



Fourth Quarter and Full Year 2019  
Earnings Presentation

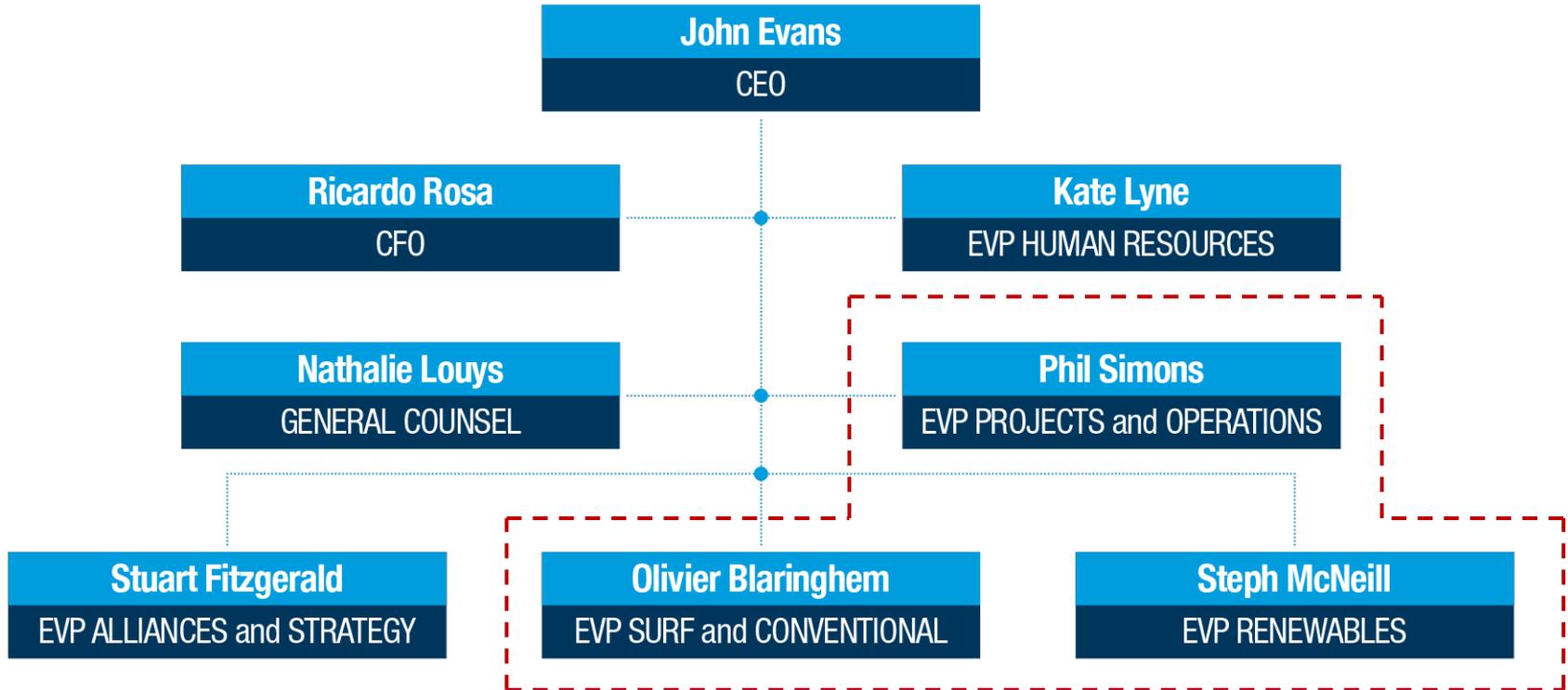
26 February 2020

## Forward-looking statements

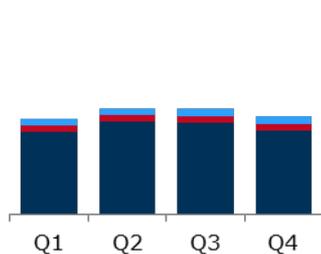
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Certain statements made in this presentation may include 'forward-looking statements'. These statements may be identified by the use of words like 'anticipate', 'believe', 'could', 'estimate', 'expect', 'forecast', 'intend', 'may', 'might', 'plan', '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.

