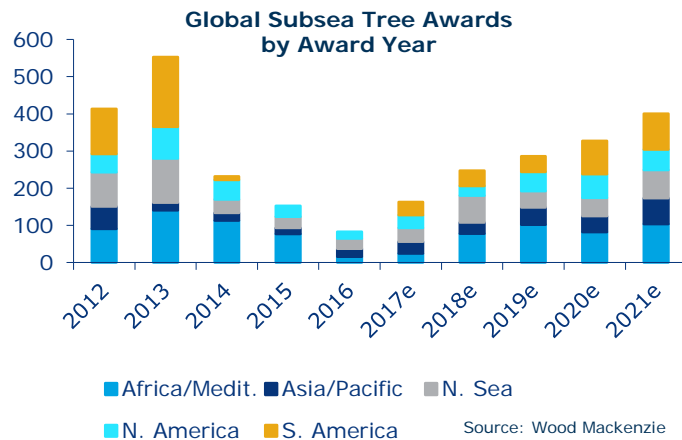
- Hasbah
- Four Decks
- 17 Cranes

Invited to tender on new awards in Saudi Arabia following the completion of the acquisition

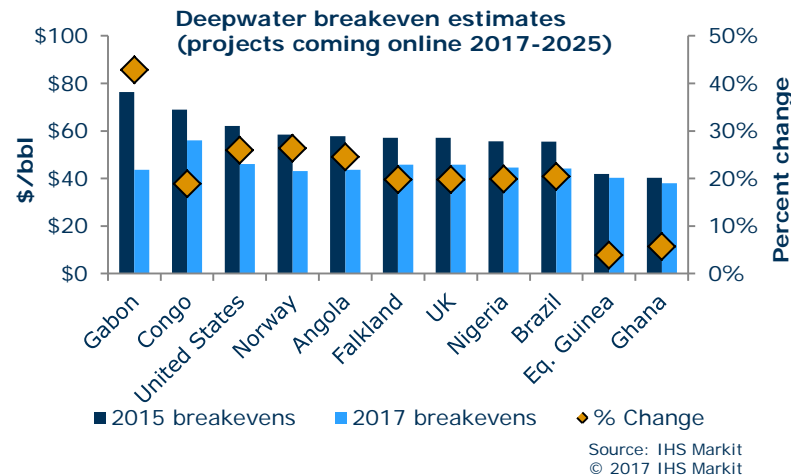
Strong Conventional market with growing activity levels



Subsea market outlook



Offshore gradually recovering
Project tendering activity has increased in 2017



Sustained cost-efficiency
required to drive activity levels

Technology and alliances are key
to unlocking additional savings

Business Unit outlook

SURF and Conventional

- Gradual recovery, awards to market could increase by first half 2018
- Active SURF project tenders include:
 - Snorre (Norway)
 - Skarfjell (Norway)
 - Snadd (Norway)
 - Golfinho (Mozambique)
 - Mamba (Mozambique)
 - Tortue (Mauritania)
 - Peregrino (Brazil)
 - KG-D6, R-Cluster (India)
 - Gorgon Ph.2 (Australia)

i-Tech Services

- Tenders focused on North Sea, Brazil and US GoM

Renewables and Heavy Lifting

- Wind farm tenders in progress in Europe and Asia

ANY QUESTIONS?



