# First Quarter 2019
# Earnings Presentation

2 May 2019

# 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 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.

# First Quarter 2019

Jean Cahuzac, CEO

*- Highlights*

Ricardo Rosa, CFO

*- Financial performance*

Jean Cahuzac, CEO

*- Strategy and outlook*

*- Q&A*

# Q1 2019 results

## FINANCIAL HIGHLIGHTS

- Revenue $859 million
- Adjusted EBITDA $111 million
- Adjusted EBITDA margin 13%
- Diluted loss per share $0.06

- Order backlog $5.2 billion
- $1.1 billion new awards and escalations

- Net cash $413 million(1)

## OPERATIONAL HIGHLIGHTS

- Total Vessel Utilisation 68%
- High utilisation within DSV and PLSV fleet

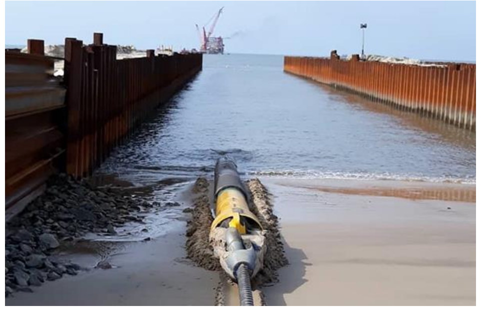
## STRATEGIC HIGHLIGHTS

- Strengthened Subsea Integration Alliance
- Timely acquisition of DSV *Seven Pegasus*
- Further investment in early engagement capabilities

(1) Net cash excludes IFRS 16 lease liabilities of $412 million

# Some of our activities

Snorre (Norway)



PUPP (Nigeria)

Ærfugl (Norway)

West Nile Delta (Egypt)

Hasbah (Saudi Arabia)

Hornsea One (UK)

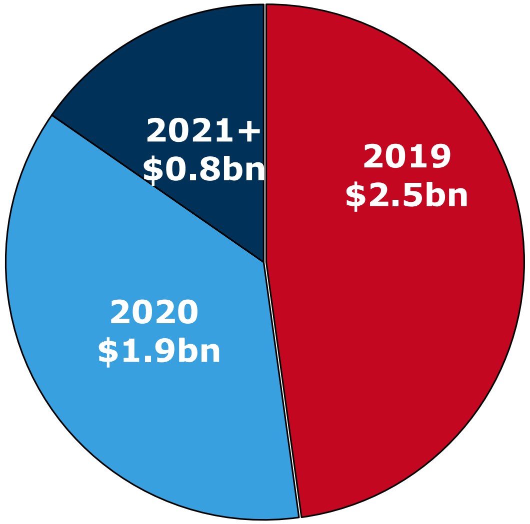
Dolphin Energy ERPS (Abu Dhabi)

PLSVs (Brazil)

