



## Investor Presentation

September 2019



## Index

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What we do

Our differentiators

Our priorities

Our outlook

Our financials

Appendix

# Forward-looking statements

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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 2018. 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.

# Subsea 7

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## Our Vision

To lead the way in the delivery of offshore projects and services for the energy industry.

## Our Strategy

In an evolving energy sector, we create sustainable value by being the industry's partner and employer of choice in delivering the efficient offshore solutions the world needs.

## Our Stakeholders

We seek to create sustainable value for our clients, our people, our shareholders and society in everything we do.

## Our Values

What makes us who we are



Safety



Integrity



Sustainability



Performance



Collaboration



Innovation

# Corporate Responsibility

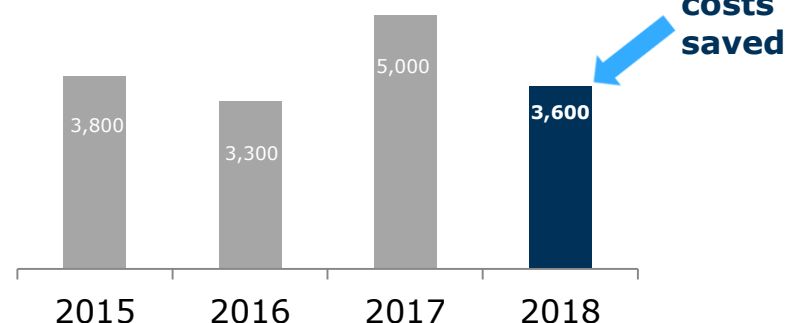
- We are committed to operating in a safe, ethical and responsible manner

**Lost-time incident  
Frequency rate (%)**



Frequency rate data is per 200,000 hours worked

**Clean Operations**



Clean Operations data is for owned vessels only

## 2019 Targets:

- LTI <0.03 (target lowered from 0.05 in 2018)
- Recordable incident frequency rate <0.21
- Environmental spills frequency rate <25 litres
- Environmental incident frequency rate <0.70 (target lowered from <0.90 in 2018)
- 5% vessel fuel saving through clean operations

Operating in 33  
countries worldwide

91 Nationalities in  
our workforce

99% completion of  
ethics e-learning

UN Global Compact  
signatory

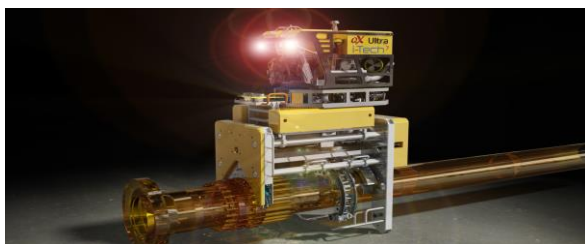


Over 67 community assistance  
events delivered in 2018

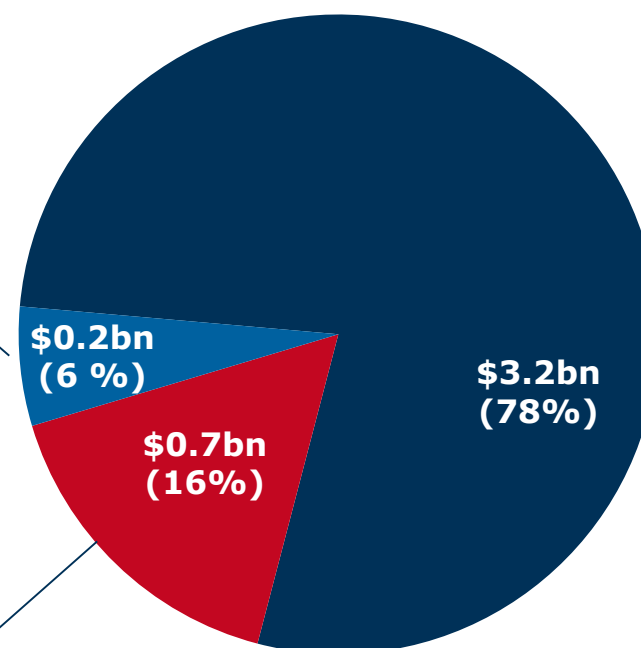
# Our market segments

## Life of Field

i-Tech 7 is a progressive and pioneering subsea life of field partner delivering Inspection, Repair and Maintenance solutions to offshore energy developments.

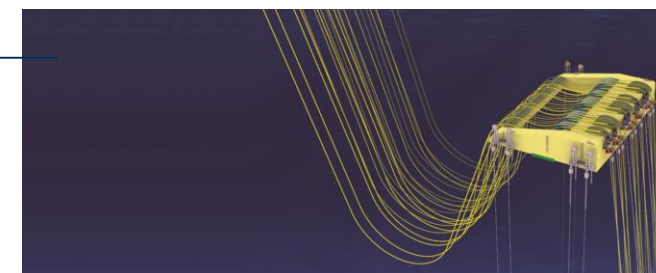


## 2018 Revenue \$4.1 billion



## SURF and Conventional

Subsea 7 is a global leader in offshore energy construction projects, operating in all water depths and conditions.



## Renewables and Heavy Lifting

Seaway 7 is a highly capable and experienced partner for the delivery of offshore wind farm projects, specialist heavy lifting and cable-lay services.

# SUBSEA 7 CAPABILITIES ACROSS THE FIELD DEVELOPMENT LIFECYCLE



## SOLUTIONS THAT DELIVER VALUE TO CLIENTS

Early engagement through global alliances and client partnerships optimises the solutions Subsea 7 can provide

## EXECUTING PROJECTS AND SERVICES THAT MEET CLIENT EXPECTATIONS

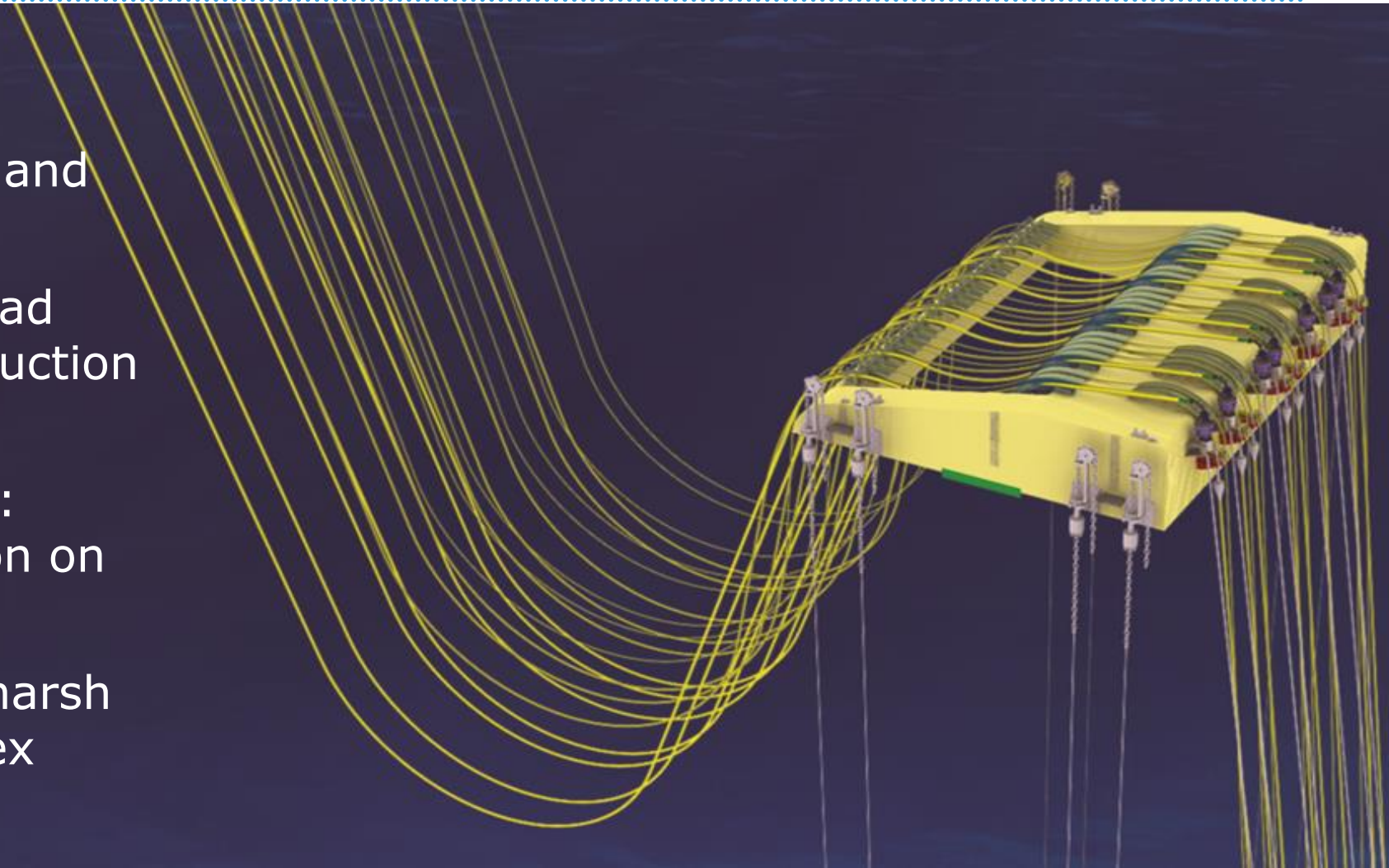
An extensive track record of safely executed projects worldwide makes Subsea 7 a market-leading provider



# SURF and Conventional

## **SURF and Conventional**

- Subsea Umbilicals, Risers and flowlines (SURF)
- Connecting seabed wellhead structures to surface production facilities
- Over 20 year track record: safe and efficient execution on over 1,000 projects
- Operating in remote and harsh environments with complex challenges and risks





# Recent Operational highlights



WND ph 2 / GFR (Egypt)



PUPP (Nigeria)



Snorre (Norway)



Nova (Norway)



Hasbah (Saudi Arabia)



Formosa 1 ph.2 (Taiwan)



Life of Field



PLSVs (Brazil)

## Our PLSV activities offshore Brazil

### Servicing life of field and new construction needs for Petrobras in all water depths

- Long-term day-rate contracts to 2021 / 2022
- Performing production maintenance and new construction activities
- \$0.6bn of firm backlog (June 2019)
- July 2017: contract extensions awarded under same day-rates for 550t top tension PLSVs



550t purpose-built vessels capable of laying pipe in ultra-deep water



## Life of Field

- Leading Life of Field partner for clients throughout the oil and gas industry
- Over 35 year's experience

- Over 165 ROVs and a fleet of ROV support vessels
- Global business with operational bases in the UK, Brazil, the US and Australia

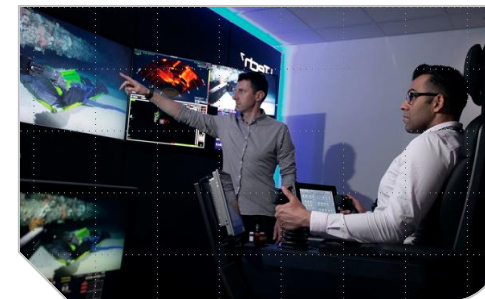
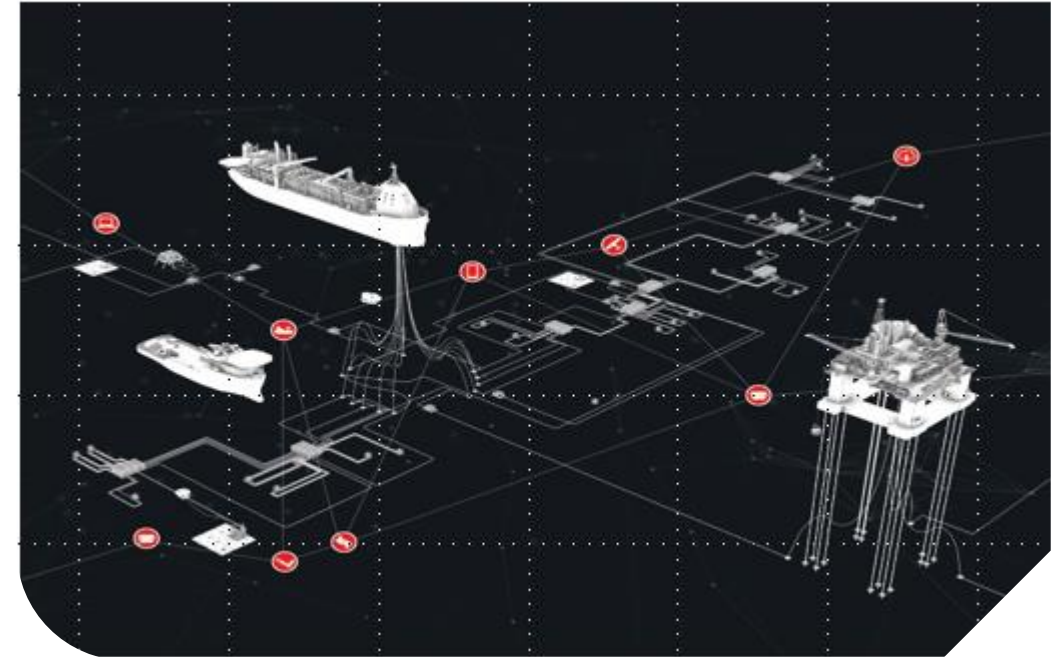