# New management team



# Q4 and full year 2019 results



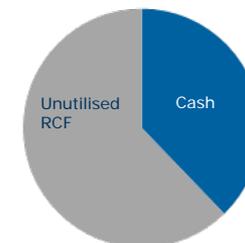
**2019 Revenue**  
**\$3.7 billion**



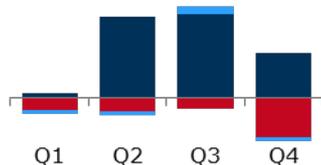
**Adj. EBITDA margin**



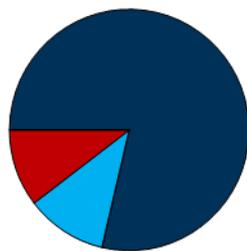
**Vessel Utilisation**



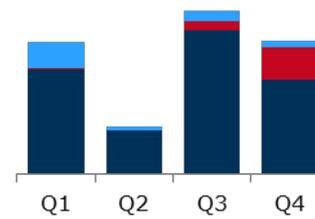
**Liquidity \$1.1bn**



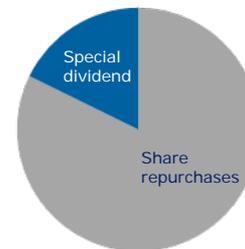
**2019 NOI <sup>(1)</sup>**  
**\$77m**



**Backlog at 31 Dec 2019**  
**\$5.2 billion**



**2019 Order Intake**  
**\$3.9 billion**



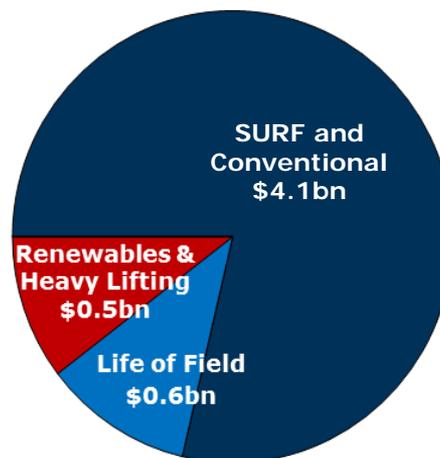
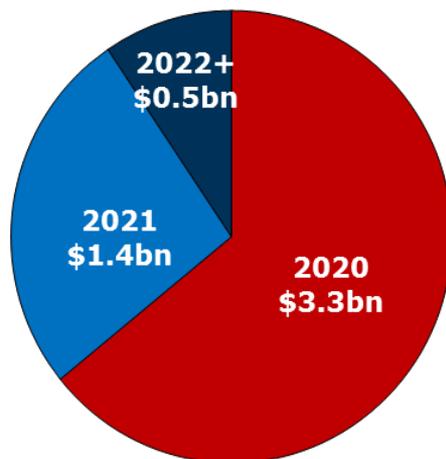
**\$304m returned to shareholders in 2019**

■ SURF & Conventional   
 ■ Life of Field   
 ■ Renewables & Heavy Lifting

(1) NOI excludes a goodwill impairment charge of \$100m recognised in the Renewables and Heavy Lifting segment in Q4 2019 (2018: nil)

## Backlog and Q4 order intake

### Backlog of \$5.2 billion, as at 31 December 2019



- \$1.1 billion awarded in Q4
- Book-to-bill:
  - 1.2x in the quarter
  - 1.1x in the year
- Eight awards announced in Q4:
  - Cable installation (Taiwan)
  - Pierce (UK)
  - Formosa 2 (Taiwan)
  - Ormen Lange (Norway)
  - Julimar Phase 2 (Australia)
  - Lingshui (China)
  - Ærfugl Phase 2 (Norway)
  - Jack St. Malo (US GoM)

Order backlog includes:

- \$0.6 billion relating to long-term contracts for PLSVs in Brazil
- approximately \$60 million favourable foreign exchange movement in the fourth quarter

# Q4 operational highlights



Burullus 9B (Egypt)



Enbridge Vito Export (GoM)



Zinia (Angola)



PRP6 (Brunei)



Arran (UK)



Yunlin (Taiwan)



Life of Field



PLSVs (Brazil)

# 2019 sustainability progress

 Integrity

 Performance

 Safety

 Collaboration

 Sustainability

 Innovation



2019 Sustainability Report

# Income statement – Q4 and full year highlights

	Three months ended		Twelve months ended	
	31 December 2019 Unaudited	31 December 2018 Unaudited	31 December 2019 Audited	31 December 2018 Audited
In \$ millions, unless otherwise indicated				
Revenue	889	1,023	3,657	4,074
Net operating (loss)/income excluding goodwill impairment	(16)	23	77	200
Impairment of goodwill	(100)	-	(100)	-
Net operating (loss)/income <sup>(1)</sup>	(116)	23	(23)	200
(Loss)/income before taxes	(131)	35	(53)	216
Taxation	2	(3)	(30)	(52)
Net (loss)/income	(129)	32	(82)	165
Adjusted EBITDA <sup>(2)</sup>	168	163	631	669
Adjusted EBITDA margin	19%	16%	17%	16%
Adjusted diluted earnings per share \$ <sup>(3)</sup>	(0.12)	0.12	0.05	0.56
Weighted average number of shares (millions)	299	325	306	327

(1) 2019 Net operating loss includes goodwill impairment charges of \$100m and asset impairment charges of \$70m, recognised in Q4 2019 (Q4 2018: \$38m, Full Year 2018: \$39m)

(2) Adjusted EBITDA defined in Note 8 to the Condensed Consolidated Financial Statements

(3) Adjusted diluted earnings per share (EPS) excludes the impact of the goodwill impairment charge

