

subsea 7



2014 Citi Global Energy & Utilities Conference

Boston – 14 May 2014

Forward-looking statements

Certain statements made in this announcement 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 2013. 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 and the timely completion of vessel conversion programmes; the impact of laws and regulations; and operating hazards, including spills and environmental damage. Many of these factors are beyond our ability to control or predict. Other unknown or unpredictable factors could also have material adverse effects on our future results. Given these factors, you should not place undue reliance on the forward-looking statements.

Subsea 7 assets and resources

40+
vessels



175+
ROVs



14,000+
people



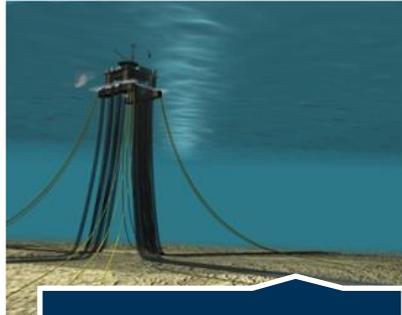
2,000+
engineers



Core business segments

Engineering, construction, installation and procurement of Subsea Umbilicals, Risers and Flowlines.

Subsea 7 targets this segment globally.



SURF



Life-of-Field

Services over the life of a field's production, including inspection, repair and maintenance.

Subsea 7 performs this work in Europe, Africa, Gulf of Mexico and Australia and will target specific countries.

Fabrication and installation of fixed platforms (topsides and jackets) and their associated pipelines in non-harsh environments.

Subsea 7 targets this segment in Africa. Entry into Mexico considered for positioning for deep water.



Conventional



Hook Up

Addition of modules on new platforms and refurbishment of topsides of an existing platform or FPSO.

Subsea 7 has traditionally only targeted this segment in Africa.

Complementary business segments

SHL JV

Seaway Heavy Lifting:
Engineering, construction, installation and procurement of offshore turbines and cables for wind farms.

Western Europe only
(at this stage).

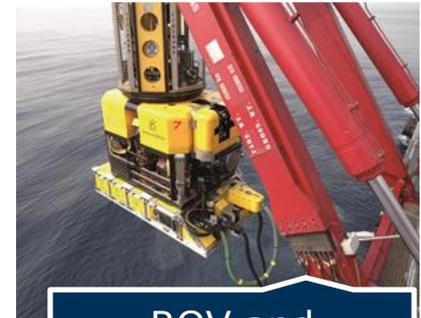


Renewables

i-Tech

ROV and intervention tooling support services - onboard semis, drill ships, jackups, platforms, FPSOs, anchor handling tugs and FSVs.

Subsea 7 targets this work globally.