# Life of Field: products and services

## Life of Field solutions built on core products and services

- ROV Intervention
- Diving
- Survey, Inspection & Data Management
- Well simulation & sampling
- Tool Management & Engineering Solutions
- Pipeline Repair & Tree Installation

**Highly skilled and experienced people**  
**Innovative technologies**





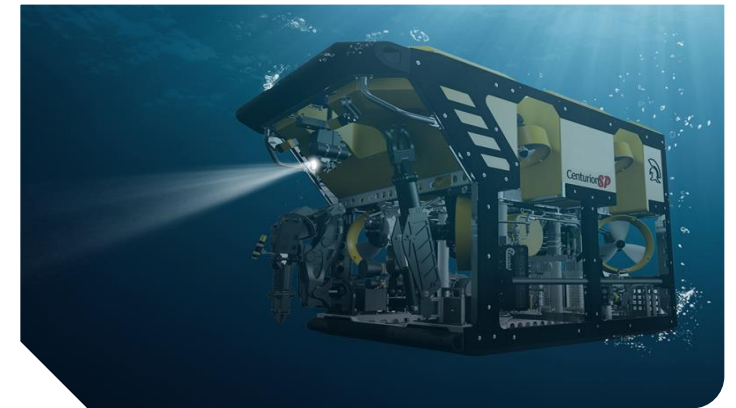
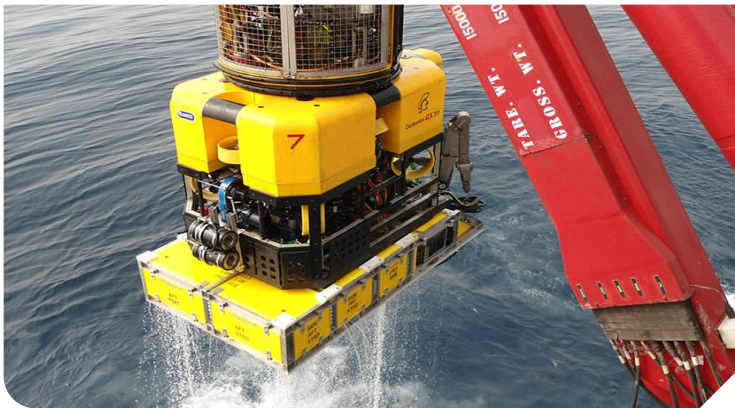
## Life of Field track record

Over 1000 successful Inspection, Repair and Maintenance projects completed

Over 300 successful hydrocarbon sampling missions using ROVs

Over 18,000 intervention tooling products designed, delivered and managed

ROV drill rig exploration support worldwide since 1976



Global experience, world-class technology and assets

# Renewables and Heavy Lifting



10 years experience in renewable energy



**16%<sup>(1)</sup>**  
forecast for  
CAGR in  
renewables



**1000**  
experienced  
personnel



**2**  
EPCI  
projects  
complete

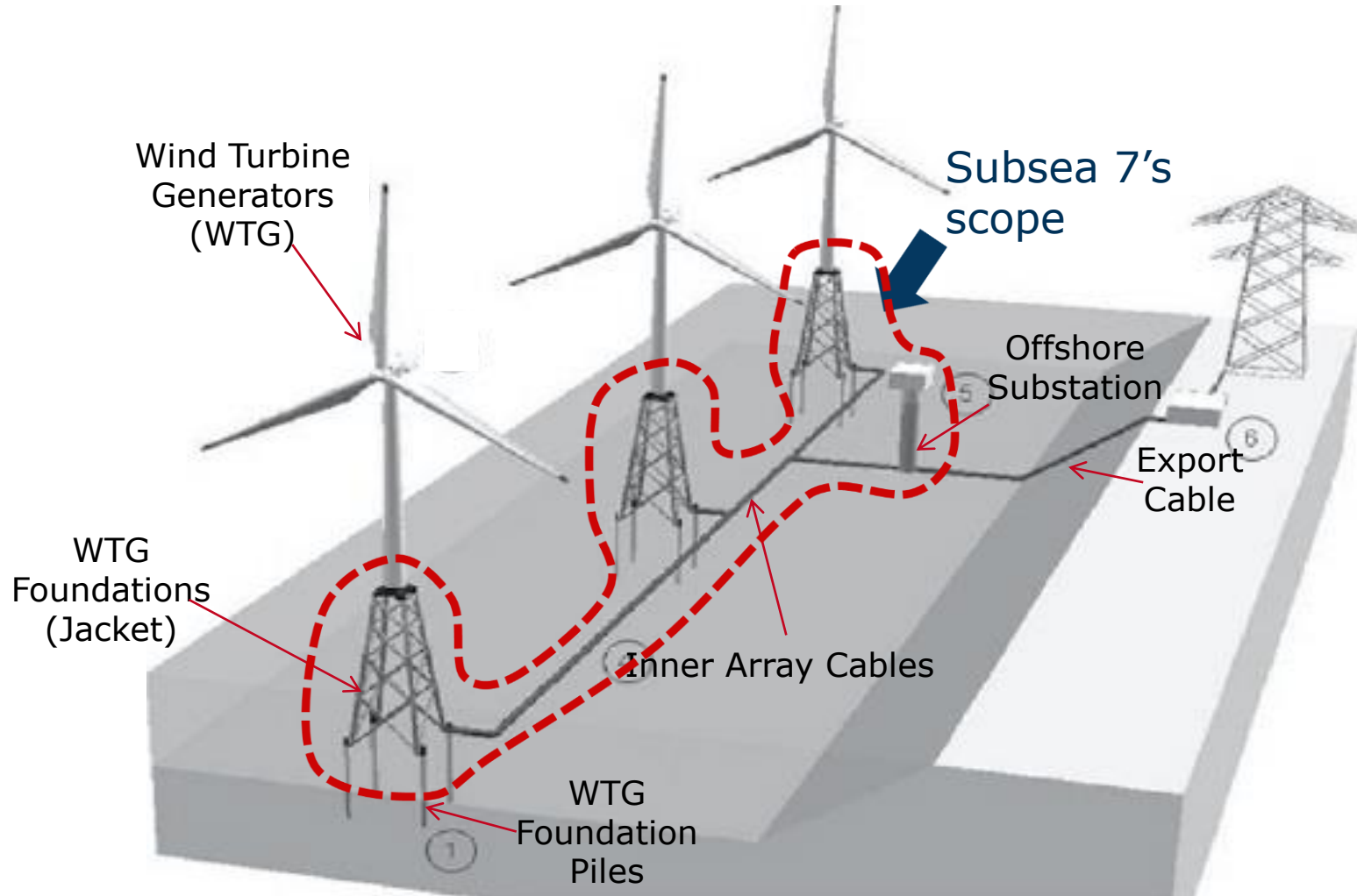


**4**  
specialist  
offshore  
vessels

14 (1) Source: BloombergNEF, January 2018, forecast to 2030 worldwide excluding China



# Subsea 7's Renewable energy focus



Subsea 7 is typically contracted to carry out, under its Seaway 7 brand:

1. Design, procurement and installation of foundation piles and jackets (SHL)
2. Design procurement and installation of Inner Array Cables (SOC)
3. Installation of the Offshore Substation and its foundations (SHL)

Subsea 7 does not currently carry out installation or procurement of:

1. Wind Turbine Generators
2. Export Cables



## Index

---

What we do

Our differentiators

Our priorities

Our outlook

Our financials

Appendix

# Our Differentiators

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We're different from our competition because we're more creative, more reliable, and more focused on what our clients really need.



## Culture

Global team with expertise, passion and commitment to deliver.



## Creativity

Ability to innovate through technology, processes and partnerships.



## Relationships

Working and learning together to achieve success for all.



## Reliability

Trusted partner in delivering projects.



## Solutions

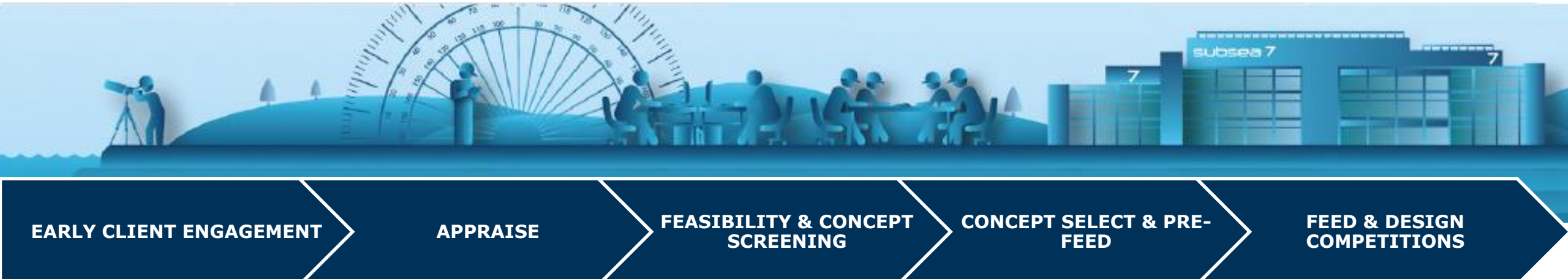
Client-focused mindset to create the right solution.

# Early engagement

- Creating value through early client engagement
- Xodus provides client-led solutions
- Subsea 7 and Subsea Integration Alliance provide supplier led solutions
- Access to 400+ early engagement professionals