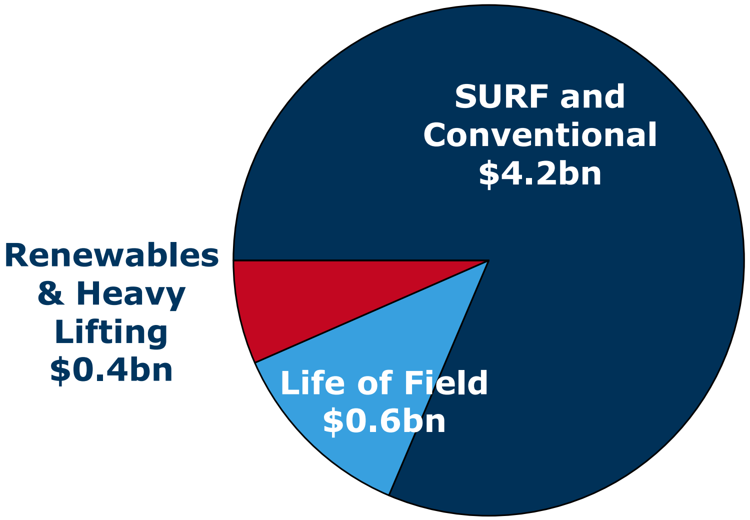
# Our backlog and order intake

## Backlog of $5.2 billion, as at 31 March 2019

**Backlog by Execution Date**




**Backlog by Service Capability**




**First quarter highlights**

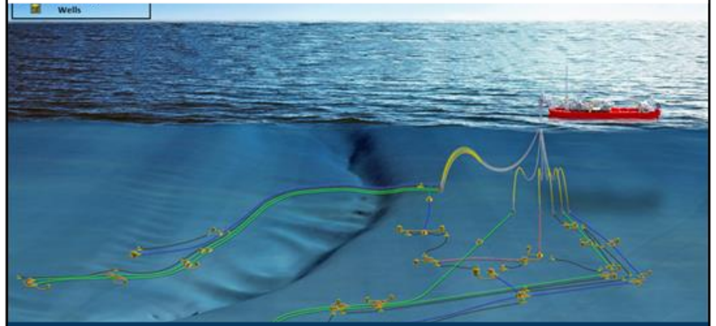
- $1.1 billion new awards an escalations
- Book-to-bill of 1.3x
- Three announced awards:
  - 5 year IRM North Sea (UK)
  - Arran (UK)
  - Berri-Zuluf (Middle East)
- Early engagement driving potential future awards
  - Three FEED awards with Woodside
  - HKZ wind farm partnership (Q2)

Order backlog includes:
- $0.9 billion relating to long-term contracts for PLSVs in Brazil
- approximately $50 million favourable foreign exchange movement in the first quarter

# A leader in integrated projects

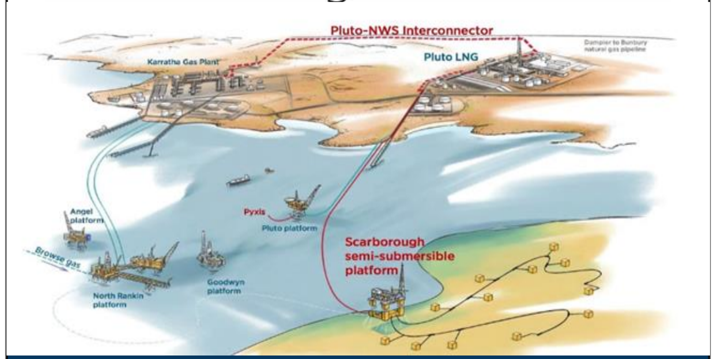
## Woodside FEED awards with commitment to proceed to EPIC pending FID

Subsea Integration Alliance




SNE Phase 1
- Integrated award
- Offshore Senegal
- Flexible riser solution
- 23 Horizontal Trees
- 58 km CRA BuBi reeled flowline
- Oil field development

Subsea Integration Alliance




Scarborough
- Integrated award
- Offshore Australia
- 14” Lazy wave risers
- 13 Trees
- 45 km 16” reeled flowlines
- Gas field development


Julimar
- Offshore Australia
- 22km Tie-back
- 18” Insulated CRA flowline
- 4 Trees
- Gas field development
- Standalone SURF

# Income statement – Q1 highlights

| In $ millions, unless otherwise indicated | Three months ended<br>**31 March 2019 Unaudited** | 31 March 2018 Unaudited |
|---|---|---|
| Revenue | **859** | 809 |
| Net operating loss (NOI) | **(10)** | (8) |
| Loss before taxes | **(29)** | (29) |
| Taxation | **10** | 12 |
| Net loss | **(19)** | (18) |
| | | |
| Adjusted EBITDA[1] | **111** | 103 |
| Adjusted EBITDA margin | **13%** | 13% |
| | | |
| Diluted earnings per share $ | **(0.06)** | (0.03) |
| Weighted average number of shares (millions) | **316** | 327 |