ROV and Intervention

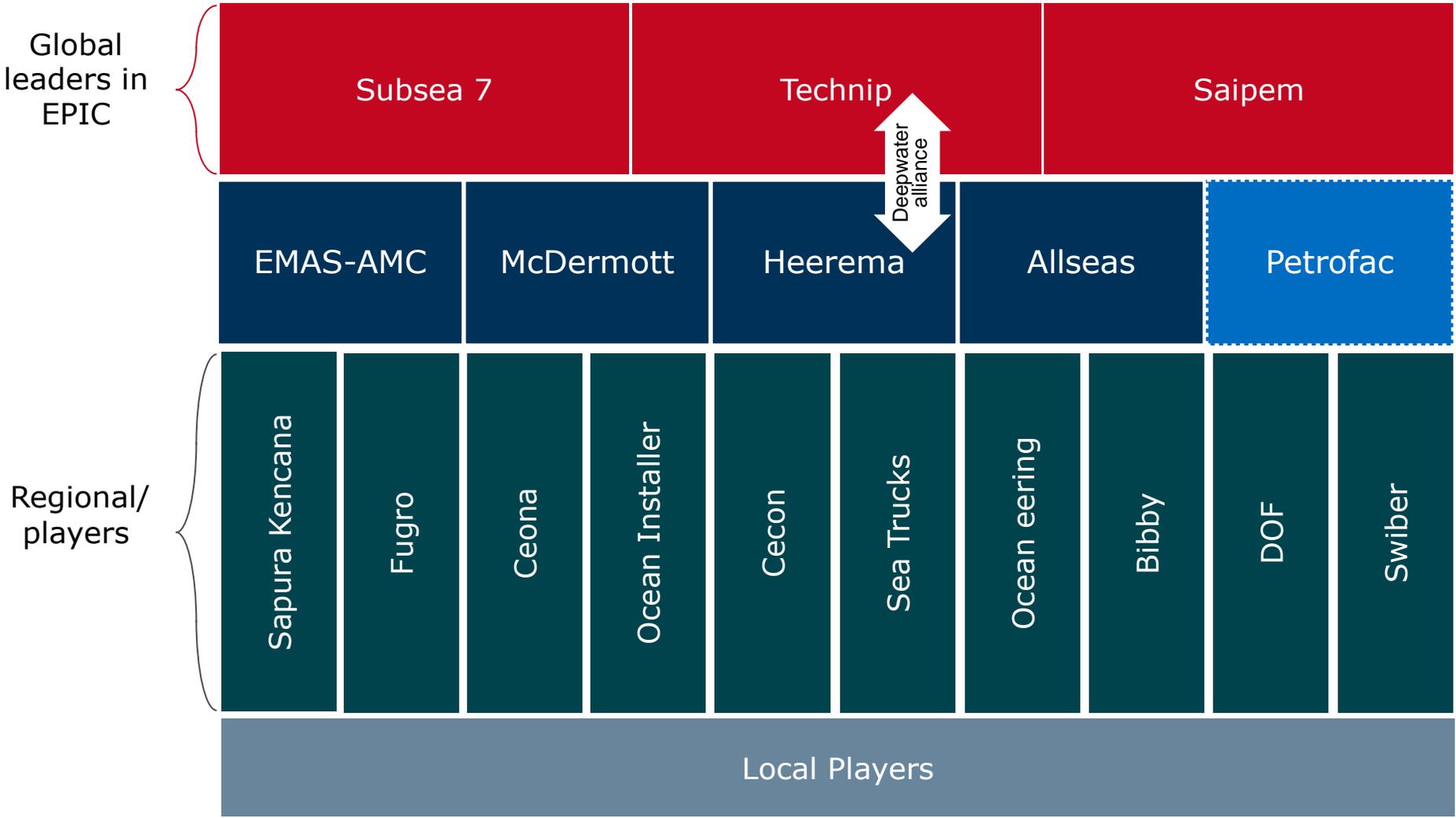


Decommissioning



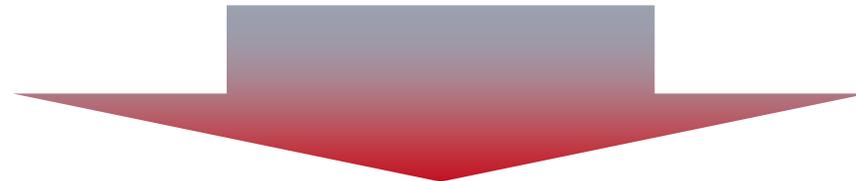
Heavy Lift

Competitors in SURF and Life-of-Field



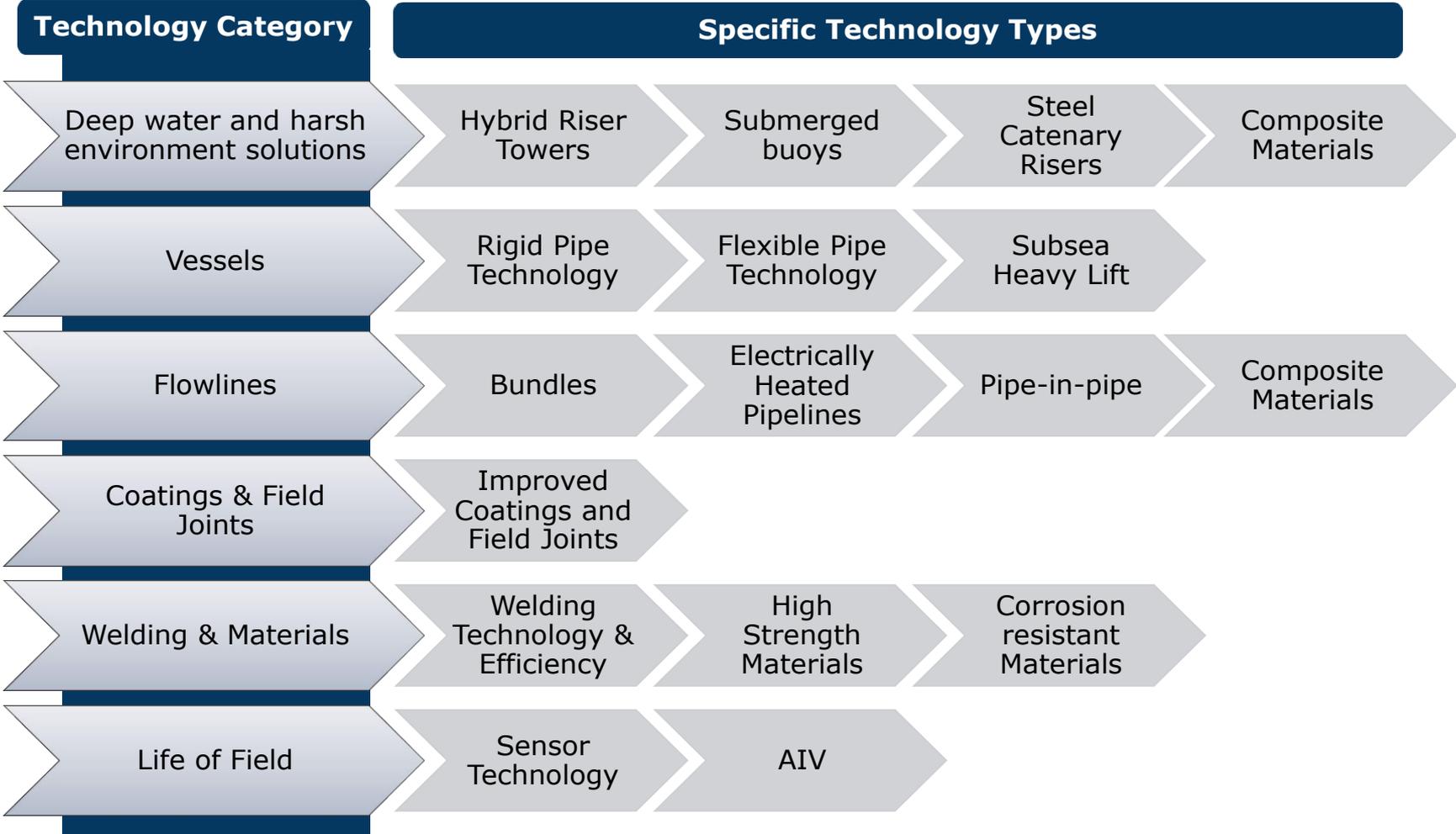
Competitive advantage in SURF is multi-faceted

CHALLENGES	DEGREE
Access to capital	Medium
Vessels	Medium (high in ultra deep water)
Technology	High (in deep water, harsh environment)
Engineering and project management processes	High
Market positioning	High
Knowhow, people, track record	High
Local content (Africa)	High



Challenges remain high for large or technology-rich SURF projects

Subsea 7's technology leadership



Subsea 7 technology and know-how covers the entire range of activities

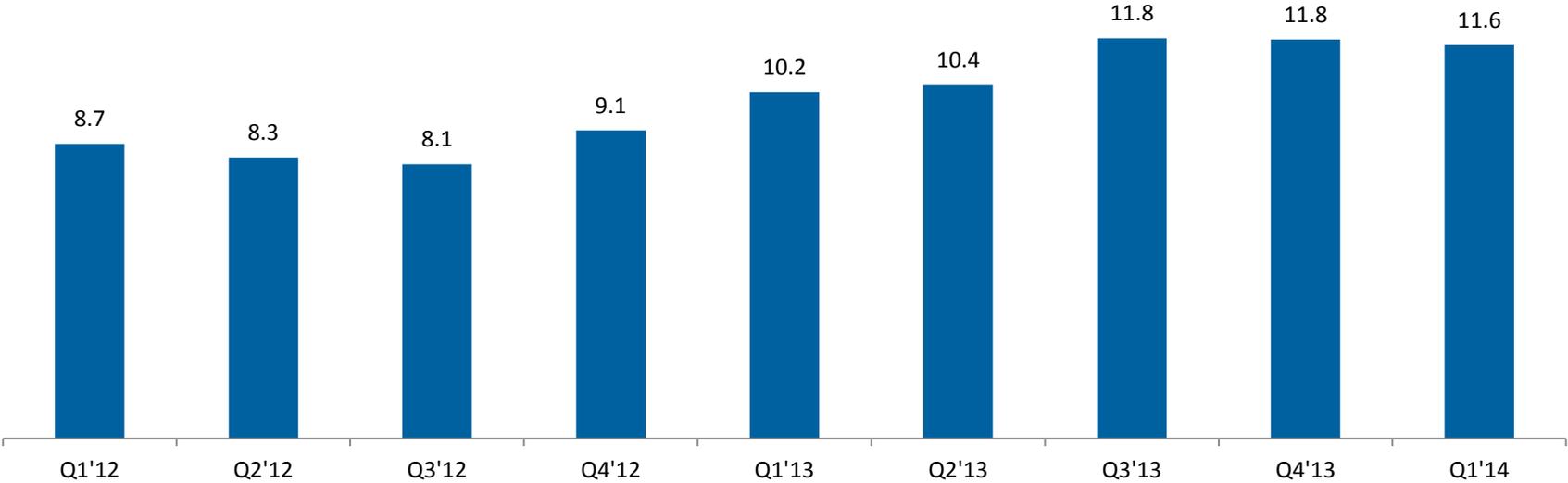
Addressing clients' needs in a capex-constrained environment