**Subsea** Integration Alliance  
OneSubsea & Subsea 7



# Creating market-leading technological solutions

**TECHNOLOGY ENABLERS**



**LONG DISTANCE TIE-BACKS & MARGINAL FIELDS**



**SUBSEA AUTONOMY, IRM & DIVING**



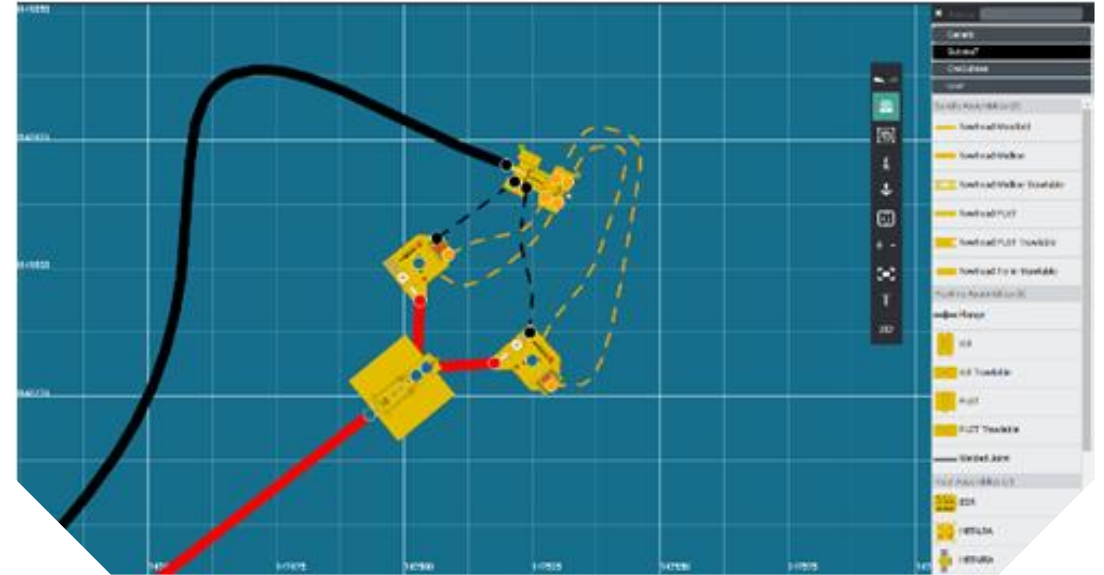
**COST-EFFICIENT PIPELINE MATERIALS**





# Digitalisation

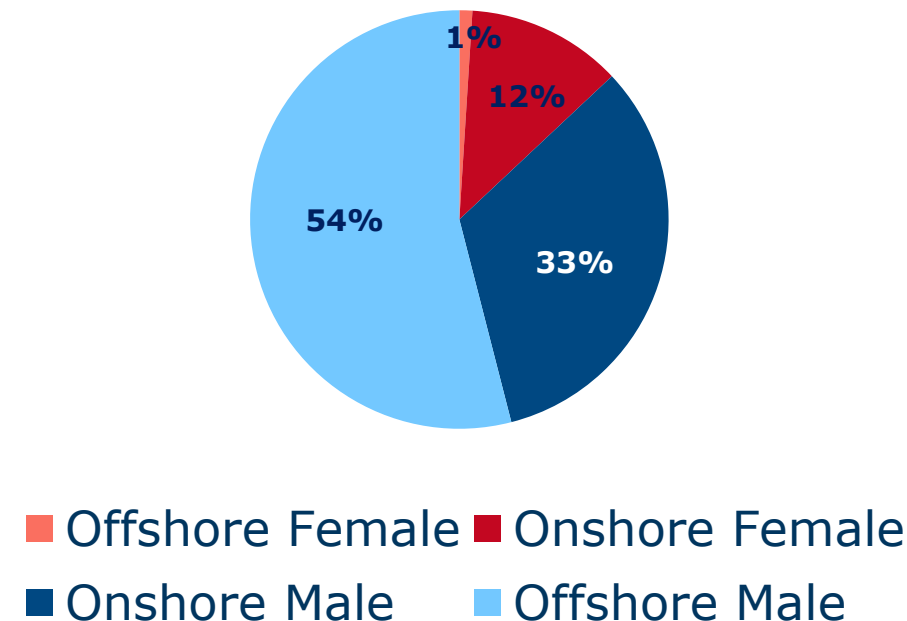
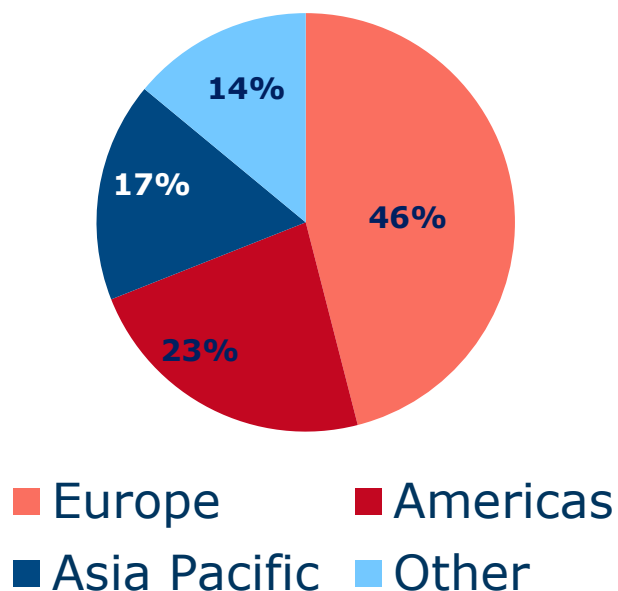
- Strategy in development with new VP assigned. Focus areas within i-Tech 7, early engagement and Pipeline Bundles
- Planning software made available by Schlumberger to Subsea Integration Alliance for early engagement
- i-Tech 7 and Leidos have a 5 year digitalisation partnership agreement – using artificial intelligence and automation to reduce the costs of life of field services
- Monitoring equipment incorporated into Pipeline Bundle Towhead



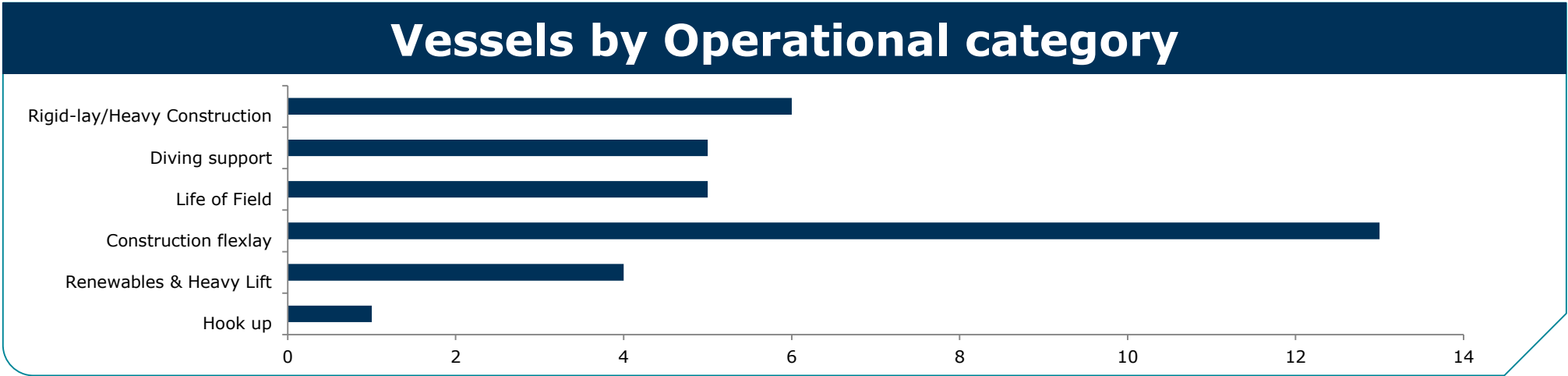
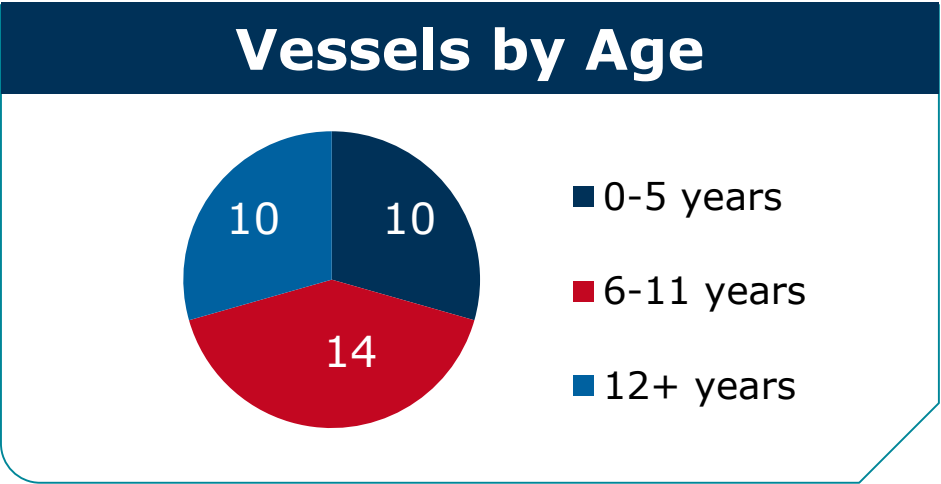
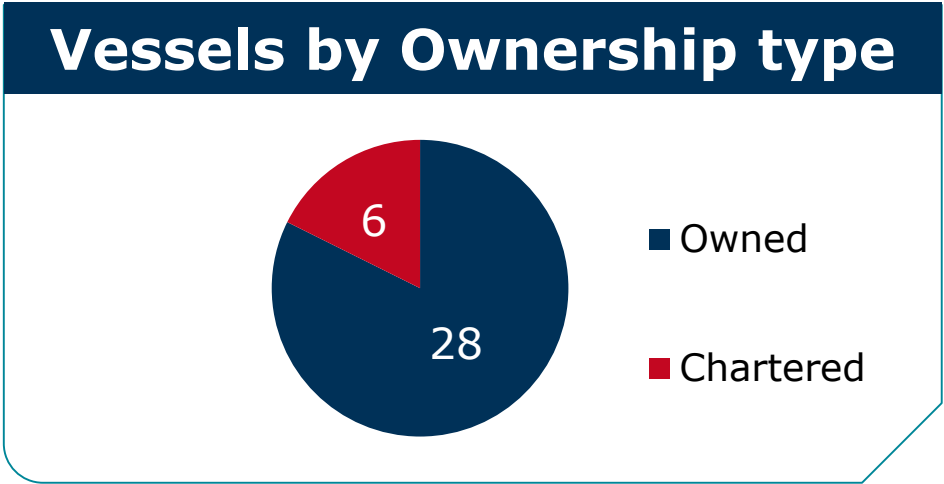


# Our People

- **11,000 people** in our workforce at end 2018, including **over 1,700 engineers**
- We deliver projects based on our expertise and know-how
- Our highly skilled and experienced workforce deliver projects safely and reliably
- We recognise the importance of diversity and strive to achieve it

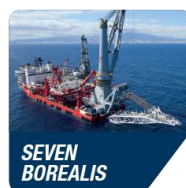


# A modern and versatile fleet of 34 vessels



## 34 Vessels including 31 active vessels at end Q2 '19

### PIPELAY/HEAVY LIFTING VESSELS



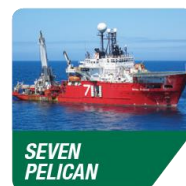
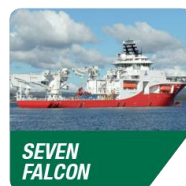
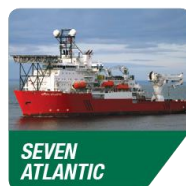
### LIFT/HOOK-UP



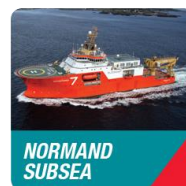
### CONSTRUCTION/FLEX-LAY VESSELS



### DIVING SUPPORT VESSELS



### LIFE OF FIELD VESSELS



### RENEWABLES & HEAVY LIFTING VESSELS



- ▲ Under Construction Reel-lay Vessel to be named Seven Vega
- ▲ Long-term charter from a vessel-owning joint venture
- Stacked

- ▲ Chartered from a third party
- ▲ Owned by Nigerian joint venture company

## Relationships with clients and partners

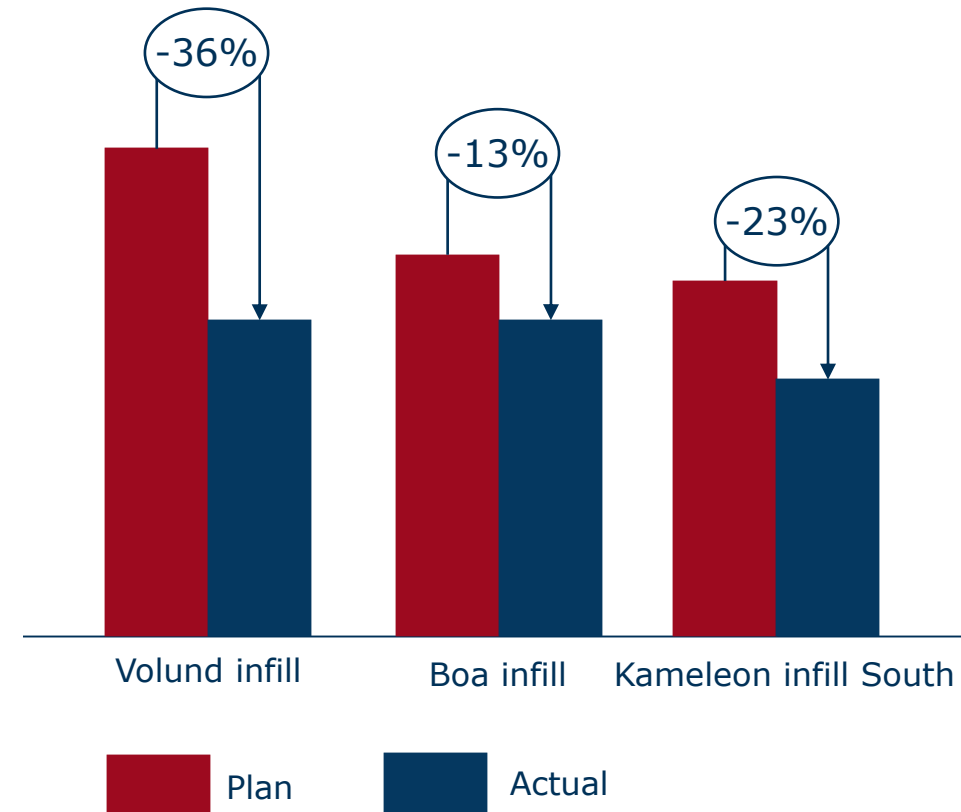
- Comprehensive integrated offering with Subsea Integration Alliance partner OneSubsea, Schlumberger
- Unique integrated client partnership model with Aker BP
- Successful partnership models with certain independent clients including Premier, Chrysaor and Spirit Energy



# Power of partnerships: AkerBP story



Delivering significant cost improvements <sup>(1)</sup>



(1) Cost improvements related to the subsea scope of the projects.