## Income statement – supplementary details

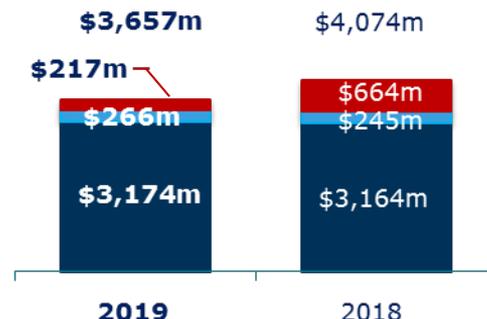
	Three months ended		Twelve months ended	
	31 December 2019 Unaudited	31 December 2018 Unaudited	31 December 2019 Audited	31 December 2018 Audited
In \$ millions				
Administrative expenses	(76)	(82)	(268)	(286)
Share of net income/(loss) of associates and joint ventures	5	1	(1)	(3)
Depreciation and amortisation	(115)	(102)	(484)	(430)
Impairment of property plant and equipment and intangibles	(70)	(38)	(70)	(39)
Impairment of goodwill	(100)	-	(100)	-
Net operating (loss)/income	(116)	23	(23)	200
Net finance (cost)/income	(3)	-	(12)	2
Other gains and losses	(11)	11	(18)	14
(Loss)/income before taxes	(131)	35	(53)	216
Taxation	2	(3)	(30)	(52)
Net (loss)/income	(129)	32	(82)	165
Net (loss)/income attributable to:				
Shareholders of the parent company	(136)	38	(83)	183
Non-controlling interests	7	(6)	1	(18)

# Business unit performance

## Fourth Quarter Revenue

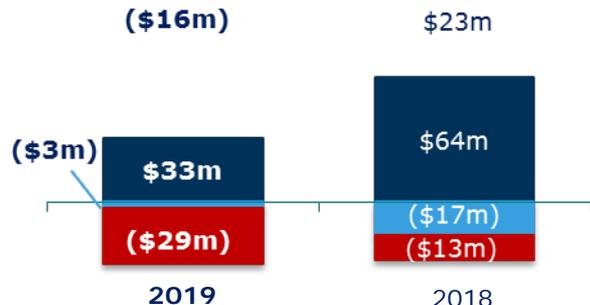


## Full Year Revenue



**Note:**  
 Net operating income (NOI):  
 Corporate segment (not presented) Q4 2019 net operating loss \$18m (Q4: 2018 net operating loss \$11m), Full Year 2019 net operating loss \$24m (2018: net operating loss \$23m)

## Fourth Quarter NOI <sup>(1)</sup>



## Full Year NOI <sup>(1)</sup>



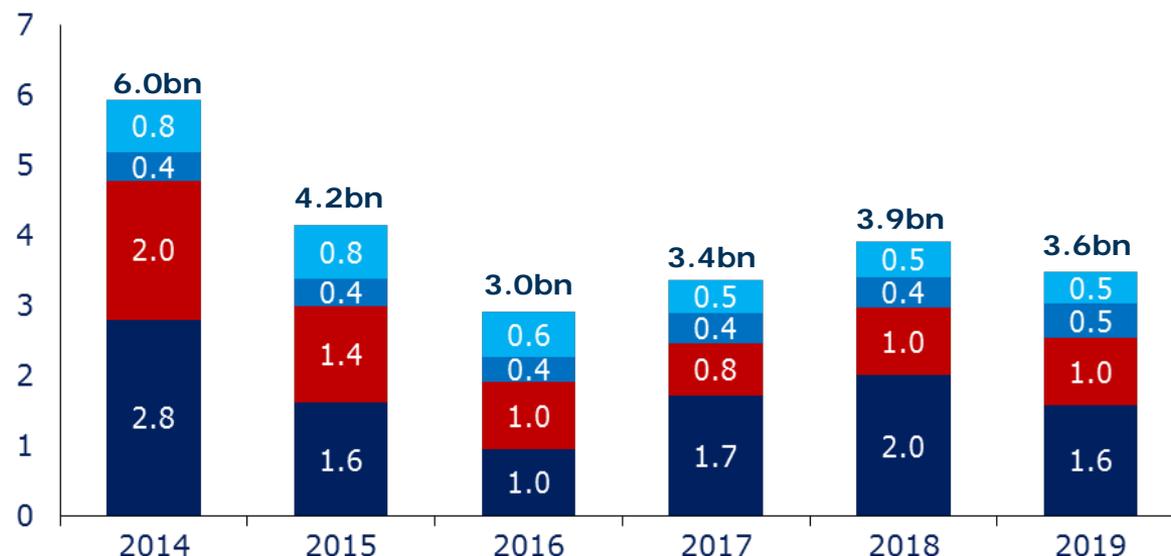
Allocation of impairment charges related to property, plant and equipment and intangible assets (excl. goodwill): Full Year 2019 \$66m in SURF and Conventional and \$3m in Renewables and Heavy Lifting (2018: \$26m in SURF and Conventional and \$12m in Life of Field)

(1) NOI excludes a goodwill impairment charge of \$100m recognised in the Renewables and Heavy Lifting segment in Q4 2019 (2018: nil)