Helping to reduce the cost of our clients' projects

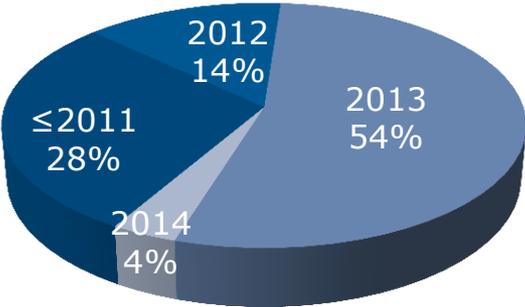
- Early engagement to define optimal technical and cost-effective options
- Technology-driven solutions
- Focus on “fit-for-purpose” engineering without compromising risk profile
- Integrated project teams of Subsea 7 and client personnel
- Optimised commercial and risk-sharing model

Quality backlog - good spread by geography and contract mix

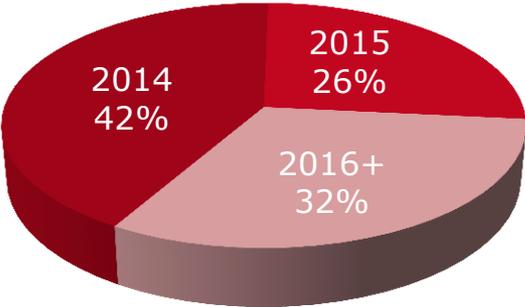
Backlog progression (\$ billions)



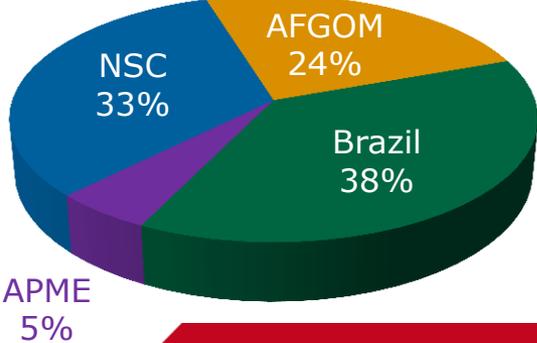
Backlog by Award Date



Backlog by Execution Date



Backlog by Territory

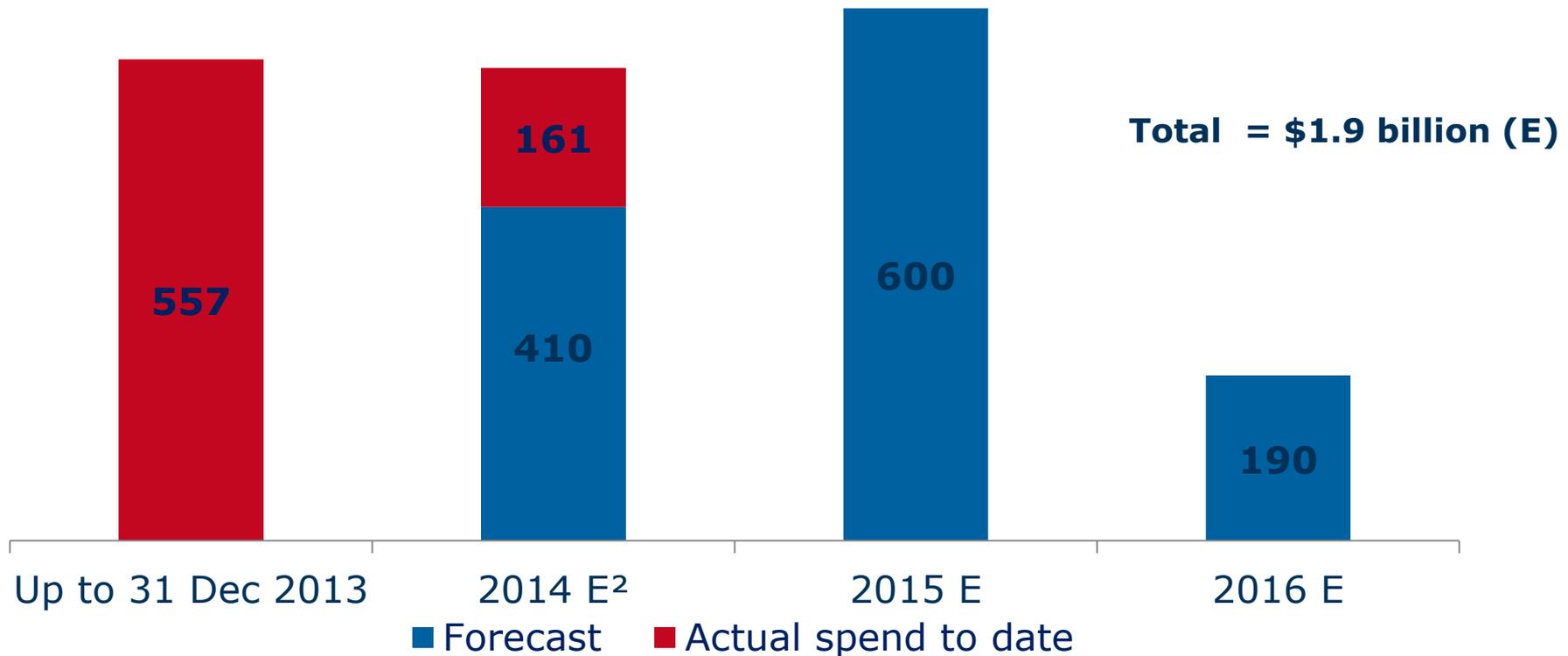


Fleet investments to meet growth objectives: vessels under construction

Ship	Vessel Type	Rationale	Operational
	<p>Seven Waves</p> <p>Pipelay Support Vessel (PLSV)</p>	<p>Under 5-year contract with Petrobras</p>	<p>2nd Quarter 2014</p> <p>(commencing operations for Petrobras mid May)</p>
	<p>Seven Sun Seven Rio Seven Cruzeiro</p> <p>(PLSVs 2, 3 & 4)</p>	<p>Under 5-year contracts with Petrobras</p>	<p>4th Quarter 2015 2nd Quarter 2016 4th Quarter 2016</p>
	<p>Seven Kestrel</p> <p>Diving Support Vessel (DSV)</p>	<p>Fleet replacement investment for growing market</p>	<p>4th Quarter 2015</p>
	<p>Seven Arctic</p> <p>Heavy Construction Vessel (HCV) 900T crane</p>	<p>Strategic investment; enabling for seabed compression/separation/production module installation</p>	<p>1st Quarter 2016</p>