Source: AkerBP

# Power of partnerships: AkerBP story



- Partnership formed in 2015 following a competitive tender process
- Underpinned by a frame agreement with value of approximately NOK 2 billion
- Unique three way collaboration: Aker BP, Aker Solutions and Subsea 7, with all parties sharing risks and rewards
- One integrated team creating the most efficient and effective solutions together



## **Aerfugl phase 1 and 2 projects:**

**EHTF solution** for a long distance tie back  
Early adoption of proprietary leading-edge cost-saving technology

## **Volund Infill project (completed):**

Two well tie-in completed **25%** faster  
Delivered **9 months** sooner

## **Valhall Flank West and Flank North projects:**

Tie-back with umbilical and riser installation

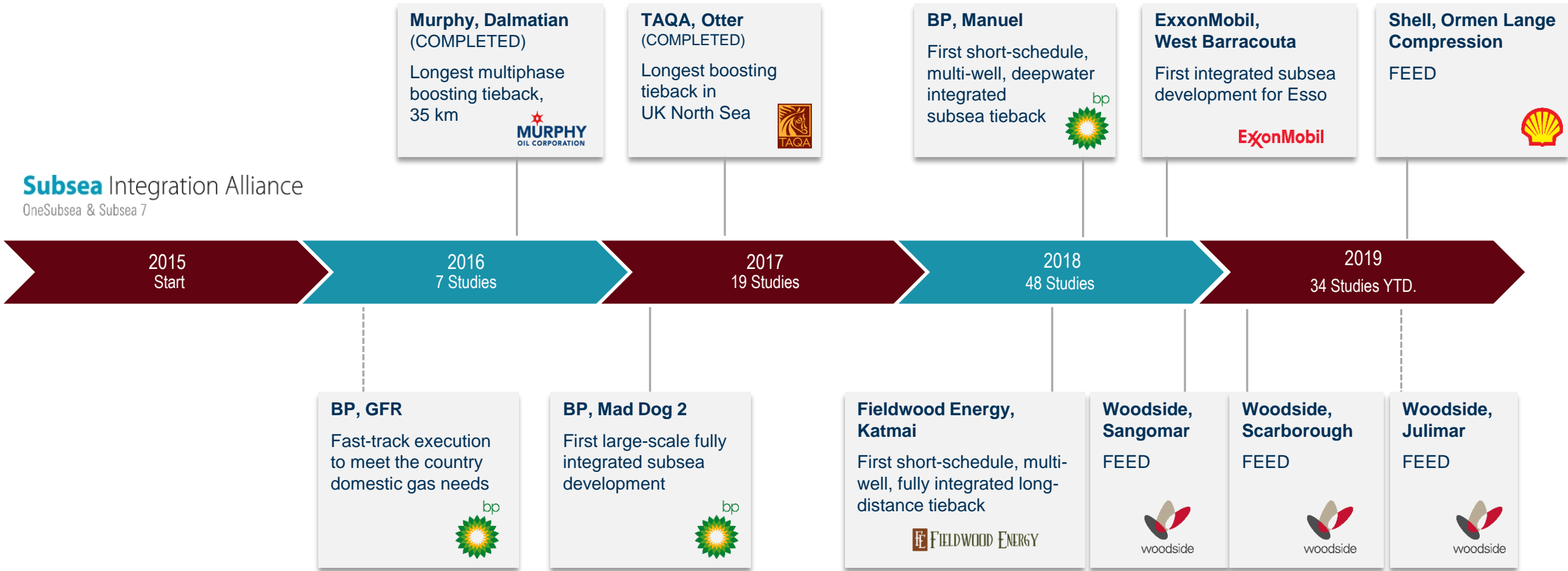
## **Skogul project:**

Long distance tie back with pipe-in-pipe technology



# Subsea Integration Alliance

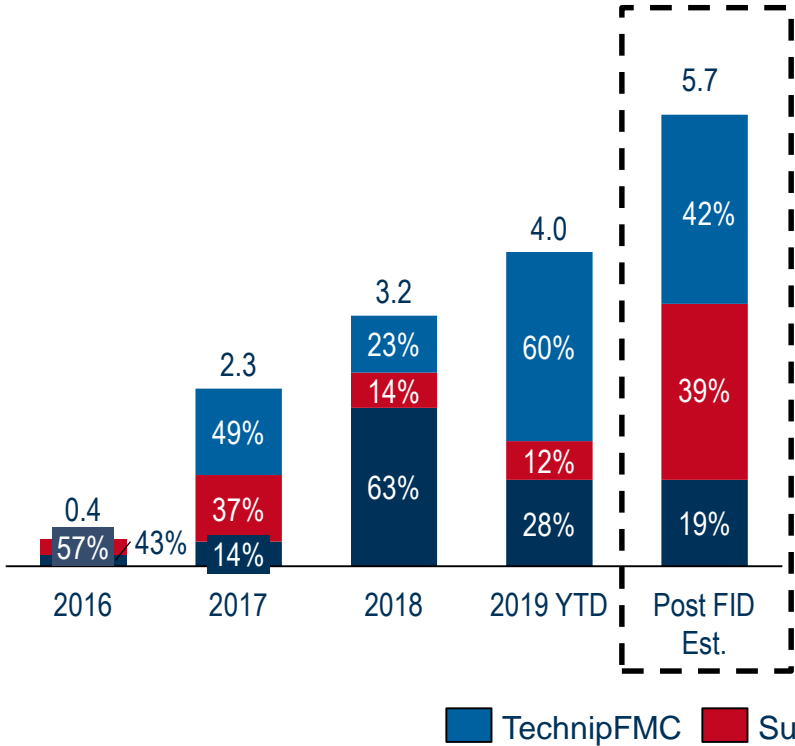
OneSubsea & Subsea 7



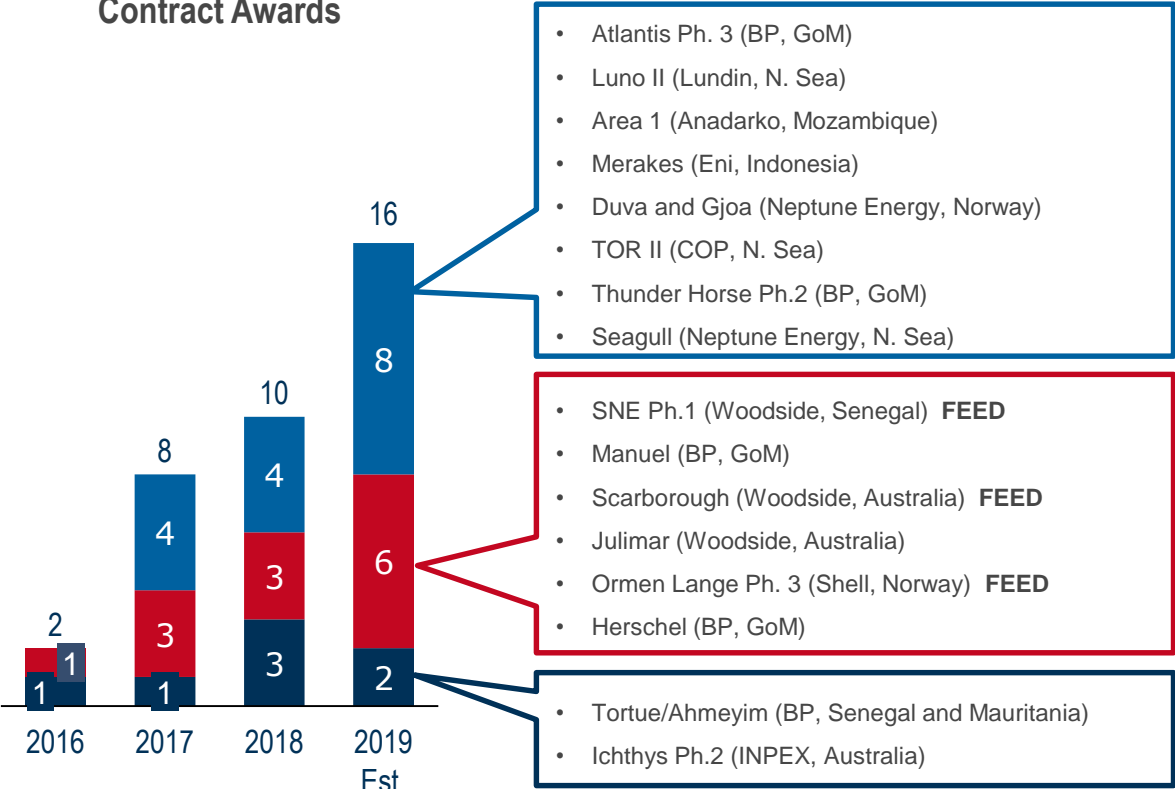
# Subsea Integration Alliance

OneSubsea & Subsea 7

Integrated Contracts Est. Value (USD bn)



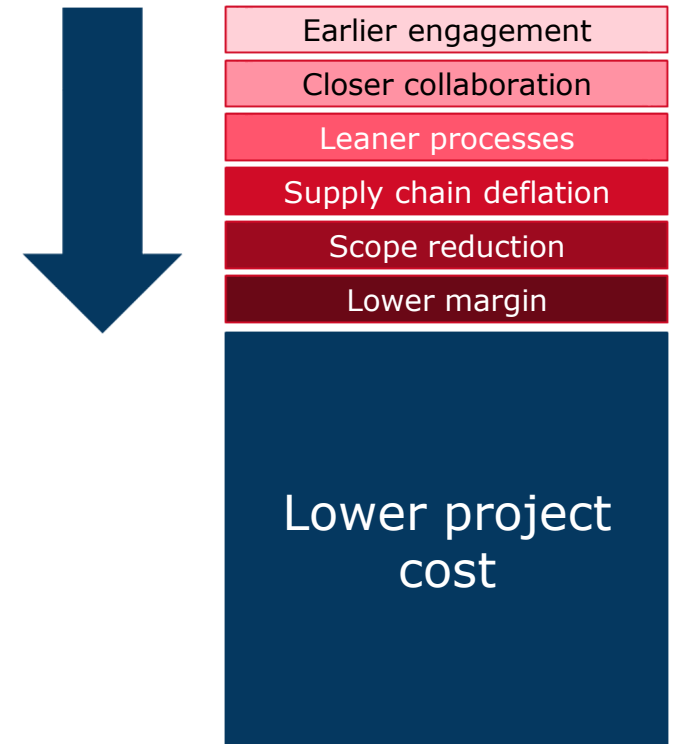
Integrated SPS + SURF Contract Awards



Source: Wood Mac Subsea Service June 2019, SIA and OneSubsea internal analysis  
Post FID Est. - FEED awards include projected full value after FID

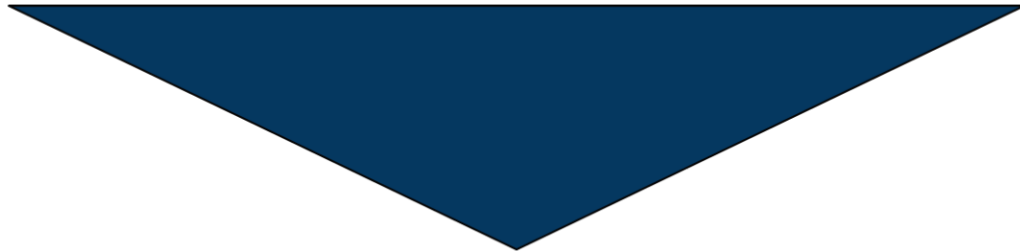
# Drivers of lower costs for projects

- **Earlier engagement** enables better engineering, introduction of integrated and full lifecycle solutions and application of new technology
- **Closer collaboration** with alliances and partnerships reduces risk and shortens project duration
- **Leaner processes** reduce project management and engineering hours
- **Supply chain deflation** gives lower procurement costs
- **Scope reduction** eliminates over-engineering and reflects a more modular development approach
- **Lower margins** accepted on projects to protect utilisation and retain capability



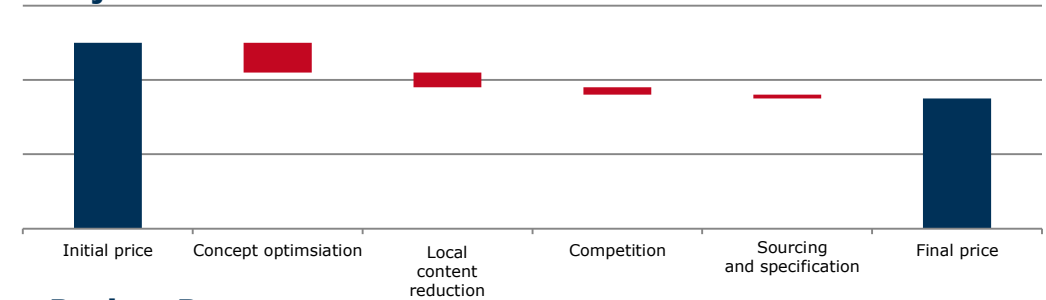
# Drive business improvements to lower costs

Actively **adapt to industry conditions** without losing focus on **long term strategic priorities**