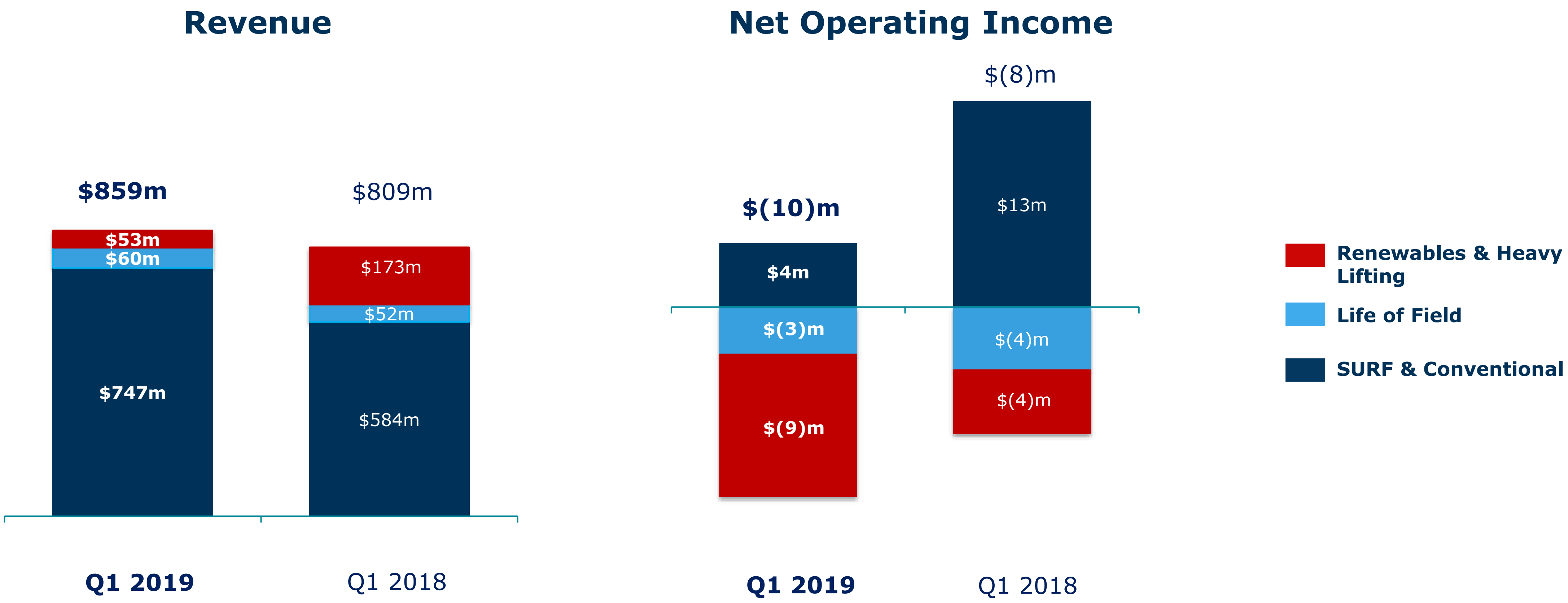
(1) Adjusted EBITDA defined in Appendix

# Income statement – supplementary details

| In $ millions | Three months ended<br>31 March 2019<br>Unaudited (1) | <br>31 March 2018<br>Unaudited |
|---|---|---|
| Administrative expenses | **(58)** | (74) |
| Share of net loss of associates and joint ventures | **-** | (7) |
| Depreciation and amortisation | **(121)** | (111) |
| Net operating loss | **(10)** | (8) |
| Net finance (cost)/income | **(2)** | 1 |
| Other gains and losses | **(17)** | (23) |
| Loss before taxes | **(29)** | (29) |
| Taxation | **10** | 12 |
| Net loss | **(19)** | (18) |
| Net loss attributable to: | | |
| Shareholders of the parent company | **(19)** | (11) |
| Non-controlling interests | **-** | (7) |

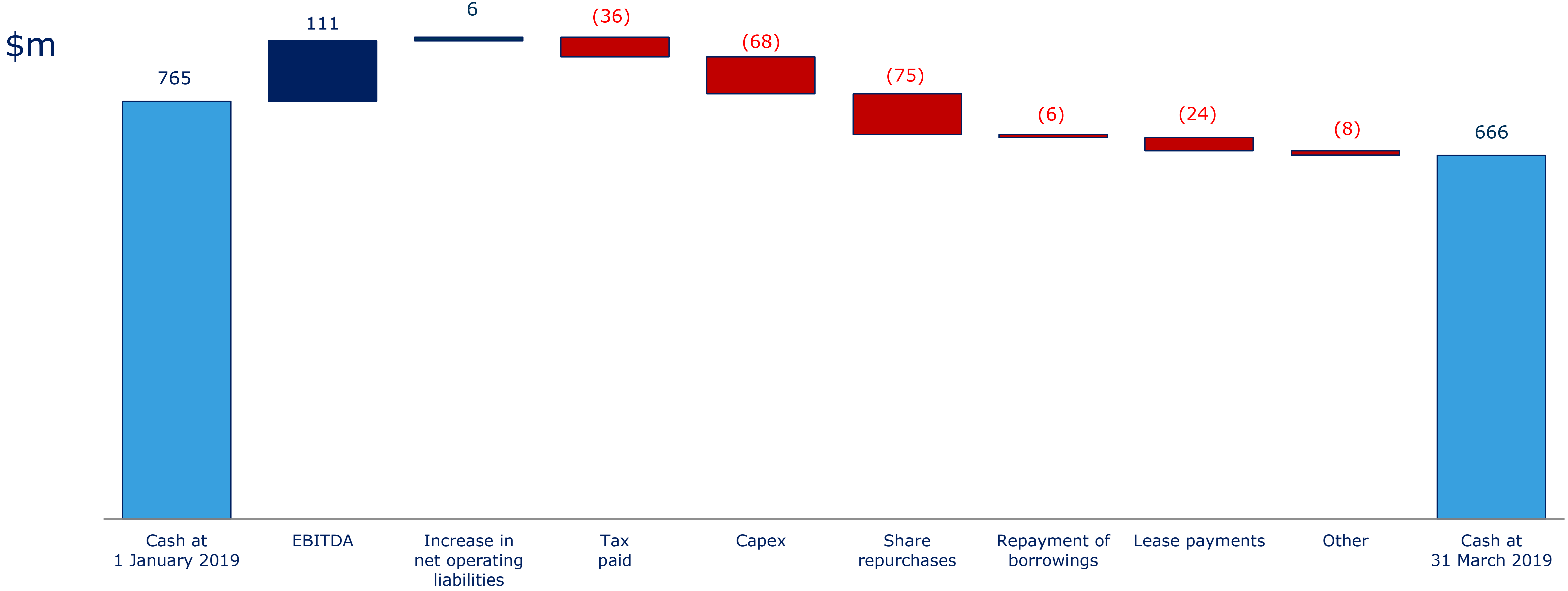
(1) The impact of IFRS 16 on the Consolidated Income Statement, for the three month period ending 31 March 2019, was to reduce operating lease expense by $26.8 million, recognise lease amortisation charges of $23.9 million and lease finance costs of $3.9 million.