Capital expenditure for on-going vessel new-build programme¹

\$ millions



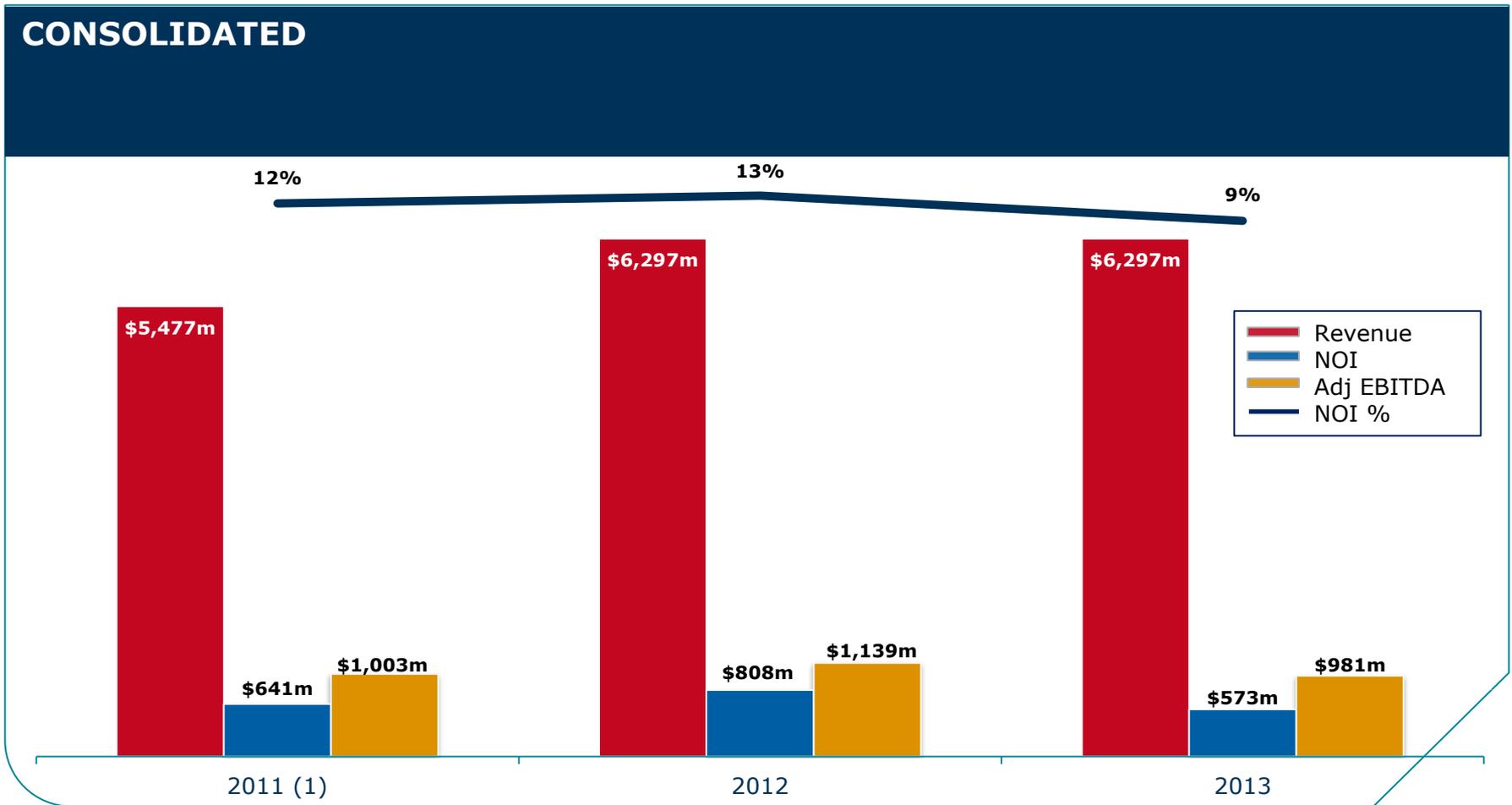
Notes:

1 Includes four PLSVs being constructed for long-term contracts with Petrobras (including the *Seven Waves*), and construction of the *Seven Arctic* and the *Seven Kestrel*. Amounts include an estimate for interest which will be capitalised during construction.

2 The guidance for total capex for 2014 is \$900 million - \$1.0 billion, including operating capex and other equipment/facilities.

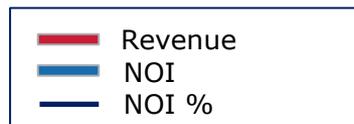
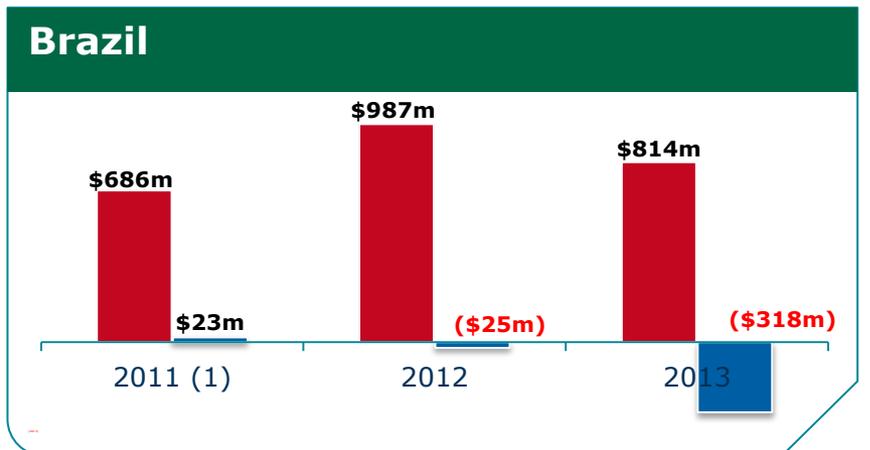
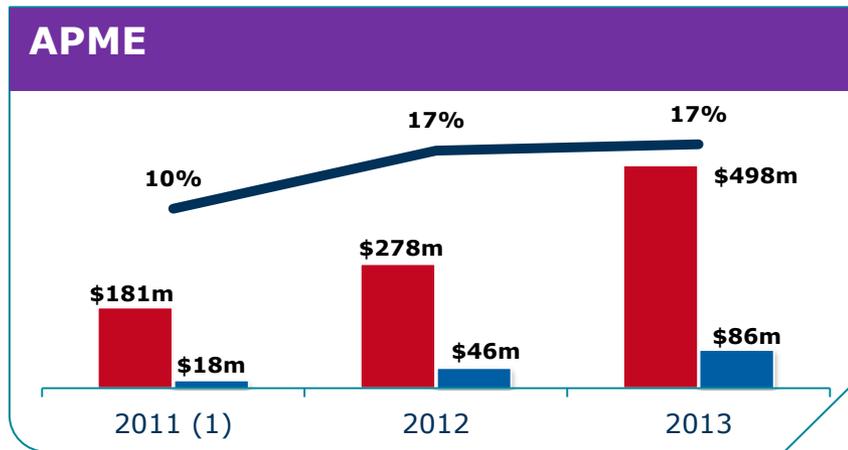
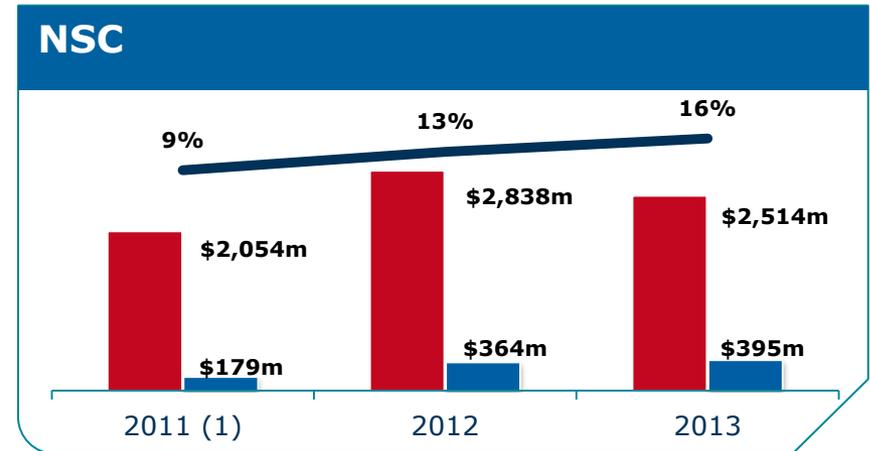
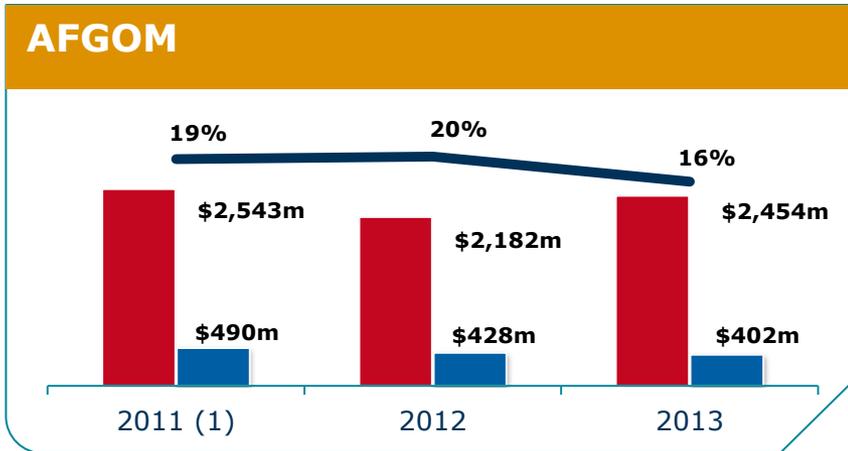
E = estimated

