

Our Vision for the future

Delivering our strategic priorities with an emphasis on people and a focus on profitability.

Subsea 7's Vision is to lead the way in the delivery of offshore projects and services for the energy industry. To achieve this we are concentrating on delivering the Subsea Field of the Future based on superior technical solutions delivered collaboratively in response to the needs of our clients. We are also preparing for the opportunities and risks related to the transition to lower carbon energy.

Subsea Field of the Future – delivering for our clients

Our ambition for the Subsea Field of the Future is based on four pillars:

Early engagement and partnership

Early engagement and partnership capabilities are key requirements for future competitive positioning in the market, and an opportunity for differentiation and delivery of improved profitability. By shaping project solutions to exploit differentiated proprietary products and technology and collaborative partnership agreements, Subsea 7 can deliver the best solutions with shared benefits.

Systems and products

Developing the best proprietary technology and seeking opportunities to standardise and modularise will differentiate Subsea 7's solutions and facilitate a shift toward a full field lifecycle cost approach thereby achieving the best long-term return on investment for our clients.

Integrated SPS-SURF solutions

Integrated SPS-SURF has become a critical element of greenfield oil and gas projects and latest market data suggest half of all greenfield contract awards in 2019 were on an integrated basis. The advantage of integration is better solutions for our clients and Subsea 7's Subsea Integration Alliance with OneSubsea cements our position in the top tier of the sector.

Digital delivery and services

The digital agenda extends across many areas of our project delivery and service offering, representing significant opportunity to increase the efficiency of our execution and develop new digital service offerings and solutions for our clients.

Energy transition to lower carbon solutions

Actively engaging in the transition to lower carbon energy enables us to more closely align with one of the key priorities of a significant, and likely increasing, portion of our client and shareholder base and be well positioned for longer-term opportunities.

Oil and gas markets

Through our early engagement and proprietary technology we are able to help our clients lower the carbon footprint of their oil and gas fields, reducing CO₂ emissions per unit of oil and gas produced. We are also seeking to lower our carbon footprint with initiatives to reduce fuel consumption and increase the efficiency of our operations.

Renewables

Subsea 7 has been providing services to the offshore wind farm market for over ten years and has developed a strong reputation for safe, reliable and cost-effective solutions. Our expertise in foundations and cable-lay services as well as project management, procurement and engineering have helped to lower the cost of wind farm developments.

Delivering our strategic Vision in 2019

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

Subsea 7 has invested throughout the cycle in strategic opportunities, in order to accomplish its vision of leading the way in the delivery of offshore projects and services for the energy industry. Across our three operational business units we provide our clients with the best solutions at every stage of the lifecycle.

In 2019 our early engagement, integrated solutions and proprietary SURF technology helped to lower the cost of developments and secure greenfield project awards at the FEED and EPIC stages. In Renewables and Heavy Lifting, we developed our global expansion strategy by establishing our position in Taiwan and establishing a presence in the US. In Life of Field, our digitalisation programme progressed well with the launch of onshore control ROV centres in the UK and Norway.

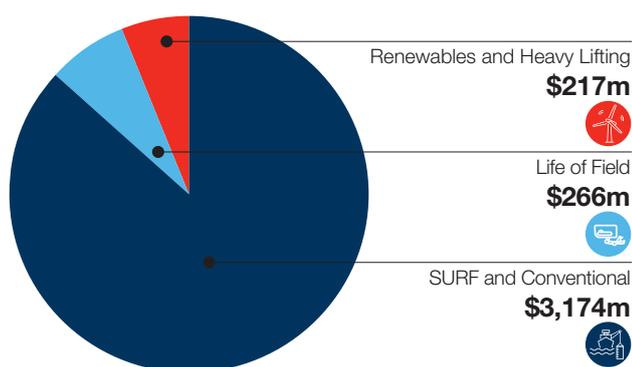
Delivering across our segments

Subsea 7 structures itself around its diversified strengths, operating across three operational business units: SURF and Conventional, Life of Field and Renewables and Heavy Lifting.