## 2014 - 2019 costs overview

### Maintaining cost discipline as the activity levels recover

\$ billion



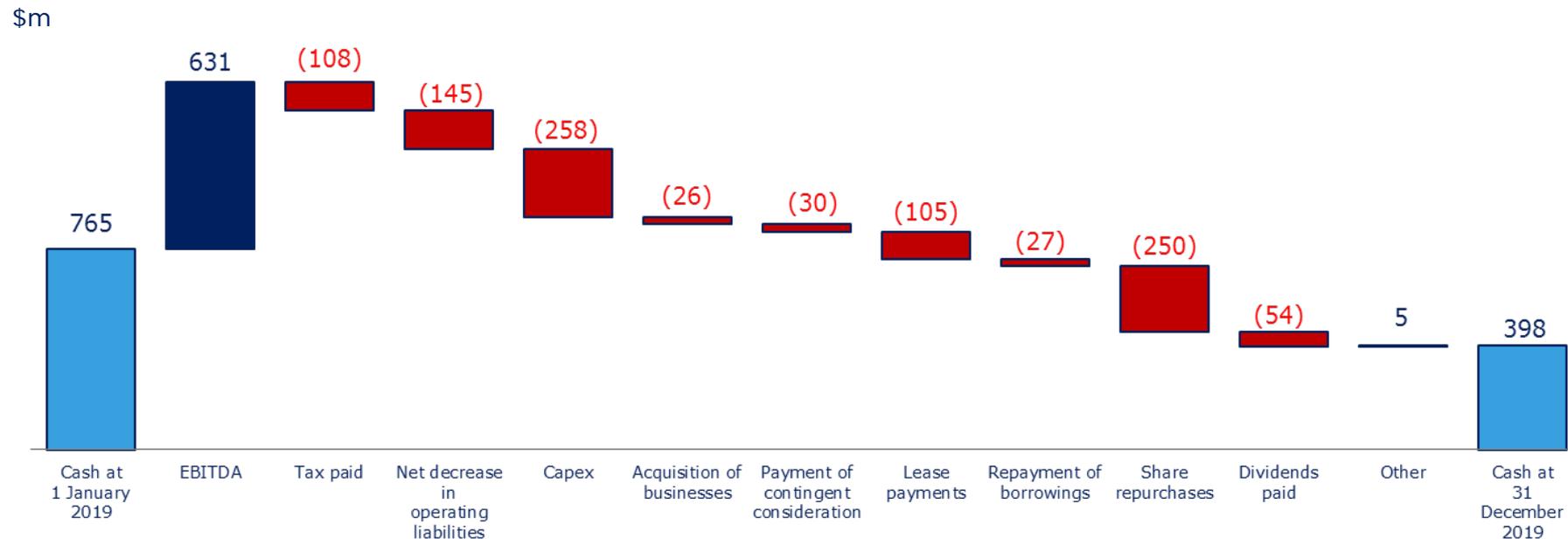
- **Vessels and other costs<sup>(1)</sup>**: Including vessel costs, onshore facilities, IT infrastructure and other fixed overheads
- **Depreciation and amortisation**: excludes non-recurring impairment charges<sup>(2)</sup>
- **People<sup>(3)</sup>**: Offshore and onshore personnel
- **Direct project costs**: including procurement of materials and project related short-term lease expense

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

(2) Reflects the adoption of IFRS 16 effective from 1 January 2019

(3) Includes restructuring charges in 2015 and 2016

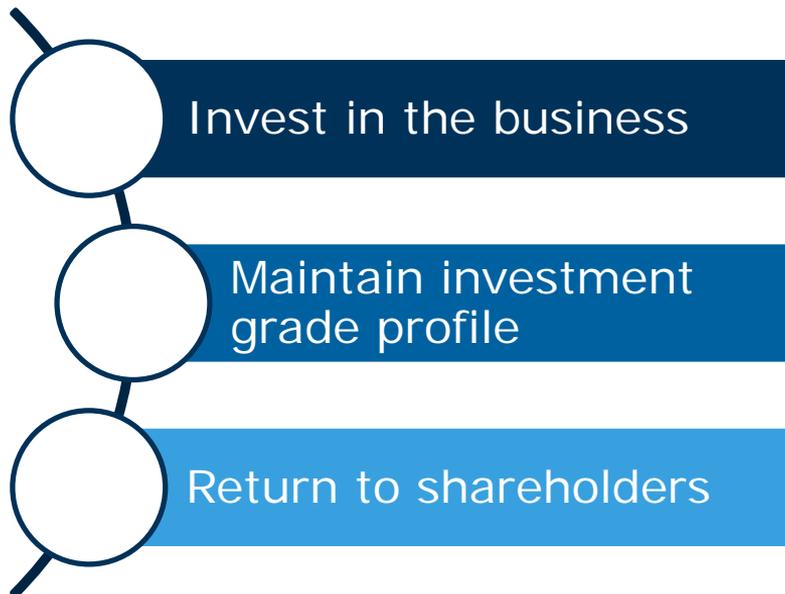
## Summary of 2019 cash flow



- Net cash (excluding IFRS 16 'Leases' liabilities) of \$164 million at 31 December 2019

