

Renewables Investor Day 2020

Q&A Transcript

[First part of Q&A session](#)

Michael Alford, Citi: Hey there, good afternoon, thanks for the presentation. Firstly, your positive outlook on market potential is similar to ours actually for offshore wind, but could you talk a bit more about the capacity of the organisation to conduct the large and more complex project scopes, as you say, the balance of plant or the integrated model, for example, could you do two Seagreen type of projects at the same time? How many integrated type projects could you do? What are the physical and operational limitations currently on the organisation? And then secondly more specifically on the fleet. I guess can you talk a little bit more about the flexibility to shift more vessel capacity to offshore wind and what the capex may be for that? Thanks

John Evans, CEO Subsea 7: I will try to answer your questions, I may ask Steph to chip in but I will start off. I guess, for us I think the message that Steph gave is that we believe that in due course there will be more larger projects in a EPCI configuration and in an integrated configuration. With the way we are structured, we have engineering capabilities and supply chain capability that we can switch between oil and gas and renewables. The vessels in this market (and we will talk about that a bit more in the second half of today's presentations) more ability to sub-contract and I'll ask Steph to talk a little bit about sub-contracting in a moment, so sub-contracting is an opportunity for us. I think the key thing for us will be we believe we have the capability, it will be the speed which the market goes from a segmented model into a view that it says that there is more value in integrated and ultimately more value in EPCI. Maybe Steph you can spend just one minute answering the question on vessel sub-contracting?

Steph McNeill, CEO Seaway 7: yes, sure John. I think as you said, we have a lot of strength and depth in the organisation that we can dip in to, I believe we certainly have the capability to man-up. In terms of vessels, we obviously have our own capability, significant capability across our fleet. But we do see that in renewables, I would say, less differentiation between the vessel types and so we have, on a number of occasions to date, we have been sub-contractor to our peers, to the other big contractors, and equally we have been sub-contracting their vessels as well as and we will continue to do that. I think in terms of efficiency, the ability to sub-contract work backwards and forwards certainly helps us cope with the global nature of the market and to develop economic and efficient solutions to deal with either peak demands or geographical conflicts. So I think with the capacity in the market and our ability to manage sub-contracts, at the end of the day it is another sub-contract, of many, that we are quite happy and comfortable to manage as, I think, we have demonstrated.

John Evans, CEO Subsea 7: there was a second question about the fleet, could we switch assets between renewables and oil and gas? We do have - and later on in the presentation we will give you an example of something that we intend to do - but yes, there is a limited number of oil and gas assets that can be re-deployed. As Harke showed you, we put the Borealis to work on renewables in the past when it's scheduling suited, so again we gave the ability to switch certain assets but for us is around we believe there is enough capacity in the market to allow us to use sub-contracting and our fleet to be able to expand and grow the business.

Mark Wilson, Jefferies: You say is a very competitive industry currently and at the same time projections for the annual spend shows budgets doubling as the power build-out grows. Do you think the industry, very simply, can actually meet this level of demand and what are the specific bottlenecks in the value chain that you may have to address to actually meet that kind of build-out? Thank you

John Evans, CEO Subsea 7: As we've touched on earlier we saw this in oil and gas, 20, 25 years ago, clients used to segment all the pieces of the work and we would do little slivers of the contract and 25 years ago the oil companies realised that as these projects got deeper, more complex, larger in scale, that they needed tier 1 players that can bring all this together. So our view is that actually the bottle neck is the own ability of the industry to get itself organised and

arranged around it. We do know that the top three players in this world, your Ørsteds, your Vattenfalls and RWE, have some exceptionally good internal capabilities and that will take the industry so far. So we believe the bottle neck is the ability of the industry to organise itself in a manner that can bring the skills of companies like Subsea 7 to bear. I think you've seen a number of people announcing in the market that they are building more tonnage, so we don't think tonnage will be a problem. I think the challenge will be what we've seen in SURF; how many people can understand and arbitrage risk properly to be able to deliver big projects on time, safely and securely. That is what we've been able to do in the hydrocarbons and that's what we would like to do in this business. So for us, we need our business model to have the stability of this large EPCI contracts coming in. For us, just doing T&I work and moving assets around the places which is what we've been doing the last couple of years is not particularly productive for us. So I think the industry has to get itself organised around how does it want to contract and how does it want to work. We've also seen oil and gas partnership type of relationship developed. We've seen in oil and gas, early engagement when the oil and gas industry says "we can't do it ourselves" so I think we will see that change coming and its probably the unlocking of that side we believe will probably get us where we want to be by 2030 in the industry.

Mark Wilson, Jefferies: Thank you very much. So, certainly from yourself, you don't need to add tonnage let say in terms of foundations installation or cable lay vessels. Is that the message you are giving?

John Evans, CEO Subsea 7: If you wait until the second half of our presentation you may want to ask that question again. We will give more information on the cable lay vessels in the second half. I think in the very large lifters we are clear that there are some interesting technical advantages of some of the large jack-ups that can turn their hands to foundations or wind turbine installation but at the moment we have no view that we could enter into that sector. But on the cables, we have something to present you in the second half.