# First Quarter Business Unit performance




**Note:** Corporate segment (not presented): net operating loss Q1 2019 $2m (net operating loss Q1 2018: $13m)

# Summary of first quarter 2019 cash flow




- Net cash of $413 million at 31 March 2019 excluding IFRS 16 Lease Liabilities of $412 million
- $656 million of undrawn committed revolving credit facility

# Financial guidance

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

| | |
|---|---|
| Revenue | Broadly in line with 2018 |
| Adjusted EBITDA (1) | 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 (2) | $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*

# Subsea 7 – Who we are and why our clients choose us

**Our vision is to lead the way in the delivery of offshore projects and services for the energy industry.**

## Our Values

What makes us who we are

- Safety
- Performance
- Integrity
- Collaboration
- Sustainability
- Innovation

## Our differentiators

Why our stakeholders choose us

# The industry's partner of choice – recent Subsea 7 awards

We create sustainable value by being the industry's **partner of choice** in delivering the efficient offshore solutions the world needs.

## Shell
- Penguins
- Vito
- Shearwater
- Arran
- UK DSVi

## Woodside
- SNE Phase 1*
- Scarborough*
- Julimar

## BP
- Manuel*
- Alligin
- IRM Caspian Sea
- IRM North Sea

*Subsea Integration Alliance project

# 21 Announced awards in 2018 - driven by our differentiators

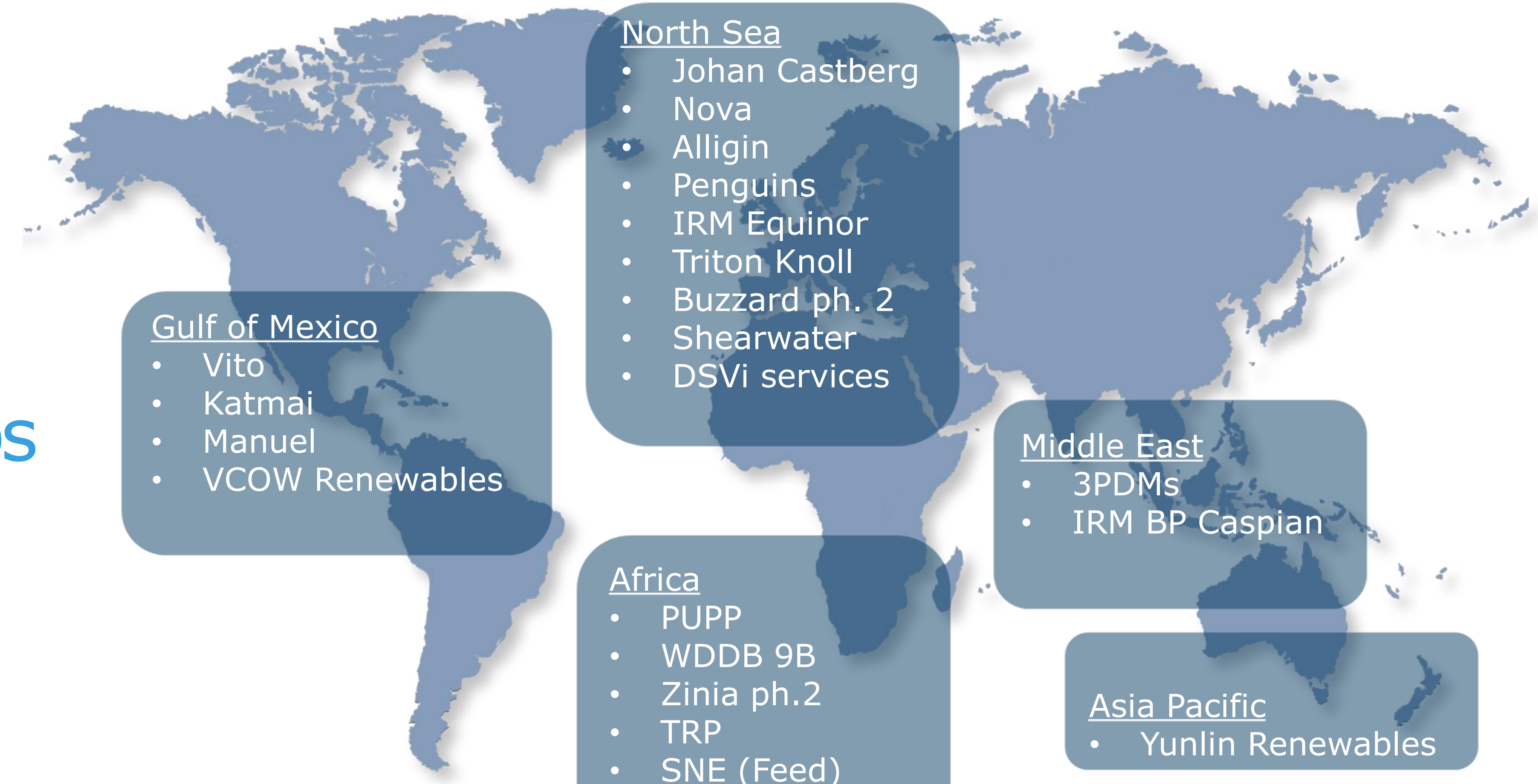
Culture

Creativity

Relationships

Reliability

Solutions



Gulf of Mexico
- Vito
- Katmai
- Manuel
- VCOW Renewables

North Sea
- Johan Castberg
- Nova
- Alligin
- Penguins
- IRM Equinor
- Triton Knoll
- Buzzard ph. 2
- Shearwater
- DSVi services

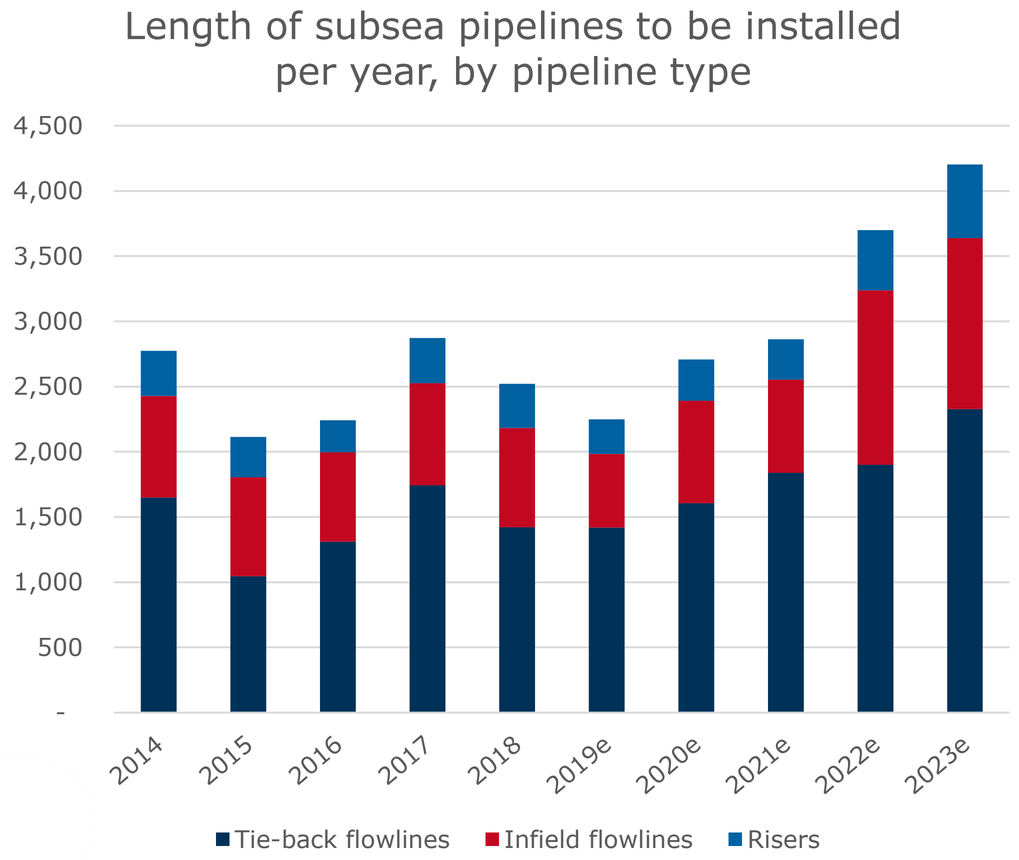
Africa
- PUPP
- WDDB 9B
- Zinia ph.2
- TRP
- SNE (Feed)