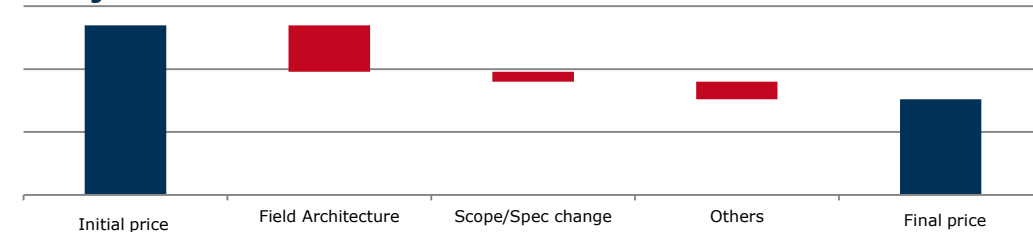


**Enable projects to progress**  
in a lower oil price environment

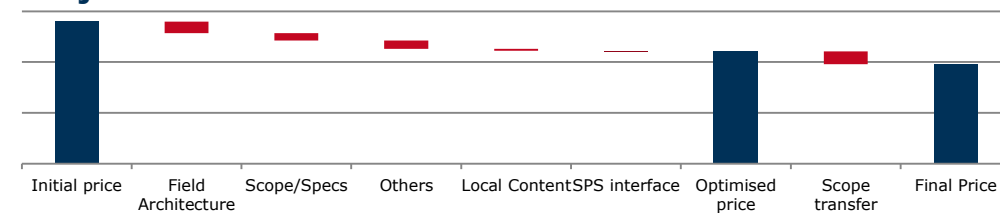
**Project A**



**Project B**



**Project C**





## Index

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What we do

Our differentiators

**Our priorities**

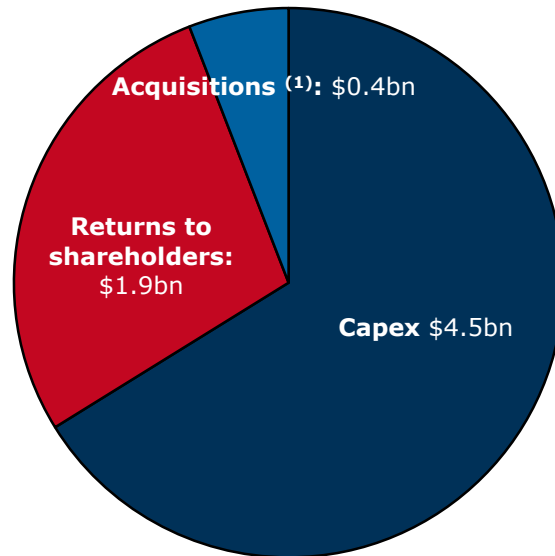
Our outlook

Our financials

Appendix

# Uses of cash

## Historical: 2011 – Q2 2019



## Future: 2020 and beyond

- Lower capital expenditure:
  - \$175m - \$225m p.a. for vessel maintenance
  - Limited need for new vessel construction
- Opportunistic investment to grow and strengthen the business
- Return surplus cash to shareholders

2011 to Q2 2019:

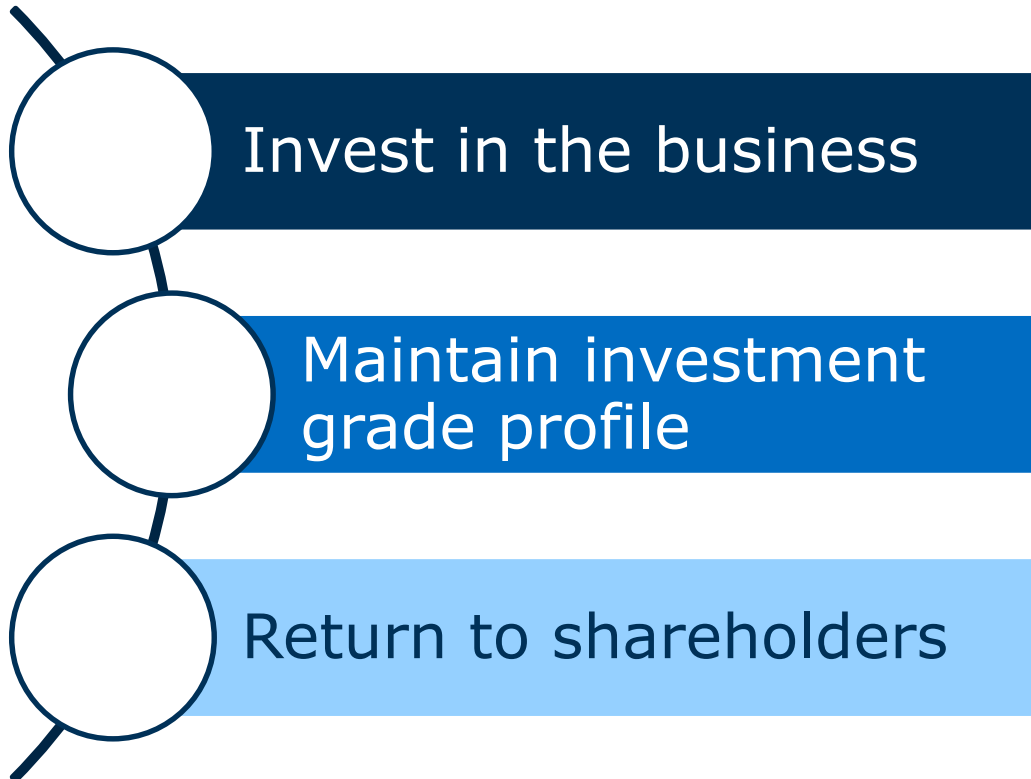
- Net cash increased by \$125m (excluding IFRS 16 lease liabilities)

(1) Acquisitions net of cash acquired and excluding debt assumed



# Priorities for cash

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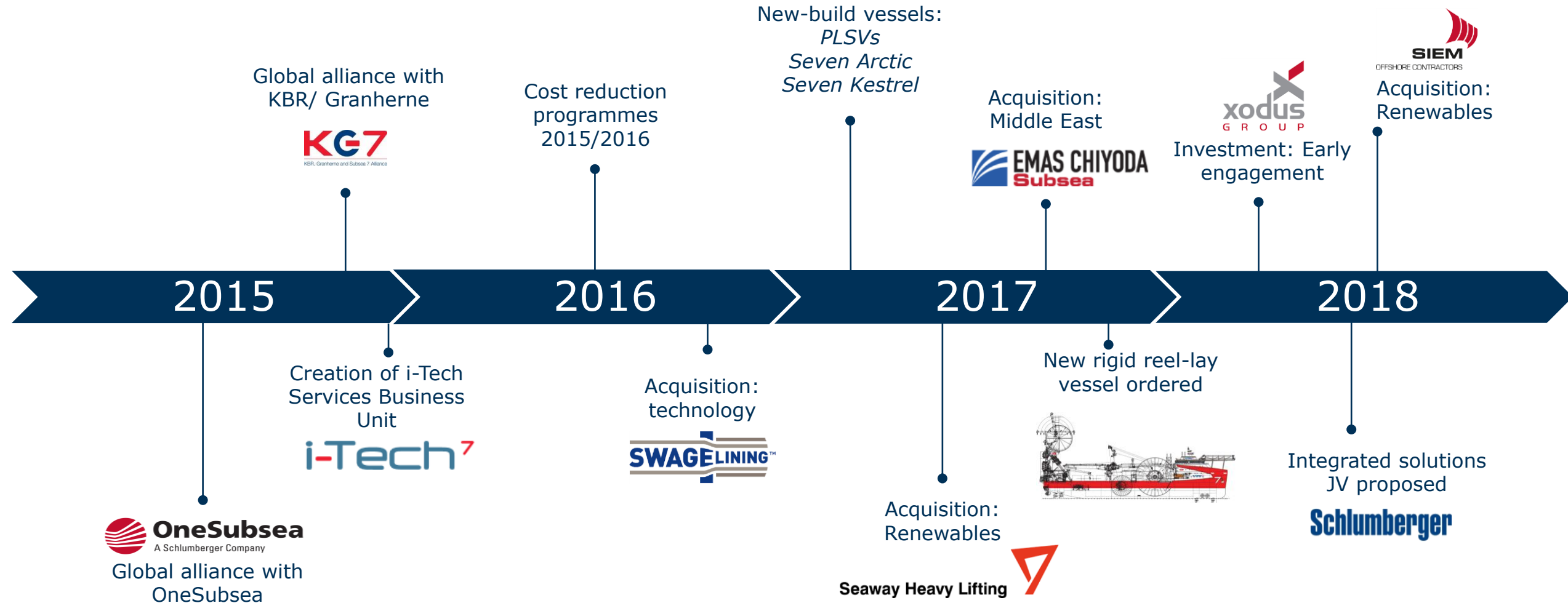
## Uses of cash since 2011

- 12 vessels added
- 5 businesses acquired
- 59 patent applications

- Strong liquidity
- Net debt to EBITDA ratio within investment grade parameters

5 share repurchase programmes completed  
6 dividends paid over 8 years  
\$1.9bn returned in total

# Subsea 7's approach and strategy through the cycle





## Index

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What we do

Our differentiators

Our priorities

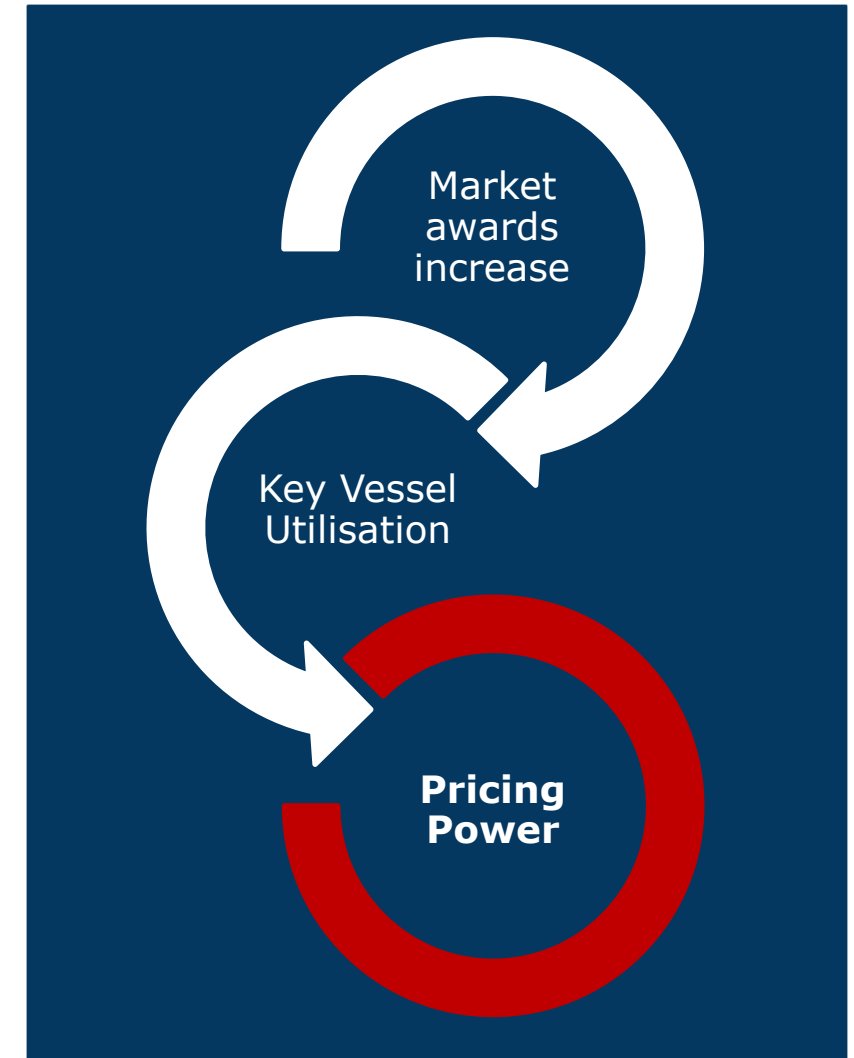
**Our outlook**

Our financials

Appendix

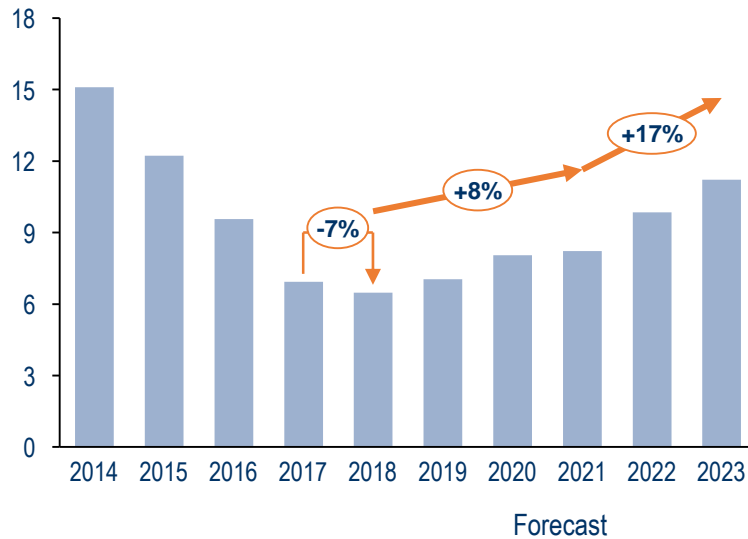
## A recovering market

- Early engagement and integrated solutions have reduced the cost of projects for the operator
- 2017: Tendering and engineering increased
- 2018: Brownfield awards increased
- 2019: First phase of greenfield awards
- 2020/2021: Offshore campaigns increase