Vlad Sergievskii, Bank of America: Yes, good afternoon and thank you for the very detailed presentation today. Let me ask the question that is on many investors' mind: there are obvious operational benefits for Seaway 7 to be part of Subsea 7. At the same time renewables pure play companies do benefit from very rich market valuations right now. In this context, what are your thoughts in selling a minority stake of Seaway 7 at some point in the future? Potentially for example to fund capex?

John Evans, CEO Subsea 7: Well Vlad, I guess, like everybody, we are watching the market and we can see what is happening in the market and I guess the honest answer is that the executive and the board are open minded to how we configure the company and how we structure the business going ahead. We were one of the first guys in the oil service sector to break out our Renewables business separately to give visibility of the trials and tribulations of how we get on in that business and how we move ahead. We always look at different options and I think that we are clear today that there is a merit to keep the two businesses together because as we've discussed in this presentation, we move assets and people backwards and forwards. Is it possible to do a full spin-off? Yes, I don't think this very desirable and probably less attractive to us, but the optionality of a partial spin-off is something that we will be thinking about over the next few months to see what the market thinks but also where we want to be in the future. So the message we want to give to everybody is: our unique position in all that competition that Harke showed is the fact that project management and engineering and the ability to handle big projects with a good balance sheet behind it is something that Subsea 7 can offer, and how we would structure any formal spin-off with that would need quite a bit of thought. We are open minded to the topic but we are not going to rush into anything. We are going to be in this business for a long time. You heard my strategic statement at the start that we are going to be proactive in the energy transition and its it is part of our future so we will need careful thought about what we will do in that topic.

Mick Pickup, Barclays: Hello everyone, it's Mick here. A couple of questions if I may, and I'll stay technical. You talked a lot about engineering on the cables side. Can you talk about what you do on the cables engineering? Is that route engineering or is it actually the physical properties of the cable itself? And secondly, you mention going from Beatrice to Seagreen. From what I saw it was double the size for the same price. I can understand turbines getting bigger and

cheaper but I would have thought you would be a bit more sticky on your unit cost. Can you talk about how that project doubled in size yet the price stayed the same?

Steph McNeill, CEO Seaway 7: Thanks Mick. Starting with the cables. It is really a whole range of engineering. We start at beginning, in becoming involved with the developers in terms of the design of the cables - so we work closely between the developer and the cable supplier - and obviously the configuration of the cable drives the material, the metal, inside the cable which has a significant impact on the cost. We've got a lot of guys in the team, in Lars [Muck]'s team, who knows all about the cables, and the design of the cables and we work through obviously cable routing, cable layout, optimising length of the cables. Trenching is an important part of the scope, so a good knowledge of the soils and the seabed underneath the cables and how we can bury the cables to depth and obviously the interface between the cables and the structures and pull-in of the cables when the cable protection systems are all key. So we pretty much have the capability in-house to look at all aspects from cable supply, cable delivery, cable installation and cable trenching and then the connection of the cable in the structures. So that is pretty much it for the cable side. I think we cover some of it on the case studies, when we look in the differences between Beatrice and Seagreen but design has been important and optimisation of the design, but the fabrication solution and the cost per unit has been key and switching to the far east in terms of fabrication is probably the biggest single element in allowing us to reduce the cost there and be able to deliver, as you said, double the size for practically the same price. It's all down to our knowledge of the design and manufacturing of the foundations itself.

Mick Pickup, Barclays: Ok, and going forward do you think that process is optimised or would be more cost sticky now?

Steph McNeill, CEO Seaway 7: Well, the size of the turbines and if you look at the whole development, the size of turbines is going up and so we will see larger turbines which allows further reduction in LCOE. I don't think we've seen the LCOE bottom yet. We learn more all the time so I think we will be able to support the developer to further reduce the cost and the LCOE as we go forward by various means, by design innovation, design optimisation but also installation innovation and techniques we use there. So I think we still have some more way to go on that road and we can continue to add value to the developments.

John Evans, CEO Subsea 7: I think Mick, just to supplement what Steph says, one thing that this industry has been grappling with is there was always a finite size of the monopile and how you design the monopile but as the industry has learnt and developed, the monopiles are getting bigger and more complicated. I think if you look the design of Seagreen and the design of Beatrice, one is three legged and one four legged. The other thing that Steph said, we change the foundation design to suction cans which are very much used in oil and gas and not very much used in renewables compared to installing pin piles, so there were thousands of tons of pin piles in Beatrice. So I think your question was how sticky is the price, well we moved from European fabrication in Beatrice to Far East and Middle East fabrication on Seagreen so we probably found, probably about as optimised a cost model as we can for complex jacket fabrication but as Steph said, it's about the engineering and the better understanding of how are doing and the upgrading of different specifications and standards in the industry as we all learned over the last 5 to 10 years about what is going on in the industry. So as Steph said, it is not over yet, but the cost elements has to do with where you put your work and how do you move all the stuff half around the world is the key for us.