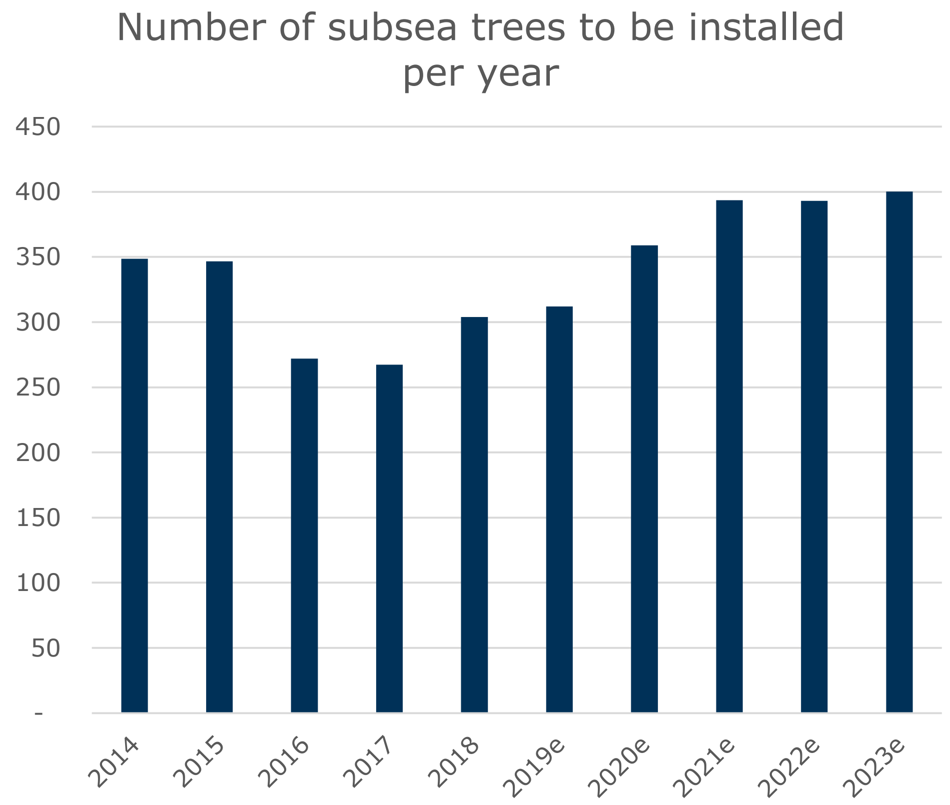
Middle East
- 3PDMs
- IRM BP Caspian

Asia Pacific
- Yunlin Renewables

*NOTE: Projects over USD 50 million*

# The outlook for offshore oil and gas projects is improving




*Source: Rystad Energy research and analysis; SubseaCube*

# Business Unit Outlook

SURF and Conventional

- Tendering and award activity is increasing
- Further large greenfield market awards expected second half of the year

Renewables and Heavy Lifting

- Opportunities for T&I work in Taiwan
- EPCI and T&I opportunities in Europe
- Low level of work in backlog for Subsea 7 in 2019