Group revenue

\$3,657m

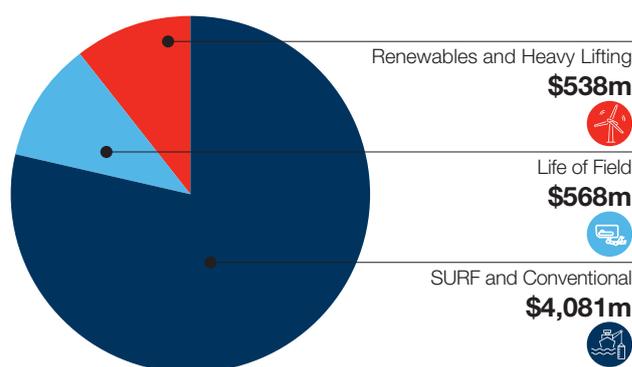
(2018: \$4,074m)



Backlog

\$5,187m

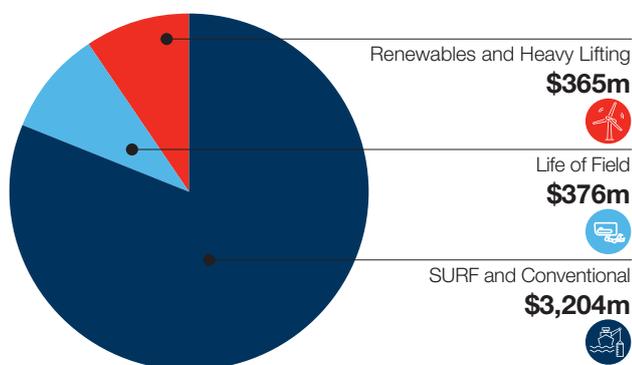
(2018: \$4,907m)



Order intake

\$3,945m

(2018: \$3,984m)



2019 strategic highlights

- Deepwater projects with lower breakeven oil and gas prices tendered and awarded in various geographies. \$3.6 billion of new awards and escalations related to oil and gas developments in 2019.
- New, technology-enabled, brownfield developments with the first three projects to utilise EHTF technology now underway.
- Middle East presence consolidated with high volumes of tendering activity and over \$900 million of new work awarded in the year.
- Confirmed as leading supplier of integrated solutions through Subsea Integration Alliance, with greenfield FEED and EPIC awards for projects in Africa, Brazil and Australia.
- Successful entry into the Asian wind farm market with two projects awarded offshore Taiwan.
- Targeted investment in early engagement and digitalisation with the acquisitions of Xodus and 4Subsea.

SURF and Conventional

subsea 7

Our SURF and Conventional business unit is a world leader in delivering complex offshore projects to the constantly evolving energy industry.

Subsea 7 offers full lifecycle solutions for Subsea Umbilicals, Risers and Flowlines (SURF) projects in all water depths and subsea environments. It also has a portfolio of conventional projects that includes fabrication, installation, extension and refurbishment of energy infrastructure in shallow water locations.

Our aim is to deliver the right solution to maximise our clients' returns, improving the field development economics. This is achieved through our extensive expertise in design, engineering, fabrication and installation of offshore projects. By engaging with our clients in the early stage of the field development process, this expertise is used to select the optimal solution to unlock the full economic potential of the field. Xodus, recently acquired by the Group, together with Subsea 7's Field Development Group, increase our strength in early engagement capabilities by providing leading expertise in Front End Engineering Design (FEED).

Early engagement reaches its full potential when combined with the integrated delivery model. Subsea Integration Alliance (SIA), an alliance between Subsea 7 and OneSubsea, offers fully integrated solutions that aggregate SURF services provided by Subsea 7 with Subsea Production Systems (SPS) offered by OneSubsea. SIA was established in 2015 and its goal is to provide total field lifecycle solutions from concept definition through the life of the field, by applying complementary technology and expertise.

We have seen a rapid increase in awards using the integrated model, with 57% of greenfield projects awarded to market in 2019 being integrated. Subsea 7, with Subsea Integration Alliance, is well positioned to take a healthy share of this market. With 12 projects awarded to date, SIA has been particularly successful in winning large greenfield projects that can benefit from our combined early engagement capabilities and technology portfolio. Mad Dog Phase 2, Sangomar, Julimar, Scarborough and, most recently Bacalhau, the

first ever integrated project in Brazil, are all good examples of this success.