Frederik Lunde, Carnegie: Hi good afternoon, I guess my questions were partly answered but I was wondering if you see any change in contracting with more oil companies becoming active in the offshore wind and this obviously take the form of more alliances, more large EPCs or different criteria being emphasized in tenders rather than just price?

John Evans, CEO Subsea 7: I think what is interesting here is that at the moment, Total is a non-operator on Seagreen, and BP are non-operators in the wind farm they purchased in the US. So I think at the moment you are seeing the oil and gas companies coming in a non-operator basis whereas the traditional renewables clients - and I include Equinor in there because we worked for Equinor for a decade in that world - so I think at the moment it's the utilities companies that are leading the way that but as the oil and gas companies move more determinedly in the energy transition and

are clearer on their renewables needs, I suspect we will see that flipping over and [the oil majors] becoming operators. The question of which contracting model they use is not clear to us at the moment, but as we said many on this call I believe there is merit in using this integrated type of projects and larger EPCI contracts and I think you know, the one thing that everybody is understanding - and Lloyd [Duthie] showed in Beatrice - if you look at the number of companies we had interactions with to get all the right pieces of Beatrice turn up a few years ago - I think we will see as people are moving to the 200 250 turbines sized fields that there will be more opportunities on that front. Quite which way people will go is not clear. I think the other thing we all need to think about, oil and gas companies have very strong competitors in the utilities; utilities are power companies and they understand how to generate power. So traditional oil and gas clients are changing their position in the market and going to a market that maybe are not as familiar to them as oil and gas. So again, we will be working with both groups of clients as that takes place.

Frederik Lunde, Carnegie: Thanks, and you've been very vocal on merits of alliances on oil and gas projects, do you see the same now here in offshore wind?

John Evans, CEO Subsea 7: I think it's fair to say - and Steph can give a bit more on this - but you know the traditional segmented model sort of works ok but I think a number of operators now - we saw Vattenfall was quoted [with] their feedback about early engagement. The one thing to remember, most utilities are highly regulated, generally on their home markets as to how they can contract and they do their procurement, because generally in most countries there are price caps or mechanisms where regulators control the price of power. So the ability for those guys to change their contracting model isn't as clear cut as the oil and gas companies that are pretty capitalist in their thinking and they can switch models but I do think that we are certainly seeing that a number of clients now see value in talking earlier to us whether that will become more partnership type of models in the next few years, not clear to us. Steph anything to add to that?

Steph McNeill, CEO Seaway 7: Absolutely, completely agree with what you said. We have seen it particularly on Vattenfall on HKZ, which is a subsidy free development, so cost is absolutely critical and early engagement and working there was a partnership where we worked very closely, very collaboratively with Vattenfall both in HKZ 1 and 2 and subsequently in HKZ 3 and 4. I think without that partnership, without that approach, it would have been impossible to develop and optimise the solution. I think it was developing the optimised solution and reducing the cost that was certainly key for those projects to go ahead. So I think we see the logic stands-up for sure in offshore wind that early engagement is key to bring the cost down and key to success. I would certainly recommend that and, it remains to be seen of course the approach that our clients will take, but I do believe it would certainly add value.

Amy Wong, UBS: Hi, good afternoon, a question from me, throughout the presentation you mention the words 'competitive process' many times and I think in one of your answers you acknowledge the amount of tonnage that was going to come in, and it wasn't going to be bottle neck for the industry. So my question comes down to when you take that all into account and when you're entering commercial negotiations with your clients how should we think about your ability to price your assets in a way that best utilises them and give best returns to your shareholders?

John Evans, CEO Subsea 7: I guess the way to look at this is what we worked it out twenty years ago in the oil and gas industry. It is really a margin that we can get over a EPCI contract if you are good at managing a EPCI contract, if you can deliver those: 10% on a 1.3 billion dollar job its better than 20% on 100 million dollars of T&I in terms of cash generation for your shareholders. So for us is about the fact that yes, EPCI has always had a lower margin than transport and install, because all you do in transport and install is get your slice to do with that particular area. If you have the in-built skills, processes and competencies to arbitrage risk and manage risk which is what we do in the oil and gas space, we believe that the economic returns as the industry heads towards a more integrated world, will be what gives us returns to our shareholders. So that is how we try to think about this business, and the direction that this is going. We've been very open that just slogging it out in transport and install with every one of us having to expand globally and increase capacity rapidly is not really where we want to be long term. Happy to have transport and install as part of mix for the company but longer term we would like to have a mixture of EPCI along with

integrated, along with transport and install. That is the way that we look at returns for this business for our shareholders and Ricardo will talk about that in his presentation this afternoon.