## Investment priorities

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### Uses of cash in 2019

- Investment in early engagement and digitalisation:
  - Xodus and 4Subsea
- Investment in oil and gas Subsea Field of the Future:
  - New-build reel-lay vessel *Seven Vega*
- \$304 million returned to shareholders: \$54 million special dividend and \$250 million share repurchases
- Net cash of \$164 million<sup>(1)</sup> and \$656 million unutilised credit facility

(1) Net cash excluding IFRS 16 'Leases' liabilities

# Financial guidance

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## 2020 Guidance

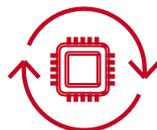
Revenue	.....	Higher than 2019
Adjusted EBITDA	.....	Higher than 2019
Administrative expenses	.....	\$260 million - \$280 million
Net finance cost	.....	\$10 million - \$15 million
Depreciation and Amortisation	.....	\$500 million - \$520 million
Full year effective tax rate	.....	30% - 32%
Capital expenditure <sup>(1)</sup>	.....	\$270 million - \$290 million

(1) Includes approximately \$70 million expenditure related to the new-build reel-lay vessel, *Seven Vega*

## Strategic focus areas

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### Subsea Field of the Future: system and delivery



- Early engagement and partnerships
- System innovation and enabling Products
- Digital delivery of projects and services
- Integrated SPS and SURF

### Energy transition: proactive participation

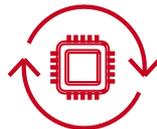


- Oil and gas: energy of our operations and investment in technology to support the market growth of low carbon energy sources
- Renewables: offshore wind

## Strategic focus areas

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### Subsea Field of the Future: system and delivery



- Early engagement and partnerships
- System innovation and enabling Products
- Digital delivery of projects and services
- Integrated SPS and SURF

### Energy transition: proactive participation

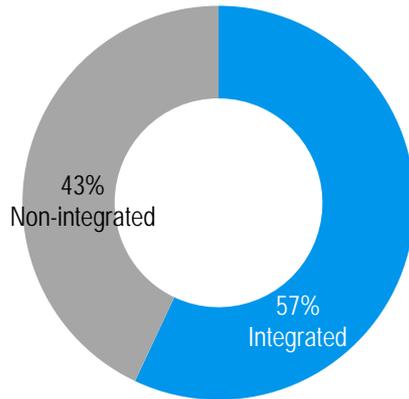


- Oil and gas: energy efficiency of our operations and investment in technology to support the market growth of low carbon energy sources
- Renewables: offshore wind

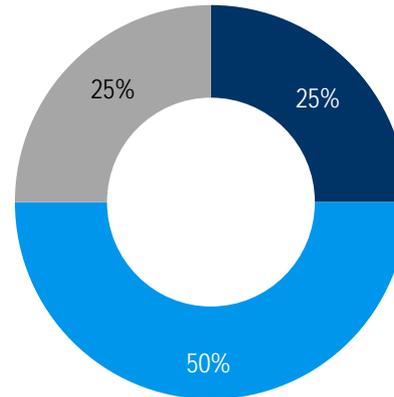
## Subsea Field of the Future - integration

- Confirmed as leading supplier of integrated solutions with greenfield FEED and EPCI awards for projects in Africa, Brazil and Australia.

2019 Greenfield Awards<sup>(1)</sup>



2019 Greenfield Market Share



■ Subsea Integration Alliance ■ TechnipFMC ■ Others

(1) Percentage of awards with no existing infrastructure installed.

# Subsea Field of the Future - greenfield success

## Mad Dog Phase 2



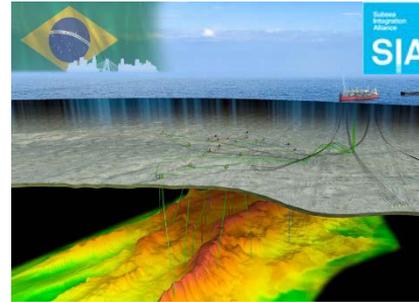
- Location: US GoM
- Value: > \$300m
- Status: offshore phase ongoing

## Sangomar



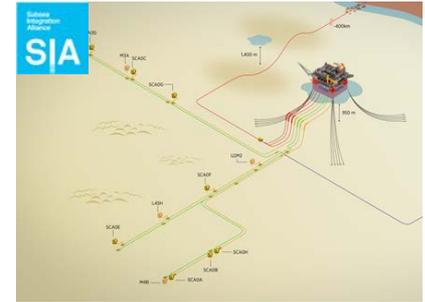
- Location: Senegal
- Value: > \$750m
- Status: engineering phase of EPCI

## Bacalhau



- Location: Brazil
- Value: > \$750m (subject to FID)
- Status: FEED

## Scarborough

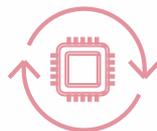


- Location: Australia
- Value: to be confirmed after FID
- Status: pre-FID activities

## Strategic focus areas

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### Subsea Field of the Future: system and delivery



- Early engagement and partnerships
- System innovation and enabling Products
- Digital delivery of projects and services
- Integrated SPS and SURF

### Energy transition: proactive participation



- Oil and gas: energy efficiency of our operations and investment in technology to support the market growth of low carbon energy sources
- Renewables: offshore wind



## Energy transition – our renewables strategy

- Support our clients with flexible, cost-effective solutions as the evolving offshore wind market transitions to a reduced or zero subsidy environment.
- Utilise our international experience and existing global organisation to support our clients in expanding their developments beyond Northern Europe.
- Participate in pilot schemes for floating offshore wind farms to build technical experience and position Subsea 7 to capture potential full-scale opportunities.