Appendix

Major project progression

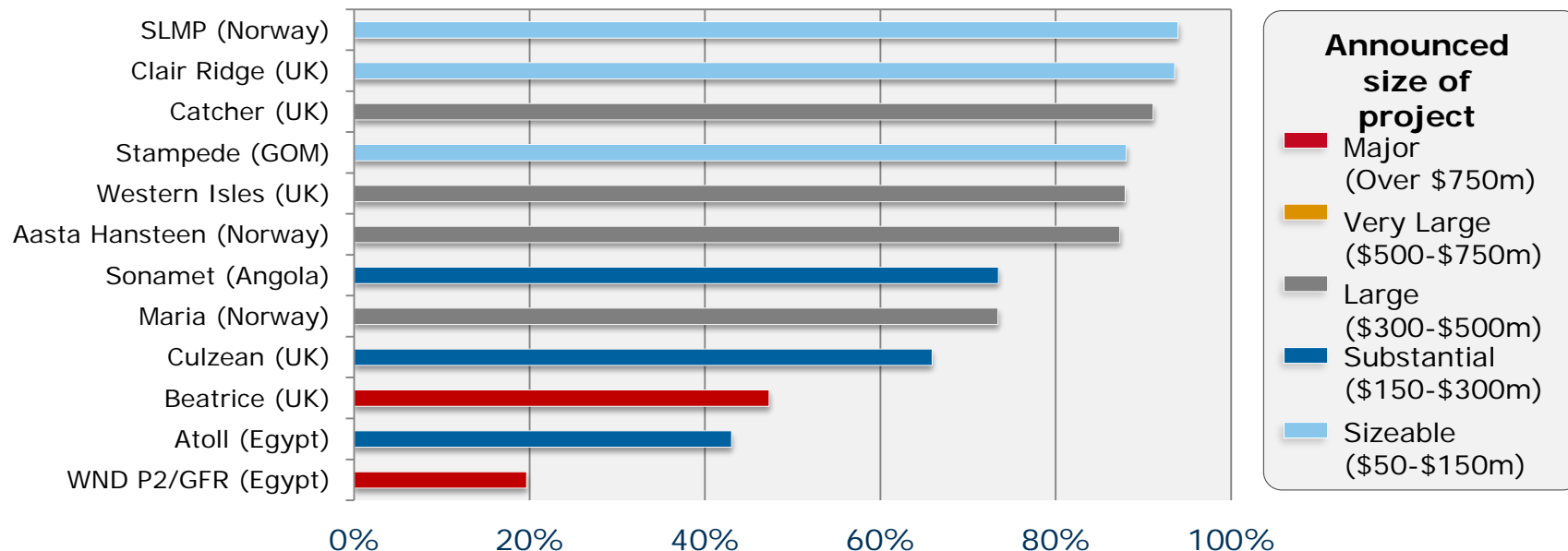
Track Record

Fleet

Financial summaries

Major project progression

- Continuing projects >\$100m between 5% and 95% complete as at 30 June 2017 excluding PLSV and Life of Field day-rate contracts



TRACK RECORD

Over 1,000 projects delivered for our clients worldwide

- A selection of current and recent projects



37 Vessels including 33 active vessels

10 vessels released since May 2015

Seven Polaris
(Scrapped 4Q '15)

Skandi Seven
(returned to owner 3Q '15)

Havila Subsea (returned to owner 4Q '15)

Acergy Viking
(returned to owner 4Q '15)

Skandi Skansen
(returned to owner 4Q '15)

Skandi Neptune
(returned to owner 1Q '16)

Normand Seven
(returned to owner 3Q '16)

Seven Petrel
(Sold 3Q '16)

Normand Oceanic
(returned to vessel owning JV 1Q '17 and chartered to third party)

Seven Discovery
(Scrapped 1Q '17)

RIGID PIPELAY/HEAVY LIFT VESSELS



LIFT/HOOK-UP

CONSTRUCTION/VERTICAL FLEX-LAY VESSELS



DIVING SUPPORT VESSELS



LIFE OF FIELD VESSELS



CONSTRUCTION/HORIZONTAL FLEX-LAY VESSELS

Vessel as at 30 June 2017

- ▲ Owned and operated by a joint venture
- ▲ Long-term charter from a vessel-owning joint venture
- ▲ Stacked
- ▲ Chartered from a third party

Segmental analysis

For the three months ended 30 June 2017

| In \$ millions (unaudited) | SURF & Conventional | i-Tech Services | Renewables & Heavy Lifting | Corporate | TOTAL |
|----------------------------|---------------------|-----------------|----------------------------|-----------|-------|
| Revenue | 614 | 83 | 325 | - | 1,022 |
| Net operating income | 163 | 11 | 53 | 8 | 235 |
| Finance income | | | | | 6 |
| Other gains and losses | | | | | (27) |
| Finance costs | | | | | (7) |
| Income before taxes | | | | | 206 |