James Thompson, JP Morgan: Thank you very much for taking my question and good afternoon. A couple from me please. Obviously in your presentation it was helpful to get the information about the market backdrop, China is clearly a big part of the market today and one that you called self-supporting. You know, when you think about the competitive landscape what is the risk that these Chinese contractors start to play in the international arena given that the work that they have out there is not growing particularly as we head to the rest of the decade? That would be my first question. And secondly, you talked about turbines getting bigger I just wonder if that capex pie chart that you showed changes at all as we move to bigger turbines, does that increase your share of the overall project or does it stay pretty similar as we move from a 7 MW towards a 13, 14, 15 MW turbine?

Harke Jan Meek, CCO Seaway 7: So maybe to start with the China question then, China is very high growth market, interesting market. But what we see at the moment is that the market is served by their own equipment, at the same time we also see that most projects are in very shallow water, I would say 50 m or less, which you use basically a certain amount of assets. If China is growing as we think they will, they will move into deeper water and what we actually see is that, there may be new opportunity for possibly external parties to make a play, because you need different assets to get involved. I would probably see as an opportunity for larger vessels to try to play in China moving forward than the other way around, rather than they moving internationally, also because their market is very big. With respect to your question on the turbines, I think the ratio will probably remains the same, so yes, the turbine is going to be bigger but prorata you are going to have less turbines if you are going to have less turbines, you will also have less foundations which will then be bigger again to support your bigger turbine. Likewise for the cables they will reduce in number but on a prorata basis I would expect that the ratio would roughly remain the same.

James Thompson, JP Morgan: Ok understand, you see it staying the same regardless where the turbine sizes trends.

John Evans, CEO Subsea 7: I think what we are saying is that percentage wise plus or minus, yes, it may vary but overall the spread in that diagram is not too far from the truth.

Sasikanth Chilukuru, Morgan Stanley: Thank you for taking my question, most of them have already been answered, but just wanted to understand regarding the cycle times for heavy lift vessels and for the cable lay vessels. How long does it take for you to complete a project, if you can give us an indication on the utilisation that you are looking at now that would be helpful, thanks.

John Evans, CEO Subsea 7: One thing that the industry is grappling with at the moment is that this year we have our spreads in Taiwan, we have our spreads in Europe and we have our spreads in the States which is a very, very inefficient way of running a business and that's why when it scales up and you get the right critical mass you can do what we do in oil and gas which is try to keep assets in certain geographies. I think then in terms of operational timings I will ask Steph to give you, you know, how long it takes to do 100 clicks of cable lay or whatever on a particular project as well as putting a foundation in place. So maybe Steph, if you can give us an indication of roughly durations of these types of projects?

Steph McNeill, CEO Seaway 7: There are a lot of variables in there, there are a lot of factors, depending in the type of foundation, is that a jacket? Is that a piled jacket? Is that a suction bucket jacket? Or is it monopile? And then a big factor would be the environmental constraints, there are limitations on the times that we can pile, we are lock-out over night sometimes for noise mitigation, we are locked out because of environmental constraints, so it is quite hard to put a range on it. But you could be talking a cycle type for a foundation, typically between 2 and 5 days depending on the complexity, I would say.

John Evans, CEO Subsea 7: I think Steph you touch in a very interesting point what we all need to remember is in North West Europe a lot of this work has very very strict environmental permits on noise, vibration in water and such like, which means that management of the environmental performance is very key as well. So I think, as Steph said, you can be between 2 days and 5 days to put a foundation in, I guess our cables are one or two days each between each tower and again that is where we have managed to work with Moxie and Aimery in a quite efficient way where the Moxie does all the preparation work on the pull-ins as well as the termination work so she hops ahead of each cable and we are ready then just to pull-in so the Aimery is just purely a cable lay machine and that balance works very very well for us. So you know these activities are in single days per activity and then you multiply by the number of towers on the field.

Second Q&A session

Mick Pickup, Barclays: Hello again, couple of questions if I may, you talked about floating there, it looked to me that your scope will be significantly less in floating than what would be in fixed. Can you just talk about the scale you can offer in floating? And secondly John, your presentation has been all about EPCI and you draw parallels with what happened to the oil and gas industry and if my mind serves me right there was a lot of hard work and a lot of pain to be learned and the clients in oil and gas sometimes chose suppliers that weren't as capable and as experienced as you would have hoped. I wonder what your thoughts are on the current client base in renewables and their commitment to choose those contractors or they are just interested in going with the lower cost on an EPCI basis as well?