Life of Field

- Increasing demand for IRM services

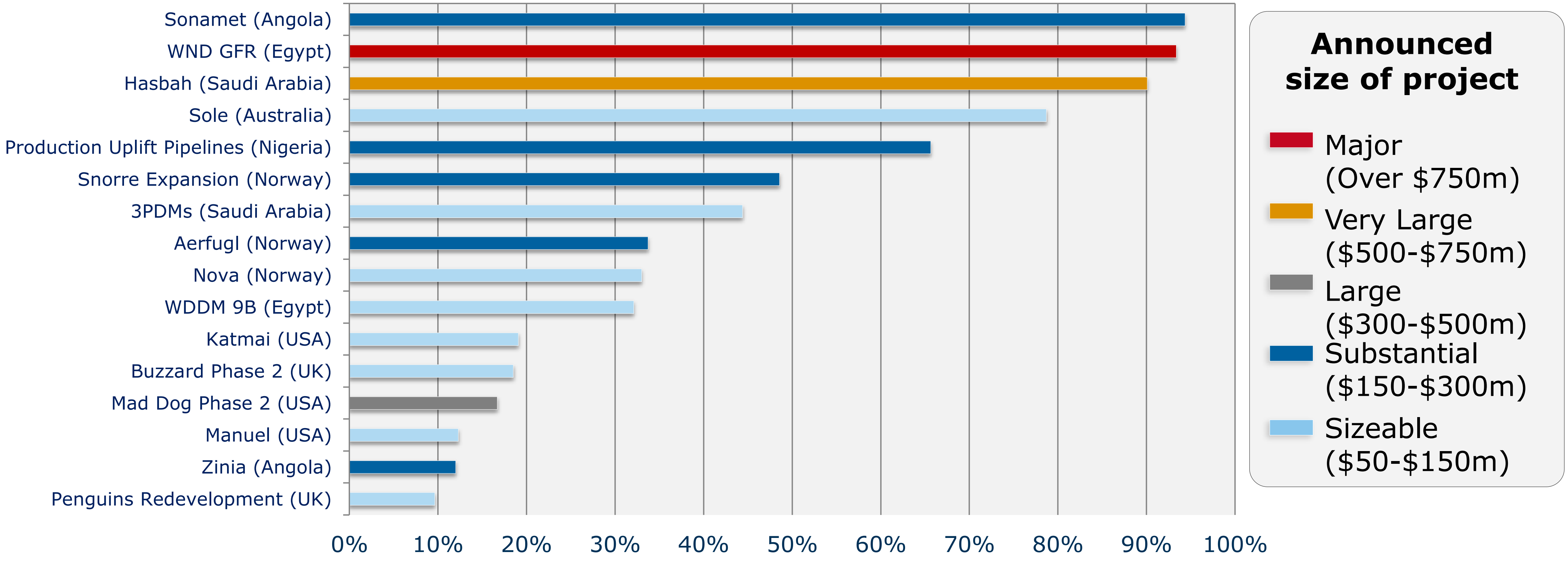
# ANY QUESTIONS?

# Appendix

Major project progression
Track Record
Fleet
Financial summaries

# Major project progression

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



# TRACK RECORD

subsea 7

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

- Beatrice wind farm, BOWL
- Borkum II, Trianel
- Triton Knoll, Innogy
- Hornsea 1, Orstead

- Aasta Hansteen, Equinor
- Maria, Wintershall
- Nova, Wintershall
- IRM Services, Equinor
- Johan Castberg, Equinor
- Snorre, Equinor
- Skogul, Aker BP
- Aerfugl, Aker BP

- Arran, Shell
- Shearwater, Shell
- Buzzard 2, Nexen
- Culzean, Maersk
- Alligin, BP
- Penguins, Shell
- SCIRM, BP
- DSVi, Various

- Katmai, Fieldwood
- Vito, Shell
- Mad Dog 2, BP
- TVEX, Chevron
- Manuel, BP

- Hasbah, Saudi Aramco
- 17 Cranes, Saudi Aramco
- 3 GDPMs, Saudi Aramco
- Berri & Zuluf, Saudi Aramco

- Coastal Virginia Offshore Wind, Orsted

- Zinia 2, Total
- WDDM 9b, Burullus
- West Nile Delta, BP
- PUPP, Mobil Producing Nigeria
- OCTP, ENI
- SNE 1, Woodside
- Jubilee, Tullow

- Yunlin Offshore Windfarm, WPD

- EPRS, INPEX/Chevron
- G1/G15, Oil & Natural Gas Corp.
- Gorgon 1, Chevron
- Scarborough, Woodside
- Julimar, Woodside
- Sole, Cooper
- West Barracouta, Shell