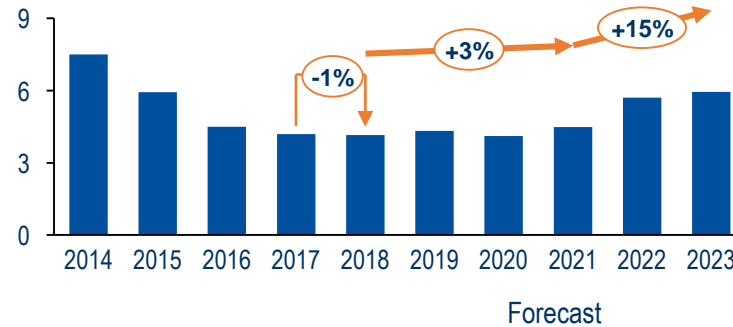
# The outlook for offshore oil and gas projects is improving

## Subsea Equipment



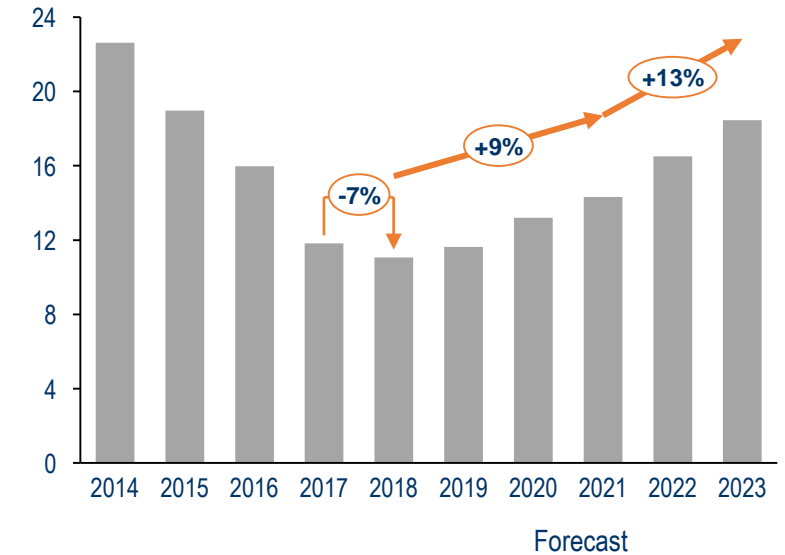
Wellheads, Trees, Templates and Manifolds, Control Systems, Other Subsea Tools

## Subsea Services



Flow Assurance, IMR, ROV Services, Subsea Testing, Tool Pool, Other Subsea Services

## SURF



Pipeline Systems, Risers, Subsea Installation, Umbilicals

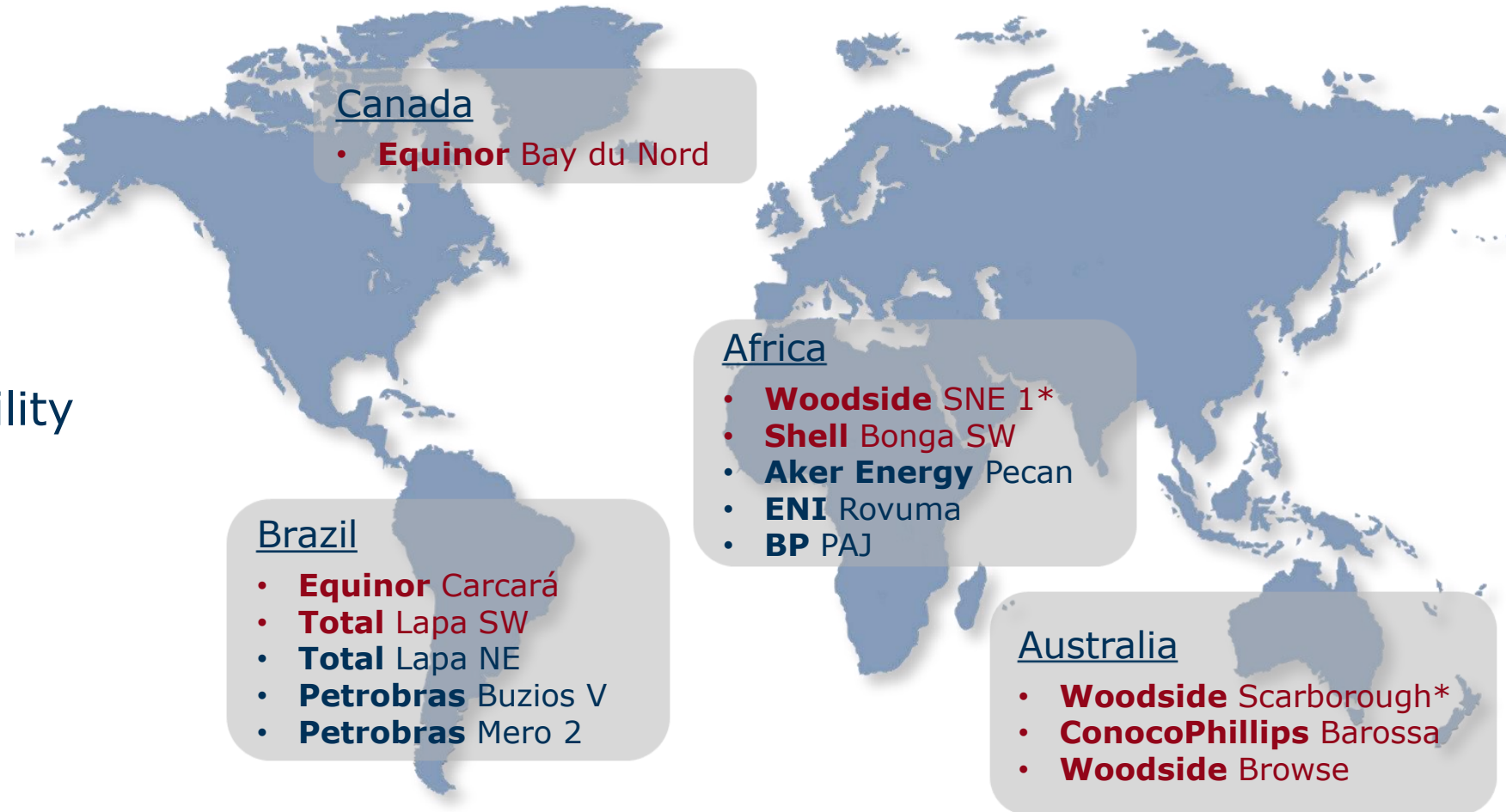
Outlook based on total market subsea CAPEX estimate (revenue-based)

Source: Rystad March 2019



# Outlook: Greenfield SURF projects to be awarded to market

- Many are integrated
- Early engagement increasingly required
- High barriers to entry
  - Technology
  - Engineering capability
  - Experience
  - Relationships
- Vessel availability tightening



\* FEED already awarded to Subsea Integration Alliance with EPIC to follow pending FID

Integrated projects are in red

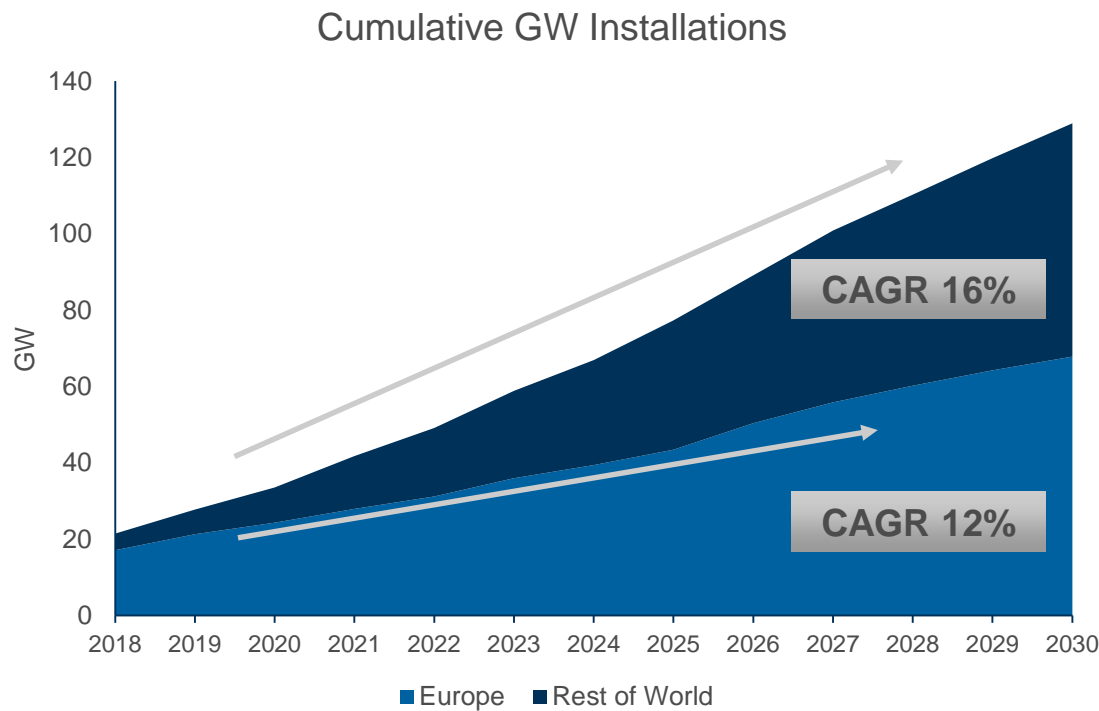
# Outlook: Brownfield projects, Conventional and Life of Field

- Economical at lower oil prices
- Fast track execution by clients to maintain production with tie-back and field enhancements
- Subsea 7 differentiated by
  - proprietary flowline technology
  - partnership contract model
- Shift towards independent clients in the North Sea as fields change ownership
- High volume of Conventional market activity in Middle East offers opportunities for growth



# Offshore wind farms

seaway<sup>7</sup>



Source: BNEF July 2018

- Double-digit structural growth trend
- Increasing global footprint outside Europe
- Seaway 7 has over 10 years' experience in wind farms installations
- Four specialist Seaway 7 vessels including heavy lift and cable-lay capability
- Delivering EPIC and T&I solutions for our clients
- Capable of working at all depths / floating wind farm opportunity longer-term



## Index

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What we do

Our differentiators

Our priorities

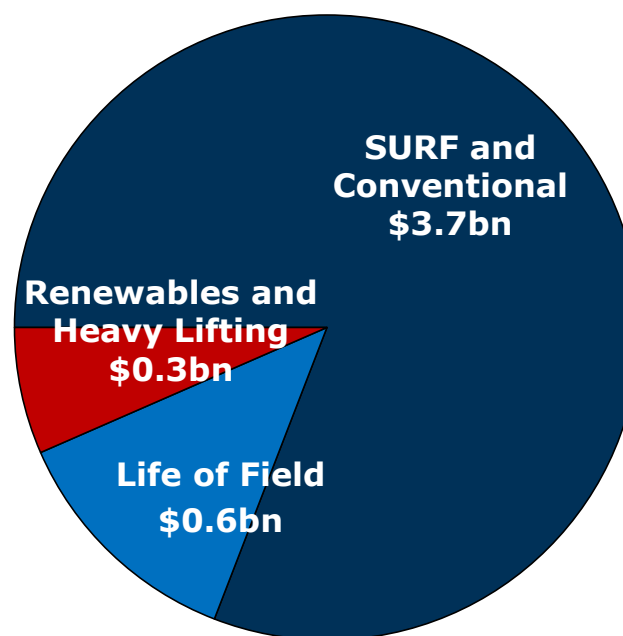
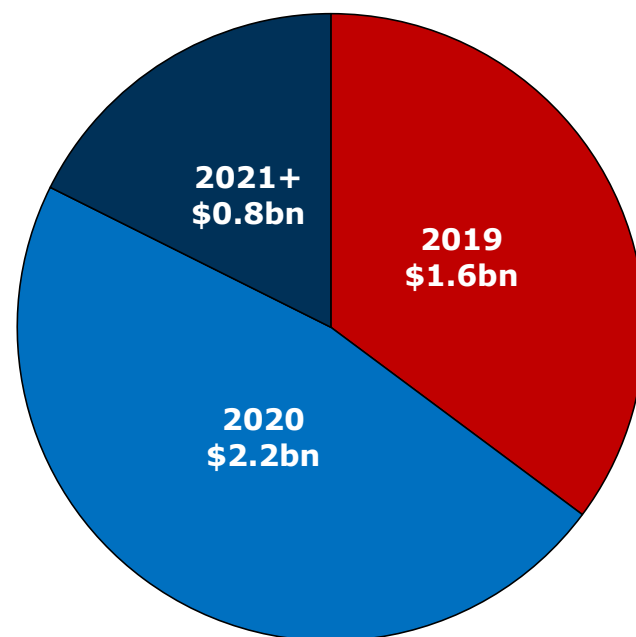
Our outlook