John Evans, CEO Subsea 7: Hello Mick, I will take your second question first, I think your question is very well made. I think there are seven good competitors in the business of balance of plant construction as [Harke] has shown you there, the four big dredgers, ourselves, Heerema and Saipem. So, you know, we do know the clients are taking different approaches as to how they want to do this: multi-contracting (breaking it all in to little pieces), integrating certain risk elements or going to the full EPCI. And we do know this is a very young industry. In the oil and gas industry, Brown and Root installed the first pipeline in 1947 and we know it has been nearly three quarters of a century worth of knowledge and experience that got us down to the three big players that remain in the SURF business today which are ourselves, Saipem and TechnipFMC. I can understand this business that is 15/20 years old and there is a lot of forming, storming and norming to go so I am sure that will be people that will learn their lesson. I know one of the big dredgers booked a \$100m hit on a project they took last year. So there are people that will have pain out there as they understand what fixed price contracting looks like in this environment. I think this is a new industry, there are lots and lots of actors on the stage, lots of good actors by the way on the stage, that started from different places. So we can see the lumpiness of the business as Steph talked about and until we start to see the volume coming through in the middle part of this decade then I would hope that at that point people that want to stay in this business, will stay in the business and the people that might choose to exit the business, will exit the business at that point. But we intend to be here and we intend to be part of that future. I think on floating, the important thing today in floating is that at the moment our role has been on the cable lay activities but equally we can see the role if someone needs to fabricate the floating hulls and where does that go to and how do clients want to get that procured. We have a very strong track record in installing spars and different offshore structures in our track record portfolio, so again you can see today that because they are pilot projects they have all been [awarded piecemeal] but we think in the future there will be opportunities again to bring different parts of that together and I think Subsea 7 will take a role in that in due course.

Question from the web: How are you thinking about the returns hurdle in Renewables relative to SURF and the risk differential between the two businesses?

Ricardo Rosa, CFO Subsea 7: I think as I indicated in my presentation we see a number of parallels with our SURF business in terms of the risks associated with EPCI and lump-sum contracting, so the metrics that we are applying particularly on return on average invested capital is identical to the ones we have been applying to our oil and gas business and I think it is valid metric. If, over time, we see that there is a different level of cost of capital perhaps because the industry is viewed as less cyclical, less volatile there is an argument for setting lower hurdle rates. But for

the time being, based on our experience so far, we treat renewables, from an economic perspective, in the same manner as we would any investment in SURF and the oil and gas segment.

Question from the web: Will you take another construction support vessel to work alongside the new cable layer – the Phoenix? If not, why not, when you say that the two vessels solution is key to your competitiveness?

John Evans, CEO Subsea 7: It is a good question, certainly for us it's around the fact that in the market today the Phoenix will be a very interesting cable lay vessel. She was originally built as an internet cable layer and we purchased her on the early 2000's and put her to work in Brazil. So I think she will offer, she has the right type of attributes for this type of work, a good size and good scale to be a good pocket battle ship in this world. I think this is a very good question, that ultimately the Moxie is around processes and procedures that we developed from a walk to work vessel which is, effectively, what the Moxie is. She is probably about as optimised in the industry as it can be but there a number of other walk-to-work vessels on the market that we can charter to complement the Phoenix, I believe. So for us, the core skill was around the cable lay attributes of putting the Phoenix to work in that market but we will make sure that the methodology and the pre-rigging of the equipment and the technologies that we use on the [transition pieces] for winching the wires and such like in place and the cables in place will be the same.

Haakon Amundsen, ABG: Yes, good evening, just a follow-up question on the consideration regarding structure and spin-off. Can you give some more colour on how an optimum and a partial spin-off, as you label it, would look like? I mean in terms of ownership agreements between the two companies, etc.? So, if you could give some more colour on that would be interesting.

John Evans, CEO Subsea 7: Haakon, my answer to the question was that we are open minded and we will look on a regular basis on any merits, at the moment we haven't done that but we will keep that in mind. We can see the interest in the market so I have nothing more to add other than the fact that we are open minded to the merits of looking at the topic but we certainly haven't done any work and we certainly haven't concluded anything.

Sahar Islam, Goldman Sachs: Thank you for taking my question. Can I ask how you think about other green technologies like hydrogen that could potentially be complementary to your offshore wind capabilities?

John Evans, CEO Subsea 7: Hi Sahar, I think as my introduction talked about, we can see that hydrogen certainly will play a part in the energy transition that society undertakes over the next 20 years and we know that there are grey hydrogen, blue hydrogen and green hydrogen. I suspect that the push towards green hydrogen will come towards the end of this decade and green hydrogen will need renewable power such as offshore wind to support it. We've also seen a number of concepts looked at in the market, to have floating hydrogen production, using sea water and floating wind as a way to separate the oxygen and hydrogen so again we can see technologies and different ideas about how to handle that technology is getting a lot of interest in the market. So for us again will be how does that technology crystallise in terms of industrial scale opportunities and from there then what does that mean for Subsea 7. So if it floats and goes offshore, if it is in water or under water, in due course will have a opportunity there. You can see this closed cycle models of floating wind farm offshore, feeding hydrogen plant onshore, that then feeds into a gas grid system to reduce the amount of natural gas in the grid system for domestic and industrial supply, you can then see hydrogen feeding into chemical plants that then gets the CO₂ scrubbed, which then goes to a pipeline to be re-injected offshore. So I guess for us, it's the pipeline capability in CO₂ sequestration that's of interest to us, and bringing that back to an offshore environment and re-injecting it. And for hydrogen we can see the opportunity either producing it offshore or producing the electricity to make green hydrogen in due course.