Company financial performance history



(1) 2011 is based on 13 months results

Territory financial performance history



(1) 2011 is based on 13 months results

Guará-Lula NE project update

- Good operational progress in late 2013 / early 2014
- All “new technology/technically difficult” steps have been completed at least once
- Three submerged buoys (BSRs) installed; fourth (and final) BSR expected to be installed in Q2
- Riser installation on-going
 - Eight of 27 risers installed to date
- Oil is being produced from the first installed BSR
- The *Seven Polaris* and the *Aker Wayfarer* expected to be demobilised from the project in Q2 2014
- Project expected to be completed late 2014

Brazil: PLSVs – foundation for the future

Vessel	Contract/Renewal Start	Duration (years)	Approximate Total Contract Value ¹ (US\$m)
Normand Seven	Q4 13	4.8 (to Q3 2018)	400
Kommandor 3000	Q2 13	5.0 (to Q2 2018)	350
Seven Phoenix	Q3 13	5.0 (to Q3 2018)	450
Seven Condor	Q3 14	3.4 (to Q1 2018)	275
Seven Mar	Q4 13	3.0 (to Q4 2016)	290
Seven Seas	Q3 13	1.6 (to Q1 2015)	250
Seven Waves	Q2 14	5.0 (to Q2 2019)	500
Seven Sun, Rio and Cruzeiro	Q4 15 – Q4 16	5.0	1,600

¹Values are per the date of respective award and represent approximate gross revenue

Market overview

Tendering activity is high; however, the timing of some large contract awards remains uncertain

- SURF: strong tendering activity in the North Sea, Africa, Gulf of Mexico and Asia
- Life-of-Field: strong demand, particularly in the UK sector of the North Sea
- Conventional: the activity of IOCs in West Africa is expected to grow in spite of the current lull

2014 outlook

AFGOM

- Africa
 - SURF: high tendering activity in West and East Africa; timing of large project market awards remains uncertain
 - Conventional: lack of short-term visibility on timing of IOCs' activity growth in Nigeria
- Gulf of Mexico
 - High tendering activity for small and medium-size SURF projects
 - Opportunities to extend Life-of-Field activities

APME

- Asia
 - Potential for large SURF project market awards late in 2014
- Australia
 - High local costs create challenges for operators, delaying new large project market awards

2014 outlook

Brazil

- Guar-Lula NE project: good operational progress thus far in 2014
 - All four buoys to be fully installed by end of Q2
 - Riser installation and other offshore operations to be completed by late Q4
- The *Seven Waves* (PLSV) five-year contract to commence in Q2
- Territory financial turn-around on track, driven by cost reductions, new organisational structure and benefits of PLSV contract renewals

2014 outlook

NSC

- SURF:
 - High level of tendering activity; timing of large project market awards remains somewhat uncertain
 - Our technology remains a key differentiator: strong interest from operators for our Bundle solution
 - Deployment of the *Seven Oceans* and the *Skandi Acergy* outside the North Sea tempers the Territory's revenue growth potential
- Life-of-Field:
 - Continuing strong demand for our Life-of-Field solutions driven by the flexibility provided by our fleet and engineering resources

Joint Ventures

- Contribution from Seaway Heavy Lifting and SapuraAcergy joint ventures expected to diminish compared to record high 2013 levels

Financial liquidity and cash returns to shareholders

- Robust balance sheet
- Strong operational cashflow generation
- Investment grade debt metrics
- Revolving credit facility and three bilateral lines = \$400 million in committed borrowing capacity (currently unused)
- Share repurchase programme continuing:
 - \$176 million of \$200 million authorisation executed through 30 April 2014 (9.4 million shares repurchased)
- NOK 3.60 per share cash dividend proposed in respect of 2013 (payable in July 2014, subject to shareholder approval)
- Following the dividend payable in 2014, nearly \$1 billion will have been returned to shareholders from cash dividends and share repurchases since the merger in 2011

Summary

- Good start to 2014, with increased revenue, Adjusted EBITDA, net income and EPS in Q1 compared to the prior year first quarter
- Strong order backlog of \$11.6 billion at end of first quarter
- Brazil turnaround on track, supported by the renewal of existing PLSV contracts, deployment of the *Seven Waves* in Q2 and cost reduction initiatives
- Unchanged financial guidance for the full year 2014
- No change in market fundamentals: we remain positive on the medium- and long-term market prospects
- Subsea 7 well positioned to prosper from market trends

Appendix

Income statement Q1 2014 – key highlights

In \$ millions, unless otherwise indicated	Three months ended	
	31 Mar 14	31 Mar 13
Revenue	1,668	1,467
Net operating income (NOI)	166	154
Income before taxes	173	158
Taxation	(36)	(26)
Net income	137	132
Adjusted EBITDA ¹	264	241
Adjusted EBITDA margin	15.8%	16.4%
Diluted earning per share	\$0.41	\$0.37
Weighted average number of common shares ²	376.0	396.4