Hywind Tampen



Triton Knoll



Hornsea 1 & 2



Beatrice



Hollandse Kust Zuid

## Outlook: key projects

- Gradual increase in tendering activity confirmed during 2019
- Estimated value of current SURF and Conventional tenders is ~\$11 billion, up from ~\$9 billion a year ago
- Renewables continue to grow around the globe
- Continued competition for turbine foundations projects

### Canada and USA

- **Equinor** Bay du Nord (i)
- **Shell** Whale
- **Murphy** Kings Quay
- **Chevron** Anchor

### Europe

- **SSE** Seagreen (W)
- **Vattenfall** HKZ (W)\*
- **Innogy** Kaskasi II (W)\*
- **IOG** Blythe and Vulcan \*
- **Shell** Ormen Lange Ph3 (i)\*

### Africa

- **Shell** Bonga SW (i)
- **Aker Energy** Pecan (i)\*
- **ENI** Rovuma\*
- **BP** PAJ (i)
- **Total** Preowei (i)

### Middle East & Asia

- **WPD** Guanyin (W)
- **Saudi Aramco** Zuluf

### Brazil

- **Equinor** Bacalhau (i)\*
- **Total** Lapa SW (i)
- **Petrobras** Mero 2

### Guyana

- **ExxonMobil** Hammerhead (i)

### Australia

- **Woodside** Scarborough (i)\*
- **ConocoPhillips** Barossa
- **Woodside** Browse (i)