Sahar Islam, Goldman Sachs: And given that, I guess, it's quite a long term concept, would you be willing to use your balance sheet to do M&A in the nearer term if there are opportunities to add that technology to your portfolio?

John Evans, CEO Subsea 7: We haven't looked specifically at that. I think for us, what we all need to remember is when we first got in to wind 10 years ago a lot of people questioned why on earth are we wasting our time in wind, and why on earth we are wasting our time doing wind work. During the last decade it's been an interesting process for us to be in it and see, but what I have observed in wind is the speed that Steph showed you in his diagram that technology intersecting with commercial regimes and intersecting with politics, intersecting with society demands, has really happened in the last decade. So I think we are very open to the fact that the speed at which we may need to invest in newer technologies, we will be very open to that. We invested in wind ten years ago when everybody told us not to do that, and I am pleased that we have done it because today we have a business from that. So we will look at these new technologies and we will need to see. The question is where do we fit in and where do we add value.

Vlad Sergievskii, Bank of America: Thank you very much, two questions please: just one to John, is it feasible for Subsea 7 to consider broadening its offshore wind offering, adding wind turbine, blades installation and associated services? This segment looks potentially less competitive from a supply-demand stand point. And one for Ricardo please, are there any identifiable factors today that could prevent you from achieving 10% EBITDA margins, a reasonable target for 2021? Thank you.

Ricardo Rosa, CFO Subsea 7: Vlad, the line wasn't particularly clear, but if I understood your question correctly, you are asking if there is any impediment to us achieving the target levels of profitability. I think we emphasized in the course of our discussion that where we really add value to our clients and where we differentiate ourselves, is on the EPCI projects and, as indicated, we are still relatively early in the cycle but we are seeing EPCIs becoming an opportunity, appearing more frequently and we believe we have a very competitive offering and it is a sector we certainly deliver on. We believe also that we have a good handle on the risks both contractual and operational associated with the business and we have done a lot of work to strengthen the resources and expertise that are at disposal of our renewables business unit. I mean, the challenges to achieve the profitability are well known but we believe we are well positioned to be able to meet them and deliver. The first step of course is to establish a solid backlog, which we have done so and now we have, in the next 2 to 3 years, we have to deliver on that backlog and continue winning new work.

John Evans, CEO Subsea 7: And on the question about wind turbine installation, you are right Vlad, there is a different group of players in that sector. As Steph's presentation showed, that generally is contracted in a separate mode, effectively in a charter-type model that they charter the vessel, the wind turbines suppliers, charter someone to go in and do that, the work through a charter type arrangement. For us it is an area that we have not really concentrated on because the packaging of our work is generally through both cables and foundations but, again, it is an area that is complementary and sits to the side of us. And again, the question is if our clients ask for us to do that, we will be interested in talking to them about it but it has not been something that we have historically done in this sector. Our floating assets don't suit that work, that needs to be a jack-up based model but, as I said earlier, we do see the technical advantages of some of this very large jack-ups which can do both foundations and wind turbines work but we certainly have no intention to invest a lot of capex in building one of those at this point.

David Farrell, Credit Suisse: I have two questions, the first one is just in relation to the US market, looks like it is going to grow and be the same size as the UK, does your track record in oil and gas give you any kind of competitive advantage? And can you also talk around the need for Jones Act compliant vessels? And my second question, comes in a form of... obviously you are saying you are in green energy but doing that using vessels that use low sulphur fuel oil. Are you seeing the clients in the renewables business pushing more and more towards different forms of bunkering, say LNG, as we've seen in some of the more recent additions to the offshore wind turbine installation market?

John Evans, CEO Subsea 7: If I'll start with US and Steph can carry on with growth in the US. I guess yes, our oil and gas experience gives us experience with Jones Act and we work in the US under some of the Jones Act for 30+ years. So we do understand Jones Act and how to comply and how to make it work. I think Steph, maybe you can take it from

here, but I think you were very clear in your presentation, despite the pies being the same size, the UK is a very mature market and the US is a very new market. So maybe if you just explain the difference between those two markets.

Steph McNeill, CEO Seaway 7: Sure John, there is obviously a lot of learnings that have got to be established in the US. I would say that working there already does put us... it is a strength, so we are very familiar with working with Jones Act and the restrictions. Obviously in renewables is not exactly the same but there are some similarities. So we do see, going forward, that the solution will be a combination of local vessels and international vessels similar to what we see in the SURF side of business. So yet to evolve fully and we are not clear what is going to happen there, but I do think that our track record in SURF adds a lot of strength and our existing local presence in the US is very useful in that regard. The legislation, the approvals, I think you saw the time frame of where we are, and approvals and consenting and all that kind of stuff is all happening in the US right now and through that and from that we will get greater clarity.

John Evans, CEO Subsea 7: On clients going to LNG, can you answer that question as well Steph.