¹ Adjusted EBITDA defined in Appendix

² In Q1'14, the 2014 and 2017 convertible bonds were dilutive

Overview of Q1 2014 cash flow

	\$ millions	
Cash and cash equivalents at 31 Dec 2013	650	
Net cash generated from operating activities	257	<i>Includes decrease in net operating assets of \$70m</i>
Net cash flow used in investing activities	(271)	<i>Includes capital expenditure of \$288m mainly on new vessel construction programme</i>
Net cash flow used in financing activities	(73)	<i>Includes \$71m on shares repurchased</i>
Other movements	(25)	
Cash and cash equivalents at 31 Mar 2014	538	

Summary balance sheet

In \$ millions	31 Mar 2014	31 Dec 2013	In \$ millions	31 Mar 2014	31 Dec 2013
<u>Assets</u>			<u>Equity & Liabilities</u>		
Non-current assets			Total equity	6,728	6,612
Goodwill	2,609	2,585	Non-current liabilities		
Property, plant and equipment	4,291	4,098	Non-current portion of borrowings	640	636
Other non-current assets	538	538	Other non-current liabilities	256	259
Total non-current assets	7,438	7,221	Total non-current liabilities	896	895
Current assets			Current liabilities		
Trade and other receivables	1,039	1,008	Trade and other liabilities	1,786	1,637
Assets classified as held for sale	394	395	Current portion of borrowings	275	275
Construction contracts - assets	622	575	Liabilities associated with assets held for sale	213	195
Other accrued income and prepaid expenses	377	404	Construction contracts - liabilities	492	601
Cash and cash equivalents	538	650	Deferred revenue	5	3
Other current assets	109	104	Other current liabilities	122	139
Total current assets	3,079	3,136	Total current liabilities	2,893	2,850
Total assets	10,517	10,357	Total liabilities	3,789	3,745
			Total equity & liabilities	10,517	10,357

Income statement – supplementary details

In \$ millions	Three months ended	
	31 Mar 14	31 Mar 13
Administrative expenses	(81)	(76)
Share of net income of associates and joint ventures	16	16
Net operating income	166	154
Finance costs net of finance income	(1)	(18)
Other gains and losses	8	21
Income before taxes	173	158
Taxation	(36)	(26)
Net income	137	132
Net income attributable to:		
Shareholders of the parent company	153	134
Non-controlling interests	(16)	(2)
	137	132

Segmental analysis

For the three months ended 31 March 2014

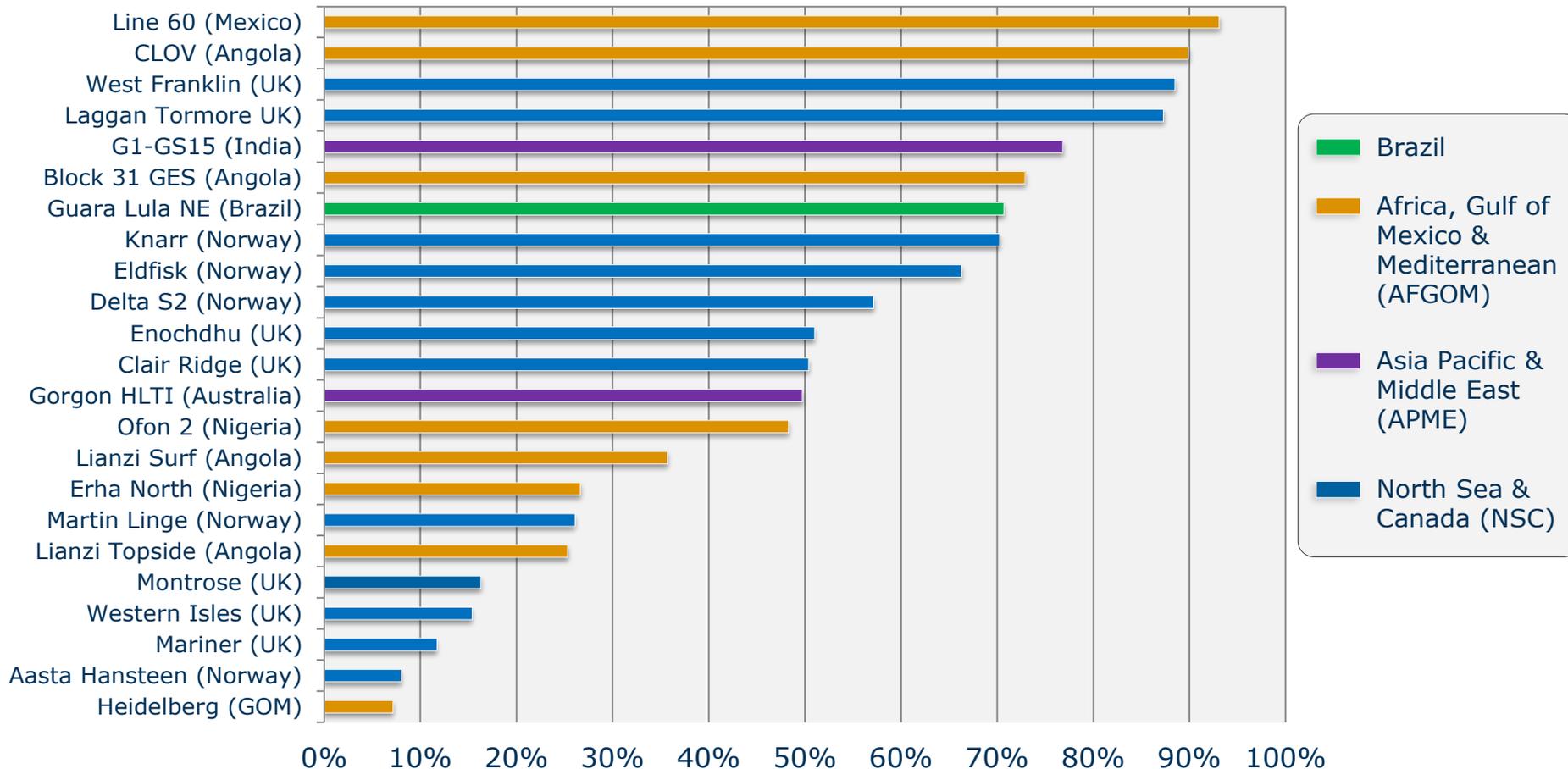
In \$ millions	AFGOM	APME	BRAZIL	NSC	CORP	TOTAL
Revenue	669	205	231	558	5	1,668
Net operating income/(loss) from ops	77	11	19	73	(14)	166
Finance income						4
Other gains and losses						8
Finance costs						(5)
Income before taxes						173

For the three months ended 31 March 2013

In \$ millions	AFGOM	APME	BRAZIL	NSC	CORP	TOTAL
Revenue	529	123	217	596	2	1,467
Net operating income/(loss) from ops	86	15	(22)	85	(10)	154
Finance income						7
Other gains and losses						21
Finance costs						(25)
Income before taxes						158