**Our financials**

Appendix

# Backlog and order intake

## Backlog of \$4.6 billion, at 30 June 2019



Order backlog includes:

- \$0.6 billion relating to long-term contracts for PLSVs in Brazil
- approximately \$40 million adverse foreign exchange movement in the second quarter

- New awards and escalations
  - **Q2 \$395 million**
  - 1H \$1.5 billion
- Book-to-bill
  - **Q2 0.4x**
  - 1H 0.8x
  - Full year expected to be in excess of 1x
- Announced in Q2:
  - Johan Sverdrup Phase 2 (Norway)
- Announced in July (Q3)
  - EHS bypass (Norway)
  - Hornsea Two wind farm (UK)

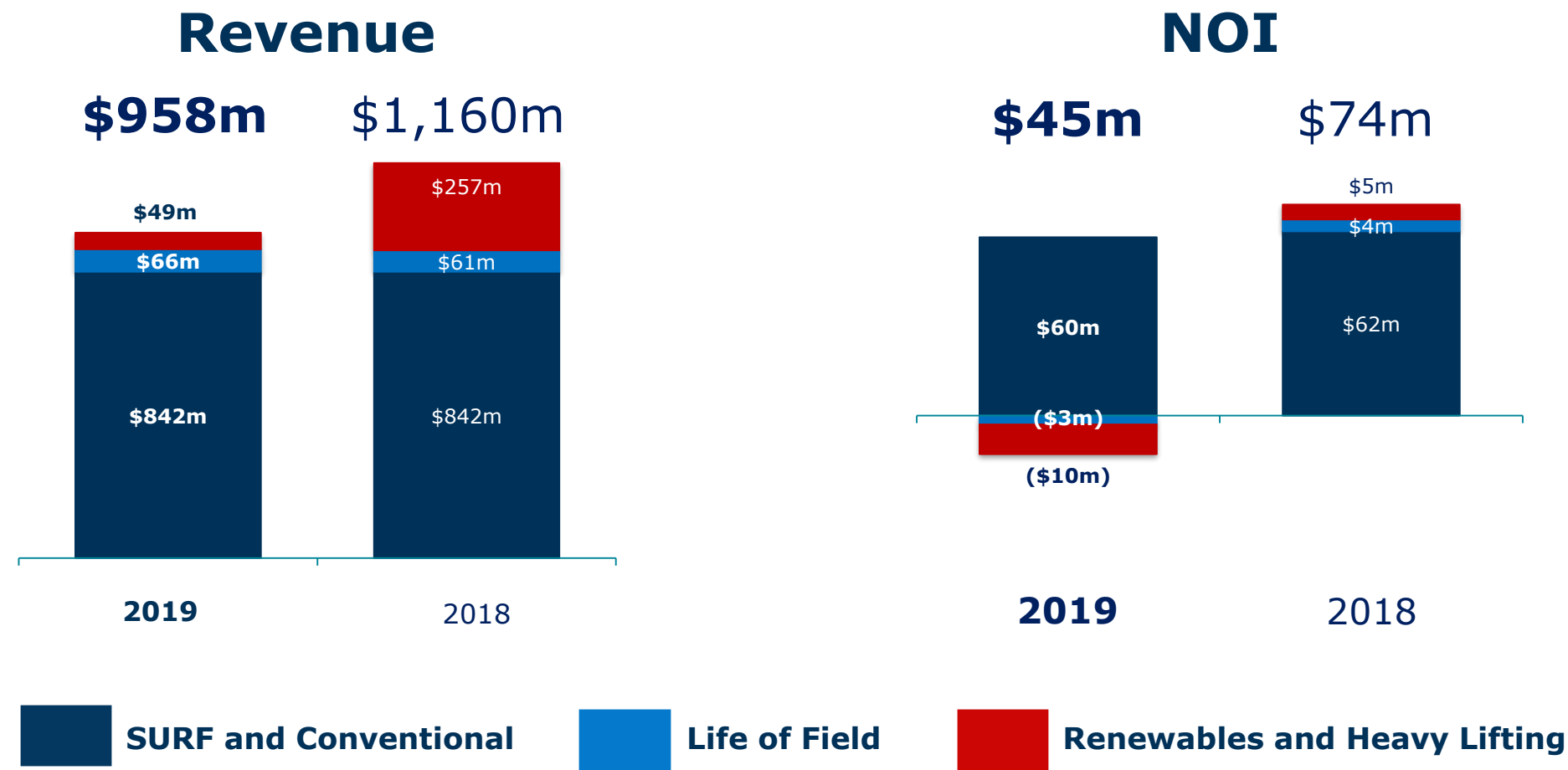


# Income statement – Q2 highlights

	Three months ended	
	30 June 2019 Unaudited	30 June 2018 Unaudited
In \$ millions, unless otherwise indicated		
Revenue	958	1,160
Net operating income (NOI)	45	74
Income before taxes	36	101
Taxation	(13)	(27)
Net income	24	74
Adjusted EBITDA <sup>(1)</sup>	171	186
Adjusted EBITDA margin	18%	16%
Diluted earnings per share \$	0.09	0.24
Weighted average number of shares (millions)	308	327

(1) Adjusted EBITDA defined in Appendix

# Business Unit performance– Second quarter

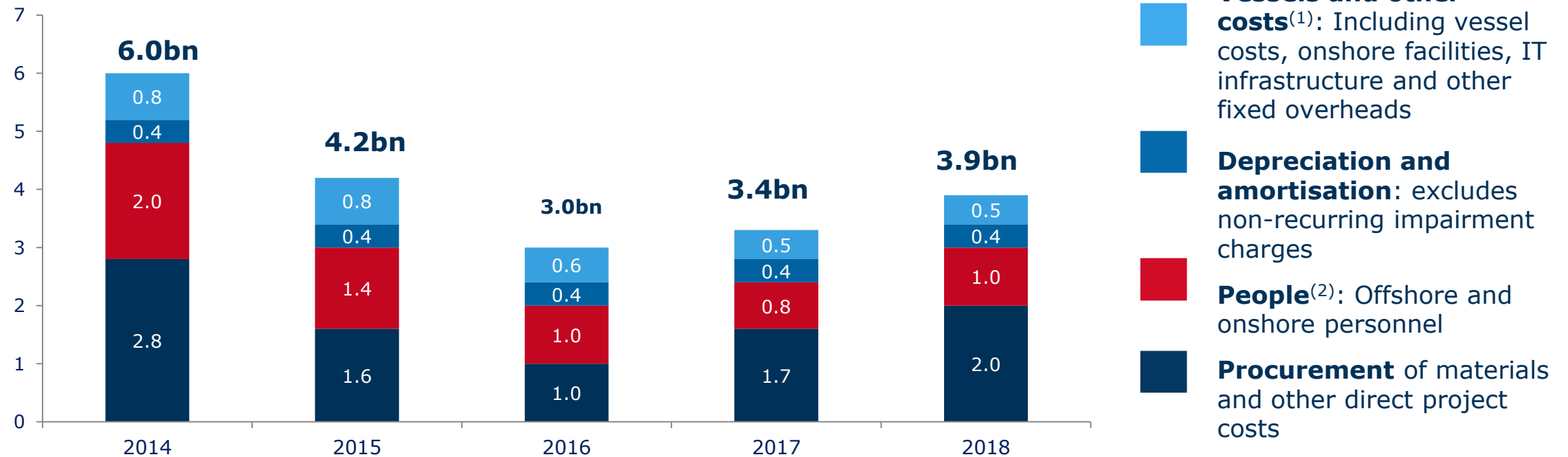


Corporate segment: net operating loss Q2 2019 \$2m (Q2 2018: net operating income \$3m)

# 2014 - 2018 costs overview

## Maintaining cost discipline as the activity levels recover

\$ billion

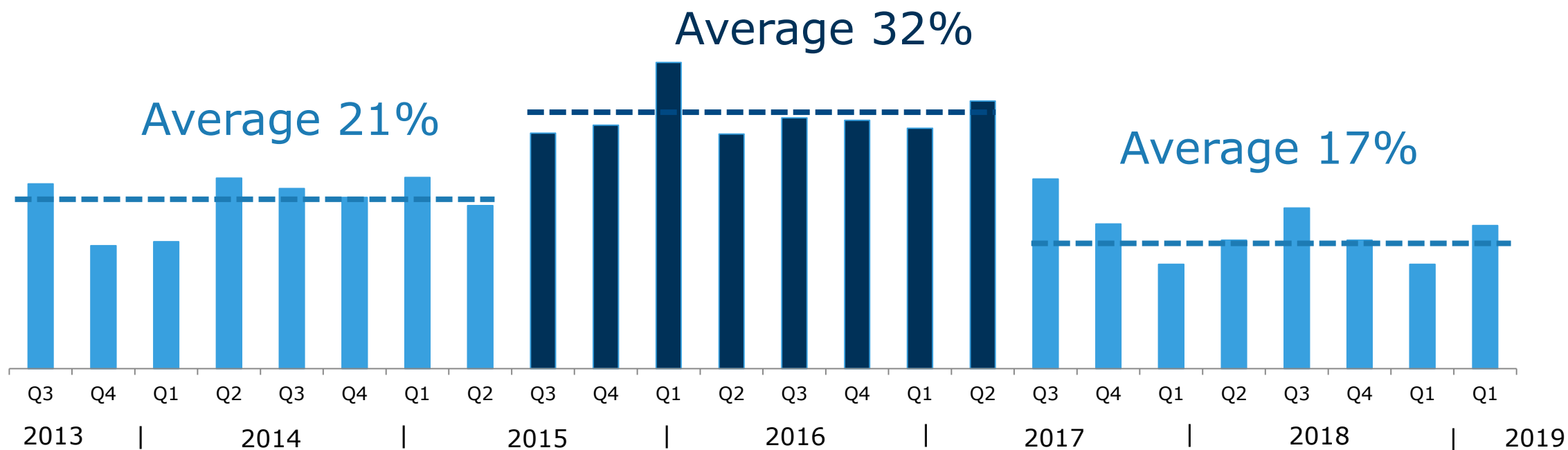


(1) Includes impairment charges related to property, plant & equipment and intangibles

(2) Includes restructuring charges in 2015 and 2016

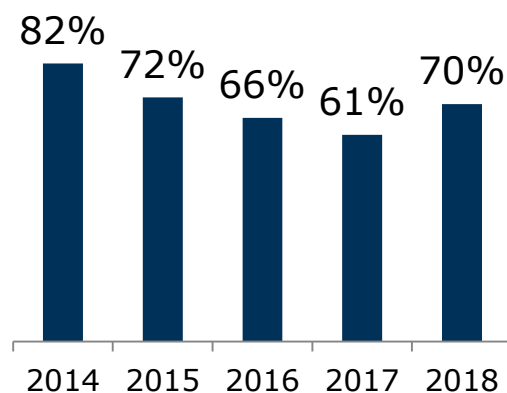
## Adjusted EBITDA progression

- 2019 EBITDA guidance for lower than 2018 in absolute terms but to remain double-digit percentage margin
- Gradual margin recovery expected as market activity increases



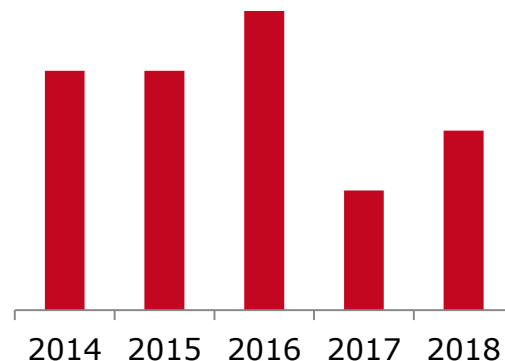
# Our principal margin drivers

**Total vessel utilisation**



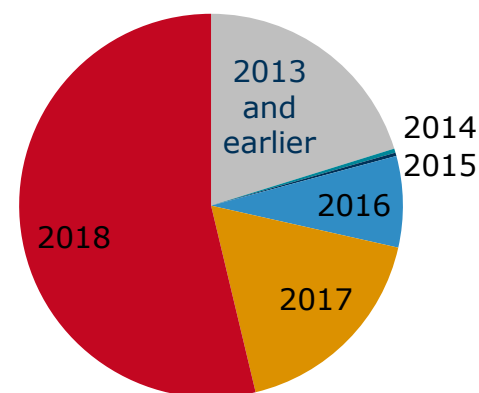
Reduction in offshore activity levels

**Number of projects >\$300m completed**



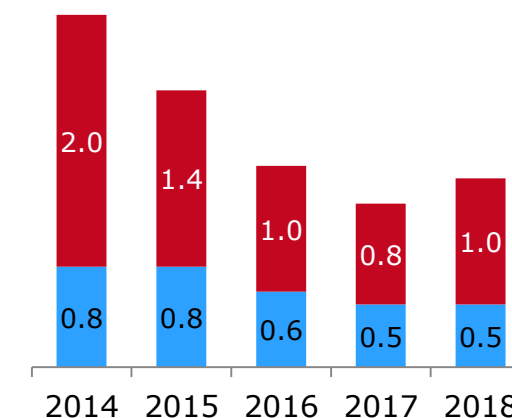
Fewer large projects in the final stages of completion