Steph McNeill, CEO Seaway 7: I think what we see in renewables is similar to what we see in oil and gas, a desire to decarbonise all elements of the society, so for sure there is desire to reduce the CO₂ generation through the development of the field and I wouldn't say we see a greater emphasis in renewables but I do think as John said, we have been pioneers with the work that we have done already in terms of the hybridisation of our vessels. I think the ongoing studies will prove useful. I guess it is technology in its early days and I think we will see progressive adoption in renewables as in the rest of the business and it's a general trend. I don't think it is a particular acceleration on the renewables side today but is something that is coming in all sectors of society.

Mark Wilson, Jefferies: I just wanted to check, in your current backlog, \$2.2bn in renewables, is the billion revenue in there already? Just checking the project phasing. And I think John in Q2 you said we shouldn't expect another Seagreen, in fact you said one of these every two years would be optimal. I am just wondering if you would stick to that comment or would you be expecting to bring another one in earlier in order to get that billion dollar a year profile? Thank you.

John Evans, CEO Subsea 7: We still think we will have those type of projects every two years but we think that the industry will accelerate in due course and this is about where do we think this industry goes from 2020 to 2030 is what today's been about. The speed and the lumpiness is what Steph showed to you at the start, but the next 2 to 3 years is going to be lumpy because we are in a world with different subsidy regimes and different countries are pushing ahead and it depends, as Steph showed you, whether or not a client can get their subsidy regime approved in the contract for difference auctions that take place in mature markets. So for us is very much about - if clients who do like EPCI get the sanctions for their projects, then it is probably ok for us. If they don't, it goes back to be segmented. So you do need to expect quite a bit of lumpiness over the next 3 to 4 years in this market. So I don't think we can draw a nice straight line, what we are trying to show to you is that we believe the direction where we will be going and what this business can achieve. By the time we get to 2025, we will be in a place where that basis and that level should be there and it will go up and it will go down with the different rates of sanctioning in different countries. So for us that's how we view the business. Seagreen next year yes, in our backlog, we will be really heading towards the billion dollars next year in this sector and this about the steps that we are taking. So we've taken a business that is really not returning what we wanted to be, we want to get to 10%, the next year will be a journey along the way, definitely on the way to achieve the 10% next year. But, as we said in Q2, next year is all about procurement in Seagreen, there is not a lot of offshore work in Seagreen next year. So again, it is about how do those things blend together and can we have a consistent mix of T&I, integrated and EPCI, that is really where we want to take this business to by 2025.

Frederik Lunde, Carnegie: Hi again, I was just curious on the floating versus bottom fixed, and how the industry will evolve in particular with the turbines being larger. So are you taking a view on that or are you basically riding two horses? And secondly, Seven Inagha, is that too small to be converted to turbine installation?

John Evans, CEO Subsea 7: Yes, the Inagha is too small, she might be able to do work in ops and maintenance but she is too small to do installation of the turbines. So she was effectively built to do ops and maintenance in Nigeria shallow waters there, so does not fit the bill for turbine installation. I guess your question is a very interesting one there Frederik, about how does floating wind fit with the larger turbines and that again is part of the challenge. One thing that we do know is that as the MW doubles on the turbine side, the fixed foundation does not double. So if you go from 2 MW to 4 MW the weight of the foundations does not double. How this all plays out when you put the very large turbines on a floater and the economics of that, I think this is one of the challenges that the industry actually has, in that the efficiency that you get in fixed, you don't get in floating. And that's why Steph's line, which is the Bloomberg line by the way and Equinor concur with that, is probably by 2030 you will see floating wind and fixed wind are roughly in the same place at the levelized cost of energy. So I think there is a way to go, there is decade to go, how does that work. There is also a term you've seen in today's presentation called 'coupled analysis', which is the relation between the torque in the turbine coming into the foundations. That is one of the biggest interfaces that we take in fixed wind, its the torque coming down from turbines into the foundations. We do know from some of earlier work that has been done in floating wind that as the turbine gets larger there is challenge in how the coupled analysis works. So the industry will work its way through all of that but it is not a quite linear line that you can draw in fixed wind for floating wind. But as I said in my concluding remarks the incredible pace that fixed wind has continuously iterated around turbine sizes, foundations sizes, optimising...Mick's question, how on earth can you guys put twice the MW for the same price in five years, it is the story of fixed wind. So I am sure that floating wind will go down the same path Frederick and I am sure in due course that will work its way out as well. So we are excited about floating wind and I think will come along those paths. I think my advice to anybody that looks at this business, don't under estimate wind, be it fixed wind or floating wind offshore. Steph said I think in his presentation, five years ago we thought that it would take another decade for subsidy-free wind to arrive...and 3 years later we are now installing subsidy free wind. So I think it is very very important the speed in which the industry is adapting and changing is the exciting piece about this industry. So society wants it, the technology can go for it and there is a lot of different actors from a lot of different backgrounds which keeps everybody on their toes, which I think is very very interesting for us as well. So it will come Frederick, I just don't know how it fits together at this point.