Major project progression

Continuing projects >\$100m between 5% and 95% complete as at 31 March 2014
excl. PLSVs and Life-of-Field day-rate contracts



2014 financial guidance

No change to previously communicated guidance (repeated below), other than lower expected effective tax rate

- Group revenue expected to increase from 2013 level
- Adjusted EBITDA expected to increase moderately from that achieved in 2013 after adding back the \$355 million full life loss provision recognised on the Guar-Lula NE project
- Capex: \$900 million - \$1.0 billion, comprising
 - \$560-590 million for the six new-build vessels under construction
 - \$220-250 million for operating capex (existing fleet)
 - \$120-160 million for vessel enhancements, i-Tech ROVs, offshore equipment and onshore facilities
- Other net income related guidance
 - Administrative expenses: \$300-320 million
 - Net finance costs: less than \$10 million
 - Depreciation and amortisation expense: \$400-430 million
 - Full year 2014 effective tax rate: 27-29% (down from 29-31%)

Gorgon heavy lift and umbilicals - Australia



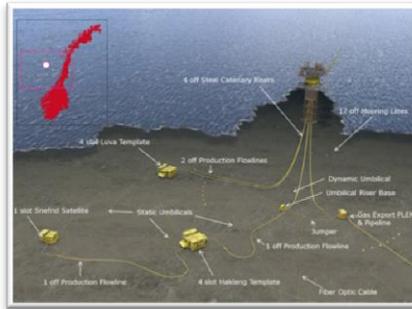
- Located 130km off the northwest coast of Western Australia
- The Gorgon project is one of the world's largest natural gas projects
- Heaviest and deepest subsea lifts in the history of Subsea 7
 - 20 subsea structures and foundations (up to circa 1,000Te), 15 heavy spools (up to circa 200Te), in water depths up to 1,300m
- Installation of the Gorgon (59km) and Jansz (136km) umbilicals

CLOV Block 17 - Angola



- Technology-rich SURF project
- High local content with Sonamet fabrication facility
- Successful deployment of the *Seven Borealis* to install
 - 40km of pipe-in-pipe production, 60km of water injection, 32km of gas export, and 37 spools and 15 jumpers
- Two Hybrid Riser Towers and a Single Hybrid Riser at the end of the gas export line using proprietary bundle/riser technology

Aasta Hansteen gas field - Norway



- Technology-rich SURF project
- 1,200m water depth, deepest in North Sea
- 300km off northern Norway, harsh environment
- First SCRs (x4) in the Norwegian Sea, manufactured at Vigra spoolbase
- First installation of BUTTING Bubi® mechanically lined pipe by reeling in the North Sea – using the *Seven Oceans*
- New permanent office set up in Tromsø, Northern Norway

Hybrid Riser Tower (HRT)

Brief Description

Tower assembly of multiple risers; manufactured onshore and installed by towing as a single structure

Application

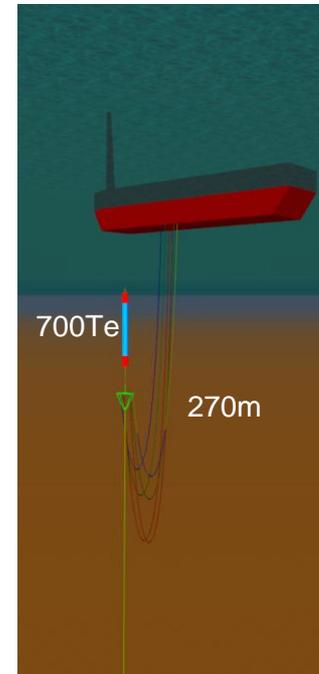
The HRT is applicable to most future deepwater developments.

Latest development targeted for greater depth and enhanced architecture

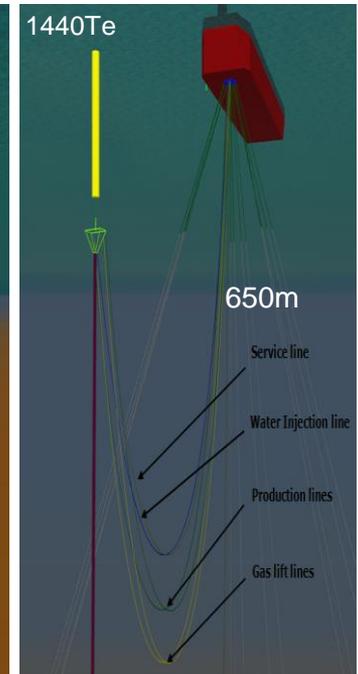
Partners

Numerous key technology companies support us with this solution

Total CLOV (1200msw)



Prospect (1650msw)



1998

First Riser Tower installed on Girassol project

2012

Study initiated to apply technology to deeper water depths and to reduce costs

Buoy Supported Riser (BSR)

Brief Description

A submerged buoy anchored to the seabed.

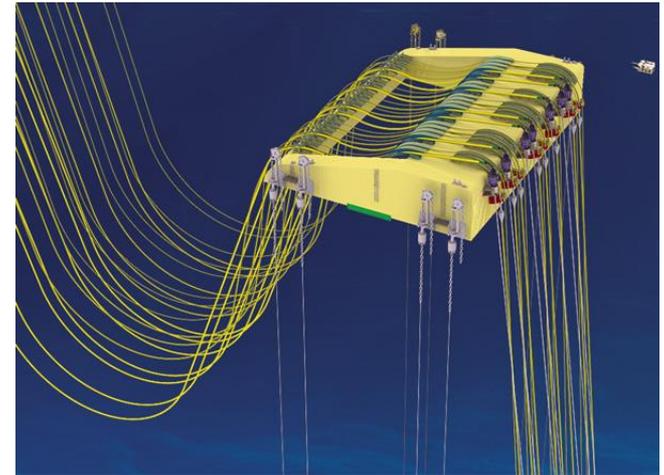
Steel Catenary Risers laid between seabed and buoy and flexible jumpers laid between buoy and FPSO.