(i) Integrated SURF + SPS

(W) Offshore windfarm project

\* FEED awarded/preferred supplier with EPCI to follow pending FID

# ANY QUESTIONS?

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## Appendix

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Major project progression

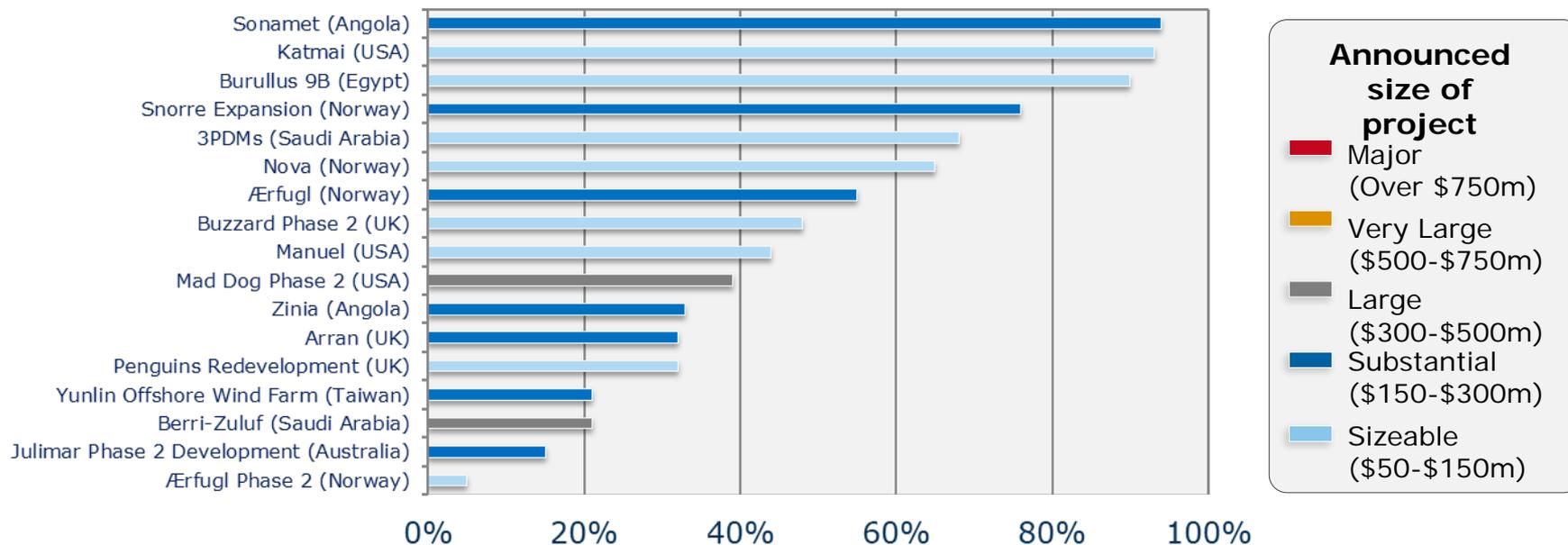
Track Record

Fleet

Financial summaries

## Major project progression

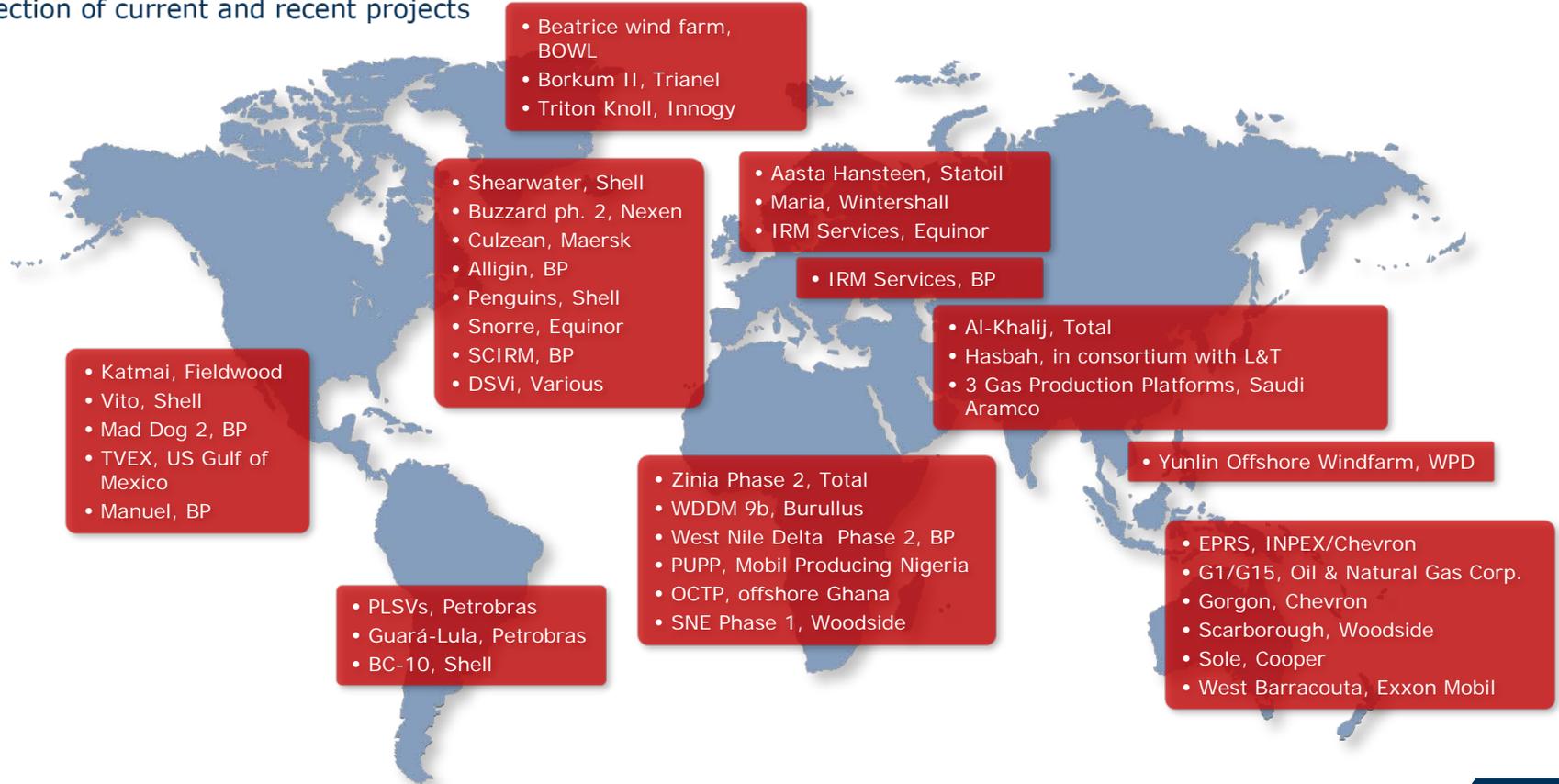
- Continuing projects >\$100m between 5% and 95% complete as at 31 December 2019 excluding PLSV and Life of Field day-rate contracts



# TRACK RECORD

Over 1,000 projects delivered for our clients worldwide

- A selection of current and recent projects



# FLEET 35 Vessels including 32 active vessels at end Q4 '19

## RIGID PIPELAY/HEAVY LIFT VESSELS



## CONSTRUCTION/HORIZONTAL FLEX-LAY VESSELS



## DIVING SUPPORT VESSELS



## RENEWABLES AND HEAVY LIFTING VESSELS



## LIFE OF FIELD VESSELS



## LIFT/HOOK-UP



- ▲ 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
- ▲ Due to be recycled in 2020

# Segmental analysis

For the three months ended 31 December 2019

In \$ millions (unaudited)	SURF & Conventional	Life of Field	Renewables & Heavy Lifting	Corporate	TOTAL
Revenue	760	70	59	-	889
Net operating income/(loss) excluding goodwill impairment	33	(3)	(29)	(18)	(16)
Impairment of goodwill	-	-	(100)	-	(100)
Net operating income/(loss)	33	(3)	(129)	(18)	(116)
Finance income					3
Other gains and losses					(11)
Finance costs					(6)
Loss before taxes					(131)