For the three months ended 30 June 2016

| In \$ millions (unaudited) | SURF & Conventional | i-Tech Services | Renewables & Heavy Lifting | Corporate | TOTAL |
|-----------------------------|---------------------|-----------------|----------------------------|-----------|-------|
| Revenue | 866 | 93 | 2 | - | 961 |
| Net operating income/(loss) | 189 | 13 | 20 | (45) | 177 |
| Finance income | | | | | 6 |
| Other gains and losses | | | | | 23 |
| Finance costs | | | | | - |
| Income before taxes | | | | | 206 |

Summary balance sheet

| In \$ millions | 30 June 2017 Unaudited | 31 Dec 2016 Audited |
|---|------------------------------|------------------------|
| <u>Assets</u> | | |
| Non-current assets | | |
| Goodwill | 683 | 628 |
| Property, plant and equipment | 4,678 | 4,124 |
| Other non-current assets | 277 | 486 |
| Total non-current assets | 5,638 | 5,238 |
| Current assets | | |
| Trade and other receivables | 609 | 500 |
| Construction contracts - assets | 156 | 80 |
| Other accrued income and prepaid expenses | 171 | 217 |
| Cash and cash equivalents | 1,474 | 1,676 |
| Other current assets | 104 | 92 |
| Total current assets | 2,514 | 2,565 |
| Total assets | 8,152 | 7,803 |

| In \$ millions | 30 June 2017 Unaudited | 31 Dec 2016 Audited |
|--|------------------------------|------------------------|
| <u>Equity & Liabilities</u> | | |
| Total equity | 5,713 | 5,537 |
| Non-current liabilities | | |
| Non-current portion of borrowings | 269 | - |
| Other non-current liabilities | 218 | 204 |
| Total non-current liabilities | 487 | 204 |
| Current liabilities | | |
| Trade and other liabilities | 1,001 | 824 |
| Current portion of borrowings | 381 | 427 |
| Construction contracts – liabilities | 239 | 536 |
| Deferred revenue | 8 | 6 |
| Other current liabilities | 323 | 269 |
| Total current liabilities | 1,952 | 2,062 |
| Total liabilities | 2,439 | 2,266 |
| Total equity & liabilities | 8,152 | 7,803 |

Reconciliation of Adjusted EBITDA

Net operating income to Adjusted EBITDA

| For the period (in \$millions) | Three Months Ended 30 June 2017 Unaudited | Three Months Ended 30 June 2016 Unaudited |
|---|--|--|
| Net operating income | 235 | 177 |
| Depreciation, amortisation and mobilisation | 105 | 93 |
| Impairment of property, plant and equipment | - | 10 |
| Adjusted EBITDA | 340 | 280 |
| Revenue | 1,022 | 961 |
| Adjusted EBITDA % | 33% | 29% |

Net income to Adjusted EBITDA

| For the period (in \$millions) | Three Months Ended 30 June 2017 Unaudited | Three Months Ended 30 June 2016 Unaudited |
|---|--|--|
| Net income | 146 | 136 |
| Depreciation, amortisation and mobilisation | 105 | 93 |
| Impairment of property, plant and equipment | - | 10 |
| Finance income | (6) | (6) |
| Other gains and losses | 27 | (23) |
| Finance costs | 7 | - |
| Taxation | 60 | 69 |
| Adjusted EBITDA | 340 | 280 |
| Revenue | 1,022 | 961 |
| Adjusted EBITDA % | 33% | 29% |

Summary of first half 2017 cash flow

| | \$ millions | |
|--|-------------|---|
| Cash and cash equivalents at 31 Dec 2016 | 1,676 | |
| Net cash generated from operating activities | 97 | <i>Decrease of \$464 million in net operating liabilities</i> |
| Net cash flow used in investing activities | (195) | <i>Included cash outflows on acquisition of Seaway Heavy Lifting, \$111 million and ECS, \$30 million (net of cash acquired) and capital expenditure of \$61 million</i> |
| Net cash flow used in financing activities | (99) | <i>Included \$191 million dividends paid, repayment of SHL loan \$133 million, repurchase of convertible bonds, \$55 million, partially offset by \$301 million funds drawn from ECA facility</i> |
| Other movements | (5) | |
| Cash and cash equivalents at 30 June 2017 | 1,474 | |

- Net cash of \$825 million as at 30 June 2017 compared to \$1,249 million at 31 December 2016

THANK YOU



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