Application

The BSR is being installed on Guar-Lula NE project in Brazil

Partners

Numerous technology companies partnering us with this solution



2009

Guar-Lula NE design competition



2009
-
2012

Concept design, engineering and fabrication



2013

Installation of buoy



High-performance pipe-in-pipe

Brief Description

A pipe-in-pipe system providing high thermal insulation for subsea oil and gas transportation. Utilisation of partial vacuum in combination with Isoflex insulation material

Application

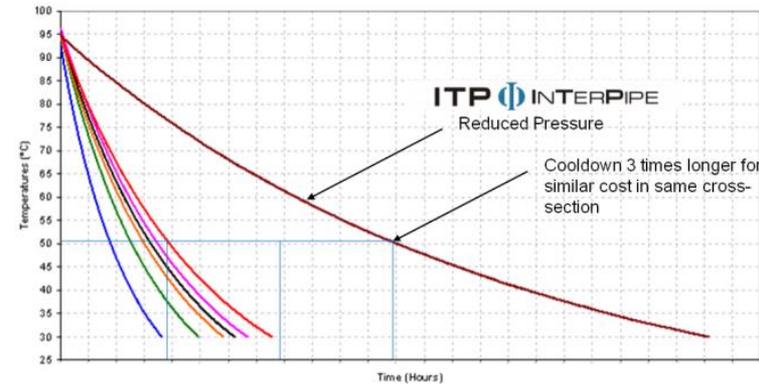
Subsea pipelines which require high thermal insulation such as long distance tie-backs

Partners

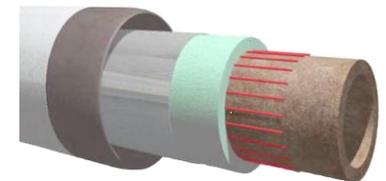
ITP - exclusive agreement



Post Bending Cooldown Test Results Comparison



PIP Sample



Electrically Heated PIP

2005
-
2008

Development and qualification of high performance pipe-in-pipe



2009
-
2011

Development of electrically heated pipe-in-pipe



2012

DNV Qualification "Fit for Service"



Reel-lay of Mechanically Lined Pipe (BuBi)

Brief Description

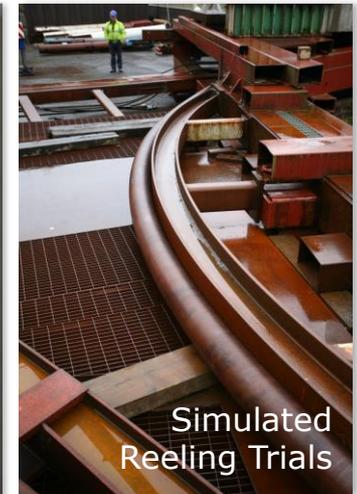
Use of BuBi® Mechanically Lined Pipe offers significant savings compared with Corrosion Resistant Alloy (CRA).

Application

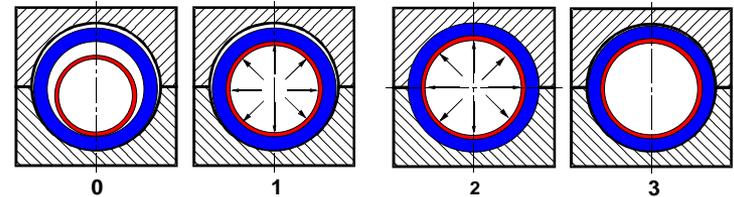
World's first award on a Petrobras Pre-Salt project (Guará-Lula), ongoing discussion with other clients.

Partners

BUTTING - exclusive agreement



Liner Expansion stages during construction



2008

Finite element analysis and reeling trials commenced



Q4 2011

Full scale fatigue testing performed



Q1 2012

DNV qualification "Fit for Service"



Towed bundles

Brief Description

Towed integrated assembly of flowlines and service lines/control cables etc. contained within an outer carrier pipe. Dedicated end terminations c/w manifolds, valves etc. as required by the project.

Application

Mainly North Sea subsea production systems tie backs. Towed from our fabrication facility in Wick Scotland.

Partners

Numerous technology companies partnering us with this solution



1978

First Bundle installed in North Sea

1995

First use of BuBi[®] mechanical lined pipe – BP Cyrus project

2012

Approximately 70 Bundles installed to date with over 150km BuBi pipe utilised

Autonomous Inspection Vehicle (AIV)

Brief Description

A game changing inspection system comprising an autonomous vehicle without a tether (which enhances manoeuvrability), has an array of navigation tools and sensors and is powered by its onboard battery source

Application

Can be deployed from FPSO (avoiding the need for a separate support vessel), or multiple deployment from support vessel.

Partners

Seebyte technology



2007
-
2010

Early technology and feasibility evaluations



2010
-
2011

AIV development program started



2012
-
2013

Complete offshore trials and Mk1 ready for use



Our operational facilities

Spoolbases

Luanda Spoolbase, Angola



Port Isabel Spoolbase, USA



Ubu Spoolbase, Brazil



Vigra Spoolbase, Norway



Leith Spoolbase, UK



Fabrication Yards

Sonamet Lobito, Angola



Warri, Nigeria



Wick Fabrication Site, UK



Rigid pipelay/heavy lift assets

Seven Borealis



Seven Oceans



Seven Navica



Seven Polaris



Seven Antares



Sapura 3000¹



Oleg Strashnov¹



Stanislav Yudin¹



¹ Owned and operated by a joint venture

Diving Support Vessels

*Seven Falcon*¹



Seven Atlantic



Seven Pelican



Seven Discovery



Seven Osprey



Rockwater 1



Rockwater 2



¹ Formerly *Seven Havila*

Construction/vertical flex-lay assets

Seven Seas



Seven Pacific



Seven Eagle



Seven Mar



Seven Phoenix



Skandi Neptune ¹



Skandi Seven ¹



Normand Oceanic ²



Skandi Acergy ¹



1 Long-term charter
 2 Long-term charter from a vessel-owning joint venture

Construction/horizontal flex-lay assets

Seven Condor



*Simar Esperança*¹



*Normand Seven*²



Kommandor 3000



*Subsea Viking*²



1 Formerly the *Seven Sisters*
2 Long-term charter

Life-of-Field/Light Construction Vessels

Seven Viking ¹



Seven Petrol



Acergy Viking ²



Havila Subsea ²



Normand Subsea ²



Grant Candies ³



- 1 Long-term charter from a vessel-owning joint venture
- 2 Long-term charter
- 3 Call-out contract

Other assets

Jack-up vessel

Seven Inagha



Trenching vessel

Skandi Skansen ¹



... and over 175 ROVs

Work class ROVs (60+)



Observation class ROVs (15+)



Drilling ROVs i-Tech (100+)



1 Long-term charter

Under construction

Construction/Vertical Flex-lay Vessels

Seven Arctic



Seven Waves



Seven Cruzeiro



Seven Rio



Seven Sun



Diving Support Vessel

Seven Kestrel



Vessel Divestments from 2011 to the end of Q1 2014

Rigid Pipelay / Construction:



Jun 2011

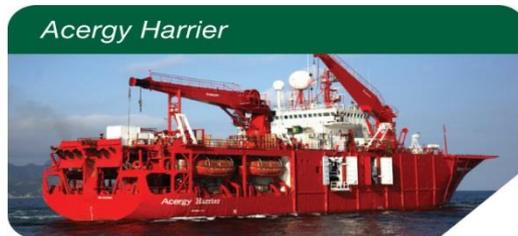


Sep 2011



Jan 2013

DSV:



Jan 2013



Aug 2013

Construction / Horizontal Flex-lay:

LOF / Light Construction:



Aug 2011



Feb 2013

Terminated Long Term Vessel Charters from 2011 to the end of Q1 2014

DSV:



May 2011

LOF / Light Construction:



Dec 2012



Jan 2014



Jan 2014



Mar 2014



seabed-to-surface

www.subsea7.com