Frederik Lunde, Carnegie: and if a could follow-up on that, you speak about the floating wind in emerging markets, do you see that as a threat to the big crane vessels as more work moves to the yards and how does local content come into this, do have plan to team up or establish some sort of foothold in emerging markets?

John Evans, CEO Subsea 7: I think Steph has showed you that we are in the emerging markets of America, Taiwan and France so we are already there. So the key markets that we need to be in the near term emerging wind, we certainly in it. In terms of the distribution where the work goes between crane vessels and fab yards and such like yes it will change with floating wind. But again though, where we are interested in we where we can work with clients that are interested in EPCI capability, big project management, big engineering skills, to bring it all together, and how all these inter-related parts fit together so again we believe we have a part to play in that as well. So yes, it may vary where it goes to, in terms of asset utilisation and such like and that's why as we go in to the bigger crane capacity and such like, again, I don't think in the near term we will be doing very big investments in that front. We showed you today a \$25m investment, that was a no-brainer for us, as we have the vessel on the fleet and she is stacked at the moment. So again, is for us is what Ricardo talked about, we are trying to look at more capital-light model here and how this business expands in the future.

Steph McNeill, CEO Seaway 7: So just to add quickly, we do not see fixed and floating as competing technologies we would expect to see them as complementary technologies. When you look at the acreage available and the growth projections the expectation is that floating would be in addition to fixed so I don't think we will see a reduction in activity in fixed but quite the opposite, we think it will be additional. Floating as well suits particular areas in the world, certain countries, for instance Japan where they have limited near shore shallow water and the fixed capability there is limit I think we will see countries developing fix as much as they can and then also move to floating as well. When

you look at the growing global demand and what we have to do, our expectation would be that will be complementary and both will continue to increase at similar rates.

Question from the web: will you develop any floating wind technology internally or is it better to stick to third party technologies?

John Evans, CEO Subsea 7: that is a very good question, in Philippe's presentation he talks about the fact that we have a minority shareholder stake in Ideol, a French floating wind company and that has been around us being able to understand really from a technology-watch what is happening in there and what the opportunities are. I think it is fair to say that today there are many competing technologies and many different ideas which is exciting, and a lot of people are coming to the party with different ideas. For us at this stage it is around how do you make floating wind economic how does it all fit together because otherwise we will spend a decade doing demonstrator projects and get no further. At this stage we are not tied to any technology and we are open to see how the different technologies start to converge with economics. And when the economics and the technology comes together then I think we will make a decision which way we will go on that front.

James Thompson, JP Morgan: Just a couple from me there John, just want to talk a little bit about the follow-up opportunities, you talked about CAPEX here and the projects as they come, I get a sense of obviously the kind of OPEX side of things from your perspective is fairly minimal, but how do you see this developing in terms of incumbency, do you think there is the same advantage from being on certain projects early? The second question I had I just in terms of that integrated or that BoP type of project, do you have full vessel capability right now to do everything or are there certain aspects, maybe site preparation or something like that, that you have to sub-contract for?

John Evans, CEO Subsea 7: I guess in the balance of plant today we have the key capabilities to install both the foundations and the cables, but yes we use specialist capabilities for boulder removals, site surveys and such like although we have assets that can do some of the boulder removal and cable preparatory work and such like so we feel comfortable that we can cost some of those projects out and execute it, so that is not really an issue for us as we stand today. In terms of incumbency I think what is very interesting is, where the incumbency lies is around the turbine supplier and the turbine is the incumbent technology that sits in place. One thing you have to remember as well, the industry starts from a very different place. About 18 months ago, I spent some time in Denmark with both of the big turbine manufacturers and I asked one of the turbine guys what he thought about O&M and O&M from the oil and gas industry, and he said well O&M started for us guys in Mercedes-Benz sprinter van going to a field in Scotland and fixing something up on the top of tower. So these guys came from a minimalistic onshore world where ops and maintenance in onshore wind is literally a technician in a van getting sent out to fix a turbine somewhere in the middle of nowhere and then they see us in Oil and Gas with the Seven Viking, the one that we showed you, six robot ROVs and ability to deploy manifolds in 1800 m of water or whatever. So today you use crew transfer vessel where people bob around for 4 or 5 hours to get offshore, they then hop along the front go up a ladder and they climb to the top of the tower. So there are many many different places where the ops and maintenance starts. So I think the ops and maintenance has developed in a different way in that industry and it is about again a very tightly regulated cost focus utility mindset. As the field gets bigger you've got 200 turbines you really may want to look what we've seen today with people like Equinor out to bid now for dedicated mimics of the Moxie, which is effectively highly sophisticated walk to work vessels which can keep a crew of 40 people in accommodation where they can move around to different parts of the field so if you've got 200 turbines, you really may want to have a vessel on that field with a walk to work capability and the right technicians on it. So how the ops and maintenance business goes and where it goes to and who leads that work and who are the players, is going to be very interesting for us in the future. As you know we own a ops and maintenance business in the oil and gas world and there is an interest to us there as well, but how that develops will probably work its way out in the next 5 years.