For the three months ended 31 December 2018

In \$ millions (unaudited)	SURF & Conventional	Life of Field	Renewables & Heavy Lifting	Corporate	TOTAL
Revenue	873	68	82	-	1,023
Net operating income/(loss)	64	(17)	(13)	(11)	23
Finance income					4
Other gains and losses					11
Finance costs					(3)
Income before taxes					35

# Segmental analysis

For the year ended 31 December 2019

In \$ millions (Audited)	SURF & Conventional	Life of Field	Renewables & Heavy Lifting	Corporate	TOTAL
Revenue	3,174	266	217	-	3,657
Net operating income/(loss) excluding goodwill impairment	160	(3)	(56)	(24)	77
Impairment of goodwill	-	-	(100)	-	(100)
Net operating income/(loss)	160	(3)	(156)	(24)	(23)
Finance income					13
Other gains and losses					(18)
Finance costs					(25)
<b>Loss before taxes</b>					<b>(53)</b>

For the year ended 31 December 2018

In \$ millions (Audited)	SURF & Conventional	Life of Field	Renewables & Heavy Lifting	Corporate	TOTAL
Revenue	3,164	245	664	-	4,074
Net operating income/(loss)	231	(12)	4	(23)	200
Finance income					16
Other gains and losses					14
Finance costs					(14)
Income before taxes					216

# Summary balance sheet

In \$ millions	31 December 2019 Audited	31 December 2018 Audited
<b><u>Assets</u></b>		
<b>Non-current assets</b>		
Goodwill	705	751
Property, plant and equipment	4,422	4,569
Other non-current assets	488	153
<b>Total non-current assets</b>	<b>5,615</b>	<b>5,473</b>
<b>Current assets</b>		
Trade and other receivables	605	608
Construction contracts - assets	398	495
Other accrued income and prepaid expenses	169	166
Cash and cash equivalents	398	765
Other current assets	39	62
<b>Total current assets</b>	<b>1,609</b>	<b>2,096</b>
<b>Total assets</b>	<b>7,224</b>	<b>7,569</b>

In \$ millions	31 December 2019 Audited	31 December 2018 Audited
<b><u>Equity &amp; Liabilities</u></b>		
<b>Total equity</b>	<b>5,363</b>	<b>5,722</b>
<b>Non-current liabilities</b>		
Non-current portion of borrowings	209	234
Other non-current liabilities	387	212
<b>Total non-current liabilities</b>	<b>596</b>	<b>446</b>
<b>Current liabilities</b>		
Trade and other liabilities	858	978
Current portion of borrowings	25	25
Construction contracts – liabilities	162	168
Deferred revenue	2	5
Other current liabilities	218	225
<b>Total current liabilities</b>	<b>1,265</b>	<b>1,401</b>
<b>Total liabilities</b>	<b>1,861</b>	<b>1,847</b>
<b>Total equity &amp; liabilities</b>	<b>7,224</b>	<b>7,569</b>

# Reconciliation of Adjusted EBITDA

## Net income/(loss) to Adjusted EBITDA

For the period (in \$millions)	Three Months Ended 31 Dec. 2019 Unaudited	Three Months Ended 31 Dec. 2018 Unaudited	Year Ended 31 Dec 2019 Audited	Year Ended 31 Dec 2018 Audited
Net (loss)/income	(129)	32	(82)	165
Depreciation, amortisation, mobilisation and impairments (excl. goodwill)	185	140	554	469
Impairment of goodwill	100	-	100	-
Finance income	(3)	(4)	(13)	(16)
Other gains and losses	11	(11)	18	(14)
Finance costs	6	3	25	14
Taxation	(2)	3	30	52
<b>Adjusted EBITDA</b>	<b>168</b>	<b>163</b>	<b>631</b>	<b>669</b>
Revenue	899	1,023	3,657	4,074
<b>Adjusted EBITDA %</b>	<b>19%</b>	<b>16%</b>	<b>17%</b>	<b>16%</b>

## Summary of 2019 cash flows

	\$ millions	
Cash and cash equivalents at <b>1 January 2019</b>	765	
Net cash generated from operating activities	357	Included a net decrease in operating liabilities of \$145 million.
Net cash flow used in investing activities	(274)	Included capital expenditure of \$258m, investments in acquisitions of \$26m and payment of contingent consideration of \$30m.
Net cash flow used in financing activities	(447)	Included \$250m of shares repurchases, dividends paid of \$54m, payments related to lease liabilities of \$105m and \$27 million repayments of borrowings.
Other movements	(3)	
Cash and cash equivalents at <b>31 December 2019</b>	398	

- Net cash (excluding IFRS 16 lease liabilities) of \$164 million at 31 December 2019 compared to \$507 million at 31 December 2018
- Borrowings totalled \$234 million at 31 December 2019 compared to \$258 million at 31 December 2018

# THANK YOU

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