Technology is one of the key enablers in the gradually recovering oil and gas market and we have been at the forefront of this initiative by expanding the technological boundaries of subsea engineering to find new and more efficient ways to develop fields. This can be seen in our proprietary technology, the Electrically Heat Traced Flowline (EHTF), that was developed to improve the economics of marginal fields and enable long distance tie-backs which would not previously have been possible. EHTF technology has been instrumental in winning work such as the Ærfugl Phase 1 and Phase 2 projects for Aker BP in Norway and the Manuel project for BP in the US Gulf of Mexico. All three projects progressed well in 2019 with trials and qualification resulting in the commencement of onshore fabrication by the end of the year, in preparation for the first EHTF offshore campaign in 2020.

Another example of new technology applied in the SURF and Conventional business unit is LinerBridge®, the world's first all-polymer lining connector that increases the cost-effectiveness and lowers the complexity of polymer lining systems for water injection lines, enabling a step change in the mitigation of internal corrosion suffered by pipelines and risers. The connector is an alternative to conventional CRA connectors and creates a robust and fully integrated polymer barrier within the pipeline. This technology has been successfully installed on four projects in 2019, namely, Snorre for Equinor, Nova for Wintershall, Oda for Spirit Energy and Cook for Ithaca, and is planned to be used in more developments in the coming years.

In 2019 we completed the Giza-Fayoum and Raven project, the second phase of the West Nile Delta development executed for BP offshore Egypt. The project commenced in 2016 and included the EPCI of more than 270 km of rigid pipelines, 65 km of flexible lines and 148 km of umbilicals, delivered with the involvement of multiple Subsea 7 offices and using five world class vessels. West Nile Delta is responsible for more than 20% of the entire gas supply in Egypt and we are proud to have supported our client in this achievement,

SURF and Conventional strategy

Market opportunities

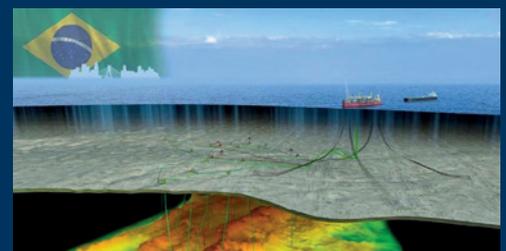
- Continue to build sustainable EPCI businesses in regions such as the Middle East, Brazil, Central America, and the new energy producing countries in Africa such as Senegal and Mozambique. Maintain our leading positions in Gulf of Mexico, North Sea and Australia.
- Utilise our early phase engineering expertise, delivered through our Field Development Group and SIA, and strengthened by the acquisition of Xodus and 4Subsea, to enable early engagement, optimisation of project life cycle costs and the ability to maximise stakeholders' returns.

Strategic objectives

- Use new technologies, standardisation and digitalisation to deliver cost improvements and maximise returns for clients and Subsea 7.
- Increase the market share of SIA.
- Successfully develop and deliver a portfolio of Electrically Heat Traced Flowline projects.

Success for SIA in Brazil

The Bacalhau award was a significant endorsement of SIA's strong position within the integrated market, a long-established presence in Brazil and a commitment to support Equinor's strategy of long-term growth in the region.





demonstrating Subsea 7's ability to adapt to a new market dynamic and entering in a new province to deliver a major, complex project.

In Brazil, Subsea 7 has four long-term day-rate contracts to provide Pipe Lay Support Vessels (PLSVs) to Petrobras. PLSV activity is included in our SURF and Conventional business unit and the contracts extend up to 2022. In 2020, Petrobras is expected to launch an invitation to tender for their renewal. In addition to the PLSVs, Brazil remains a promising region for Subsea 7. With the recent entrance of new major operators in the market, a number of large greenfield developments were awarded to market in 2019 and the expectation is that this momentum will continue in 2020.

Offshore Nigeria and the Middle East are our two main areas of focus for conventional work. In 2019 our presence in the Middle East was consolidated through a number of awards such as Marjan 2 for Saudi Aramco. In Nigeria, the offshore phase of the PUPP project was completed.