- PLSVs, Petrobras

Key

- Oil and Gas projects
- Renewables projects

# FLEET 34 Vessels including 31 active vessels at end Q1 '19

subsea 7

## 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

# Segmental analysis

## For the three months ended 31 March 2019

| In $ millions (unaudited) | **SURF & Conventional** | **Life of Field** | **Renewables & Heavy Lifting** | **Corporate** | **TOTAL** |
|---|---|---|---|---|---|
| Revenue | **747** | **60** | **53** | **-** | **859** |
| Net operating income/(loss) | **4** | **(3)** | **(9)** | **(2)** | **(10)** |
| Finance income | | | | | **4** |
| Other gains and losses | | | | | **(17)** |
| Finance costs | | | | | **(6)** |
| Loss before taxes | | | | | **(29)** |

## For the three months ended 31 March 2018

| In $ millions (unaudited) | **SURF & Conventional** | **Life of Field** | **Renewables & Heavy Lifting** | **Corporate** | **TOTAL** |
|---|---|---|---|---|---|
| Revenue | 584 | 52 | 173 | - | 809 |
| Net operating income/(loss) | 13 | (4) | (4) | (13) | (8) |
| Finance income | | | | | 5 |
| Other gains and losses | | | | | (23) |
| Finance costs | | | | | (4) |
| Loss before taxes | | | | | (29) |

# Summary balance sheet

| In $ millions | 31 Mar 2019 Unaudited | 31 Dec 2018 Audited |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Goodwill | **793** | 751 |
| Property, plant and equipment | **4,599** | 4,569 |
| Right-of-use asset | **406** | - |
| Other non-current assets | **128** | 153 |
| Total non-current assets | **5,926** | 5,473 |
| **Current assets** | | |
| Trade and other receivables | **676** | 608 |
| Construction contracts - assets | **483** | 495 |
| Other accrued income and prepaid expenses | **169** | 166 |
| Cash and cash equivalents | **666** | 765 |
| Other current assets | **45** | 62 |
| Total current assets | **2,039** | 2,096 |
| Total assets | **7,965** | 7,569 |

| In $ millions | 31 Mar 2019 Unaudited | 31 Dec 2018 Audited |
|---|---|---|
| **Equity & Liabilities** | | |
| Total equity | **5,682** | 5,722 |
| **Non-current liabilities** | | |
| Non-current portion of borrowings | **228** | 234 |
| Non-current lease liabilities | **313** | - |
| Other non-current liabilities | **196** | 212 |
| Total non-current liabilities | **737** | 446 |
| **Current liabilities** | | |
| Trade and other liabilities | **1,030** | 978 |
| Current portion of borrowings | **25** | 25 |
| Current lease liabilities | **99** | - |
| Construction contracts – liabilities | **173** | 168 |
| Deferred revenue | **7** | 5 |
| Other current liabilities | **213** | 225 |
| Total current liabilities | **1,547** | 1,401 |
| Total liabilities | **2,283** | 1,847 |
| Total equity & liabilities | **7,965** | 7,569 |

# Reconciliation of Adjusted EBITDA

## Net operating loss to Adjusted EBITDA

| For the period (in $millions) | **Three Months Ended 31 March 2019 Unaudited** | Three Months Ended 31 March 2018 Unaudited |
|---|---|---|
| **Net operating loss** | **(10)** | (8) |
| Depreciation, amortisation and mobilisation | **121** | 111 |
| **Adjusted EBITDA** | **111** | 103 |
| Revenue | **859** | 809 |
| Adjusted EBITDA % | **13%** | 13% |

## Net loss to Adjusted EBITDA

| For the period (in $millions) | **Three Months Ended 31 March 2019 Unaudited** | Three Months Ended 31 March 2018 Unaudited |
|---|---|---|
| **Net loss** | **(19)** | (18) |
| Depreciation, amortisation and mobilisation | **121** | 111 |
| Finance income | **(4)** | (5) |
| Other gains and losses | **17** | 23 |
| Finance costs | **6** | 4 |
| Taxation | **(10)** | (12) |
| **Adjusted EBITDA** | **111** | 103 |
| Revenue | **859** | 809 |
| Adjusted EBITDA % | **13%** | 13% |

# Summary of 2019 cash flow

| | $ millions | |
|---|---|---|
| Cash and cash equivalents at **31 Dec 2018** | 765 | |
| Net cash generated from operating activities | 58 | *Includes increase of $6 million in net operating liabilities* |
| Net cash flow used in investing activities | (46) | *Includes capital expenditure of $68 million* |
| Net cash flow used in financing activities | (108) | *Includes $75m in shares repurchases and $24m in payments related to lease liabilities* |
| Other movements | (3) | |
| Cash and cash equivalents at **31 March 2019** | 666 | |

Net cash of $413 million at 31 March 2019, excluding $412 million of lease IFRS 16 liabilities, compared to $507 million at 31 December 2018

# THANK YOU