**Backlog value by year awarded**

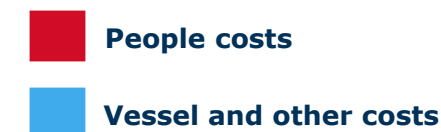


Lower margin projects signed in the downturn

**Costs (\$bn)**



Continued cost discipline



Definitions on slide 12



## Liquidity and financial strength

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### **Robust balance sheet**

- Net cash of \$174 million – excludes lease liabilities of \$396m

### **Strong financial flexibility**

- Cash and cash equivalents of \$420 million
- Borrowings of \$246 million
- Five-year \$656 million revolving credit facility undrawn

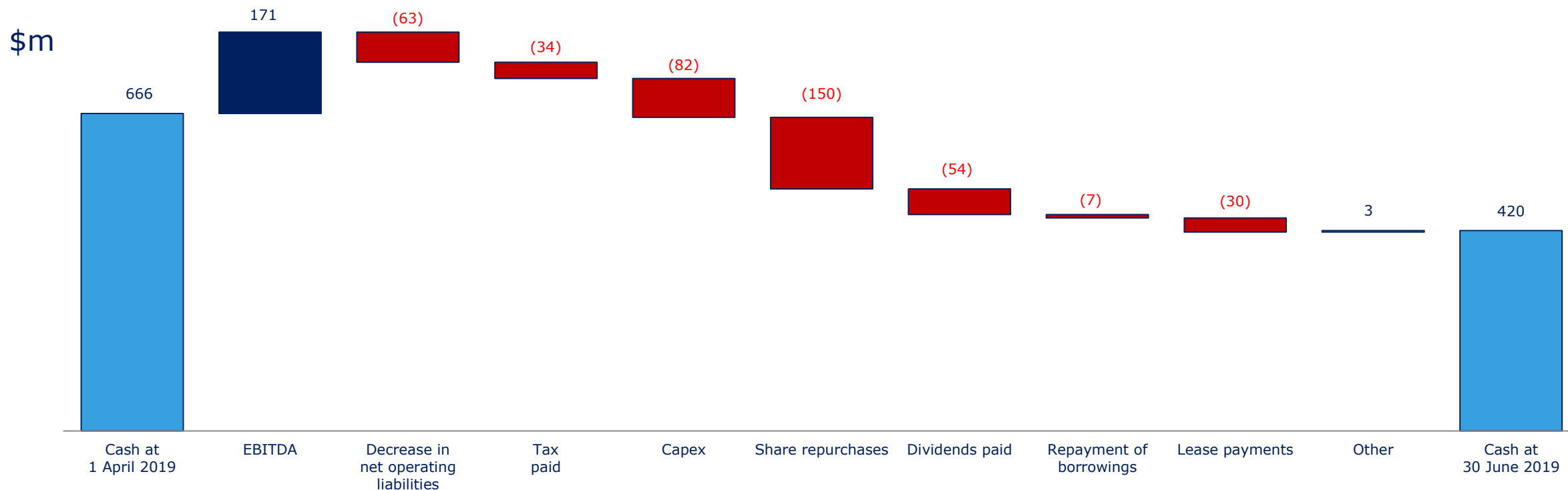
As at 30 June 2019

# Summary balance sheet

In \$ millions	30 June 2019 Unaudited	30 June 2018 Unaudited
<b><u>Assets</u></b>		
<b>Non-current assets</b>		
Goodwill	779	769
Property, plant and equipment	4,569	4,720
Right-of-use asset	383	-
Other non-current assets	123	177
Total non-current assets	5,854	5,666
<b>Current assets</b>		
Trade and other receivables	687	640
Construction contracts - assets	405	508
Other accrued income and prepaid expenses	237	172
Cash and cash equivalents	420	614
Other current assets	44	68
Total current assets	1,793	2,002
Total assets	7,647	7,668

In \$ millions	30 June 2019 Unaudited	30 June 2018 Unaudited
<b><u>Equity &amp; Liabilities</u></b>		
Total equity	5,458	5,765
<b>Non-current liabilities</b>		
Non-current portion of borrowings	221	246
Non-current lease liabilities	296	-
Other non-current liabilities	187	268
Total non-current liabilities	704	514
<b>Current liabilities</b>		
Trade and other liabilities	1,005	992
Current portion of borrowings	25	25
Current lease liabilities	100	-
Construction contracts – liabilities	166	105
Deferred revenue	21	16
Other current liabilities	168	251
Total current liabilities	1,485	1,389
Total liabilities	2,189	1,903
Total equity & liabilities	7,647	7,668

# Summary of second quarter 2019 cash flow



At 30 June 2019:

- Net cash of \$174 million excluding \$396 million of lease liabilities
- Net debt of \$221 million including lease liabilities
- Undrawn revolving credit facility of \$656 million

# Summary of first half 2019 cash flow

	\$ millions	
Cash and cash equivalents at <b>1 Jan 2019</b>	765	
Net cash generated from operating activities	130	<i>Included a decrease in net operating liabilities of \$57 million</i>
Net cash flow used in investing activities	(124)	<i>Included cash outflows on capital expenditure of \$149m</i>
Net cash flow used in financing activities	(351)	<i>Included share repurchase of \$225 million, dividends paid of \$54 million and lease payments of \$54 million</i>
Cash and cash equivalents at <b>30 June 2019</b>	420	

# Financial guidance

## Full year 2019 Guidance (including IFRS 16 adjustments)

Revenue	.....	Broadly in line with 2018
Adjusted EBITDA <sup>(1)</sup>	.....	Lower than 2018, double digit percentage margin
Net Operating Income	.....	Positive for the Group
Administrative expense	.....	\$260 million - \$280 million
Net finance cost	.....	\$10 million - \$20 million
Depreciation and Amortisation	.....	\$480 million - \$500 million
Full year effective tax rate	.....	33% - 35%
Capital expenditure <sup>(2)</sup>	.....	\$270 million - \$290 million

(1) Adjusted EBITDA is expected to be favourably impacted by between \$100 million –\$110 million due to the implementation of IFRS 16 'Leases'

(2) Includes approximately \$100 million expenditure related to the new-build reel-lay vessel, *Seven Vega*

*Last updated 25 July 2019 (Q2 2019 results)*



# IFRS 16 'Leases' guidance

- IFRS 16 'Leases' became effective 1 January 2019.
- Requires the Group to recognise:
  - a right-of-use asset for long-term leases, to be amortised straight-line over duration of the lease.
  - a lease liability (equivalent in value to the right-of-use asset) with finance costs recognized over lease life.
- No cash flow impact.
- No impact on net income over duration of leases.
- Due to modified retrospective implementation, 2019 net income will be adversely impacted by approximately \$5m, which will reverse in subsequent years.
- Impact on 2019 results may differ from the guidance given, depending on lease commitments.

IFRS 16	2019 forecast impact
<b>Income Statement</b>	
Lease expense	Decrease by \$100m - \$110m
Adjusted EBITDA	Increase by \$100m - \$110m
Amortisation charge	Increase by \$90m - \$100m
Net operating income	Increase by \$10m - \$15m
Net finance charge	Increase by \$10m - \$15m
Net income	Decrease by approx. \$5m
<b>Balance Sheet</b>	
Right-of-use asset	\$383m at 30 <sup>th</sup> June 2019
Lease liability	\$396m at 30 <sup>th</sup> June 2019

# Summary

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- Market award activity in offshore oil and gas has begun to recover
- Subsea 7 has taken cyclical opportunities to grow and strengthen its business for the future and is positioned well for the next phase of the cycle
- Subsea 7's Values-driven strategy and strong financial position have supported its investment in differentiated capability and worldwide presence
- Subsea 7 looks to the future with confidence in the long-term sustainability of offshore energy





## Appendix

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Major project progression

Track record

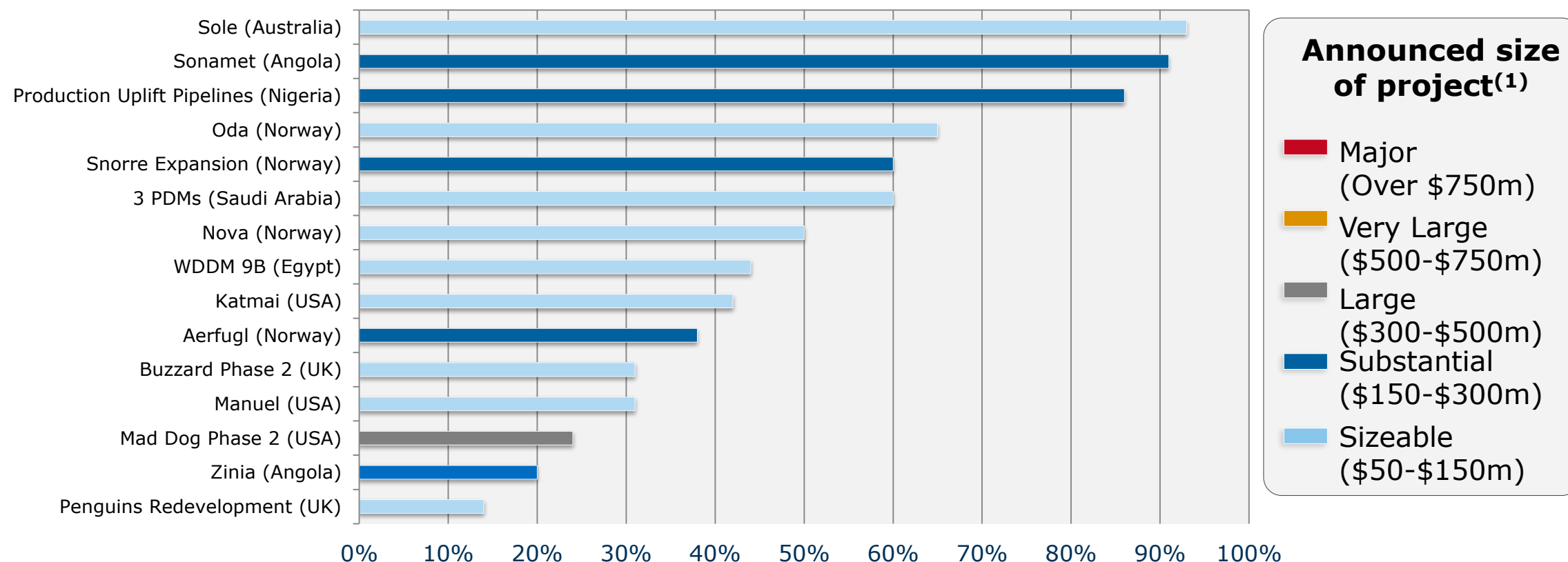
ADR

Forward looking statement

Contact details

# Major project progression

- Continuing projects >\$100m between 5% and 95% complete as at 30 June 2019 excluding PLSV and Life of Field day-rate contracts



(1) Project size at date of award

# TRACK RECORD

Over 1,000 projects delivered for our clients worldwide  
- A selection of current and recent projects





# ADR information

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**ADR Ticker:** SUBCY

**ADR type:** Sponsored Level 1 ADR

**Listing venue:** OTC

**CUSIP:** 864323100

**Ratio:** 1 ADR : 1 Ordinary Share

**Depository bank:** Deutsche Bank Trust Company Americas

**ADR broker helpline:**

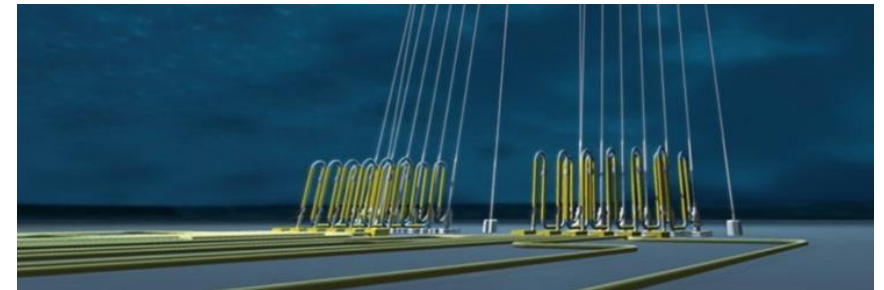
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ADR website: [www.adr.db.com](http://www.adr.db.com)



# Forward-looking statements

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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 2018. 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.



# THANK YOU

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