SURF and Conventional revenue

\$3,174m
(2018: \$3,164m)

2019 market share of greenfield integrated projects

50%

Number of active projects

59



Traditional approaches to flow assurance become inefficient or uneconomical for longer-distance tie-backs. To overcome this challenge and maximise production at the lowest possible cost, Subsea 7 has developed a market-leading solution: the Electrically Heat Traced Flowline (EHTF). Aimed at maintaining fluid temperature from reservoir to topside facilities, it removes flow assurance challenges related to hydrates and wax formation. EHTF technology represents a step change in both field economics and production optimisation. To date, we have embedded this technology in three projects. In 2019 we successfully completed spooling trials for Aker BP's Ærøfugl Phase 1 Project in Norway and the Manuel project for BP in the US Gulf Mexico in preparation for offshore campaigns in 2020.

West Nile Delta Project in numbers

276km
of rigid pipe laid

148km
of umbilical flowlines installed

65km
of flexible flowlines installed

38km
of flying leads installed



Life of Field



i-Tech 7

Through i-Tech 7 we provide leading Life of Field solutions for the offshore energy industry.

Our Life of Field offering comprises inspection, repair and maintenance (IRM), integrity management, drill rig support, production enhancement and decommissioning support services. i-Tech 7 is a market-leading service provider that integrates expert engineering services with cutting edge technologies to enhance the performance and protect the integrity of offshore energy developments. With access to a portfolio of more than 3,500 tools, 91 ROVs and 5 chartered vessels combined with extensive in-house expertise, i-Tech 7 offers fully integrated solutions throughout the life of a field.

Life of Field activities have steadily increased in 2019 with the North Sea and Azerbaijan strategic focus areas for the Group in the IRM segment. IRM activities are key for our clients to predict production efficiency and reduce time-loss associated with unplanned maintenance. We support them in this challenge by providing state-of-the-art services aimed at maximising their investment return in the field.

Life of Field services are also an essential part of our fully integrated offering. By engaging early with our clients, new technologies that enhance monitoring and maintenance of the field, and consequently its reliability, can be incorporated into the concept designed for its development thereby optimising engineering and installation time. The ability to combine SURF, SPS and Life of Field services is a key differentiator in the current market environment and has enabled strategic wins such as the Bacalhau project, the first ever integrated project in Brazil.

Technology lies at the core of our business, and being able to extend our asset integrity management offering based upon the development of an enhanced digitalisation capability is a key strategic priority for i-Tech 7. Supporting this strategy, the acquisition of 4Subsea was completed in 2019. 4Subsea is an industry leader in subsea digital services, including advanced sensor technology supported by the application of algorithms and artificial intelligence. This acquisition

complements previous initiatives in digitalisation, such as the partnership with Leidos, and aims to accelerate the Group's drive toward a more digital offshore world.

Following the market trend in Life of Field towards a reduction in vessel dependency for IRM activities, we opened three onshore control centres early in 2019, located in Aberdeen, Scotland and Stavanger, Norway. The intention is to use these operational centres to control ROVs remotely with significantly less requirement for offshore support. This initiative has the potential to reduce clients' expenditure in IRM which improves field economics and, at the same time, reduces their carbon footprint with fewer emissions coming from activities involving vessels.

In January 2019, the IRM vessel, *Seven Viking*, was successfully converted to a hybrid vessel as part of its long-term IRM contract with Equinor in Norway. The conversion, which involved the installation of a battery system and land-based power supply, delivers a range of benefits including 19% fuel savings and a consequent reduction in carbon emissions, improved dynamic positioning performance, shore power connections for energy supply while quayside and innovative features such as the ability to charge autonomous ROVs in the field.

Life of Field revenue

\$266m
(2018: \$245m)

Workclass ROVs owned

91

Chartered vessels

5

Life of Field strategy

Market opportunities

- Fully integrated projects across the full field lifecycle allowing optimisation of clients' operating expenditures through involvement in the concept design of the development.
- New technologies unlocking efficiencies in Life of Field services such as equipment electrification and digitalisation.
- Expansion in key energy hubs such as South East Asia, Australia and the Caspian Sea.
- Increase in operating expenditure by clients to minimise unplanned downtime on existing subsea infrastructure.

Strategic objectives

- Continue to invest in enhancing our ROVs through electrification technologies, making them faster, more efficient and more environmentally friendly.
- Drive our digitalisation programme to commercialisation.
- Continue to develop technologies jointly with OneSubsea to offer more efficient IRM services.

Towards a digital future

At the forefront of exploiting the latest digital technologies for automation of data analysis and effective use of cloud services, 4Subsea will accelerate the pace of digital services development to support activities in all business units.





Renewables and Heavy Lifting

seaway⁷

Seaway 7 is Subsea 7's Renewables and Heavy Lifting business, which aims to be a partner of choice for our clients in the growing offshore wind farm sector.

Subsea 7 has been involved in the offshore wind farm market for over ten years and, with the combined offering of Seaway Heavy Lifting and Seaway Offshore Cables, we have become a leading contractor for the supply and installation of wind turbine foundations and subsea inner-array cables. We provide our services through a variety of flexible solutions. We provide standalone Transportation and Installation services (T&I) for wind turbine foundations and substation foundations and topsides. We also provide T&I services for inner-array cables or the full range of Engineering, Procurement, Installation and Commissioning (EPIC) services for the entire array cable system. In addition we offer T&I or full Engineering, Procurement, Construction and Installation (EPCI) services as an integrated package for both wind turbine foundations and inner-array cables.

Our extensive experience in managing complex offshore projects together with our unrivalled technical knowledge and a state-of-the-art fleet gives us the right suite of capabilities to establish a leading position in the fast-growing renewables market. The fixed offshore wind market is growing rapidly. We continue to see significant growth in the well-established markets in Europe, especially in the UK, the Netherlands and Germany, with France an emerging new market and other countries expected to follow. Outside Europe, we see attractive opportunities in the Far East, including in Taiwan, where we won our first projects for both foundations and cables in 2019. China is also investing heavily in offshore wind farms with a drive towards deeper water and larger turbines that is expected to create opportunities. Elsewhere, we see a growing number of potential projects along the US east coast.

Although demand has been growing steadily there has also been a significant increase in competition leading to overcapacity in the foundation installation market. This imbalance is expected to diminish as demand accelerates over the medium to long term. The dynamics of the cable lay market, although competitive, remain more favourable.

Expertise is a key differentiator in an over-supplied market and we are constantly looking for innovative ways to execute our work. Towards the end of 2019, Seaway 7 completed the first monopile installation with the vessel operating in dynamic positioning (DP) mode, an achievement that considerably reduced the installation time of these structures.

Floating offshore wind is the next most promising potential market for offshore renewables. While there are no significant commercial farms anticipated in the near term, there are a large number of demonstrator floating wind turbine projects in operation and a number of smaller schemes being progressed to provide clean power to remote offshore facilities. Seaway 7 is actively participating in a variety of these projects and is enhancing its technical capability and expertise to be ready to support future large-scale commercial investments. In 2019, we partnered with Equinor to install the cable system of its pilot development, Hywind Tampen, an 88 MW offshore wind farm comprising 11 floating wind turbines. The wind farm is located between the Snorre and Gullfaks concessions, to which it will provide electricity. Floating offshore wind is expected to become a significant market in five to ten years time.

Our heavy lifting activities can also address the needs of oil and gas developments. In 2019 activity levels in this sector remained low, representing approximately 9% of the work executed by Renewables and Heavy Lifting.

Renewables and Heavy Lifting revenue

\$217m

(2018: \$664m)

Number of turbine foundations installed in 2019

20

(2018: 83)

Renewables revenue

\$198m

Length of cables installed

231km

Renewables and Heavy Lifting strategy

Market opportunities

- Continued growth in demand in Europe and the establishment of the offshore renewables industry in emerging markets such as China and the US east coast.
- Increasing demand for integrated T&I services for wind turbine foundations and inner-array cables as well as EPIC solutions.
- Steady demand for EPCI projects and associated expertise with potential for future growth in the medium term.
- Application of innovative solutions to the offshore wind market to improve the cost efficiency of installation for clients.

Strategic objectives

- Support our clients with flexible, cost effective solutions as the evolving offshore wind market transitions to a reduced or zero subsidy environment.
- Participate in pilot schemes for floating offshore wind farms to build technical experience and position Seaway 7 to capture potential full-scale opportunities in the long term.

Global expansion

In 2019 Seaway 7 completed the installation of foundations for its first renewables project in Taiwan delivering on the strategy to expand our activities to regions outside Europe.

