



John Evans, Chief Executive Officer

“Our track record of engineering creative solutions, delivered reliably, safely and collaboratively, positions us well for the increase in activity as our end markets recover and grow.”

I am pleased to have been selected to lead Subsea 7 as its new CEO, following the retirement of Jean Cahuzac at the end of 2019. Succession planning is an important component of corporate development and we have been preparing for this change for some time. To support me in my new role we have strengthened the Executive Management Team (EMT) and I have full confidence that Subsea 7 will continue to lead the way in the delivery of offshore projects and services for the energy industry.

Our 2019 performance

In 2019 Subsea 7 reported revenue of \$3.7 billion and Adjusted EBITDA of \$631 million. This solid performance was achieved in a market that is gradually recovering from the longest downturn our industry has experienced and reflects our adaptable commercial approach and dedication to achieving the most cost-effective solutions for our clients.

During the year we delivered 27 projects and services offshore in 11 countries. Our global presence and long-standing experience in oil, gas and renewable energy projects provide us with a solid foundation for recovery. Significant operational achievements in 2019 included the successful completion of the final offshore

campaign for the West Nile Delta project, offshore Egypt and the fabrication and certification of our Electrically Heat Traced Flowline technology in readiness for installation on the Aefugl and Manuel projects in 2020.

We booked \$3.9 billion of new awards and escalations in 2019 and undertook 121 early engagement engineering studies. By working with our clients from the initial stages of planning and design we help them achieve better, more effective solutions with a reduced environmental impact. In particular, the last year has been successful for Subsea Integration Alliance, which won a number of large greenfield projects supported by superior early engagement and engineering. The Sangomar project, offshore Senegal, and the Scarborough project offshore Australia were awarded to Subsea Integration Alliance as front-end engineering and design contracts on a sole supplier basis. Sangomar has progressed to a full engineering, procurement, installation and commissioning (EPIC) contract, and Scarborough should follow when the client reaches its final investment decision. Being involved right from the start of the project allows Subsea Integration Alliance to optimise the design and minimise the total investment cost for the life of the field. This contractual model is becoming more prevalent in both integrated and standalone SURF projects.

Our Renewables and Heavy Lifting business has experienced a difficult year with low activity levels and competitive pricing conditions. Despite this we have been commercially successful in winning a number of cable-lay contracts and have established a solid market presence in the fast growing Taiwanese offshore wind farm market.

Delivering our strategic vision

Subsea 7 is differentiated by its collaborative working relationships and creative solutions. We are taking this to the next level with our ambition for the Subsea Field of the Future, which aims to improve the solutions we provide and the way we deliver them. We will achieve this by prioritising the areas where we have the most to gain from investment and development, such as technology, integration, early engagement and digitalisation.

We have embraced the integration of SPS and SURF solutions through our partnership with Aker BP and our alliance with OneSubsea, Subsea Integration Alliance. Approximately half of the greenfield projects being tendered in the market in 2019 were on an integrated basis and our strategic focus on this contracting structure has firmly positioned us as one of only two fully integrated suppliers with worldwide presence.

We have invested throughout the downturn to affirm Subsea 7's leading position as preferred supplier to our clients and preferred employer for our people. The market is increasingly differentiated by technology and engineering capability and the quality of the solutions we can provide. We have strengthened our technical expertise through the downturn, with the acquisition of

businesses that enhance our technology, engineering and environmental capability. We have also renewed and enhanced our vessels. Our new build reel-lay vessel, *Seven Vega*, is due to commence work in the first half of 2020. In the medium term, we anticipate lower levels of investment in the fleet, which is already the youngest and most capable in our industry.

Another key initiative that is gaining pace, is our programme to increase the use of digital solutions. Our digitalisation programme is focused both on the efficiency of our own deliverables and opportunities for revenue enhancement, enabling reduction of cost and creating potential for improved margins when projects are executed. Looking ahead, we will build on this solid start to capture strategic opportunities across the energy field lifecycle.

We continue to look at ways to increase our efficiency and to lower our environmental impact. This is one of the priorities for our sustainability strategy, which is discussed in more detail in our 2019 Sustainability Report. The upgrade of our life of field vessel, *Seven Viking*, to hybrid power has been successful, delivering savings in fuel and emissions of 19%. We have reached milestones in our in-house technology programmes with the launch of our first onshore control centres for ROV services that, in the future, are expected to reduce costs and vessel intensity for inspection maintenance and repair services.

Global energy demand continues to grow and society is looking for cleaner and more sustainable sources of energy to meet its needs. Subsea 7 is a focused offshore energy services provider and we believe we have a key role to play in facilitating the transition towards a lower carbon and renewable energy supply.

Continued gradual recovery

Looking ahead, we expect the gradual recovery of the oil and gas markets to continue in the coming years, as signalled by the growing number and size of new projects being tendered and awarded to market. We also anticipate a steady improvement in the commercial environment for offshore wind farm projects as the increased number of new developments starts to utilise the capacity in the foundation installation market. We have provided guidance to the market that our revenue and profitability is expected to improve from the low point reported for 2019. However, while we are executing projects won at lower prices during the downturn our percentage margin is expected to remain below mid-cycle levels.

John Evans
Chief Executive Officer

Our differentiators

We add value to our clients' businesses as we support them with cost-effective solutions enabled by technology



Culture

Global team with expertise, passion and commitment to deliver.

Our Values are strongly embedded and underpin the behaviours and ways of working of our teams. Our people take great pride in living our Values and applying them consistently across our global operations.



Creativity

Ability to innovate through technology, processes and partnerships.

We embrace new challenges, and apply our expertise and experience to generate technical, commercial and operational solutions, which benefit all our stakeholders.



Relationships

Working and learning together to achieve success for all.

We have built long-standing client and supplier relationships through consistent high-quality delivery, transparency and adaptability. We respond to what our clients need to support them in creating long-term value.



Reliability

Trusted partner in delivering projects.

We are proud of the execution track record that keeps our clients coming back, with over 1,000 projects successfully executed in all water depths worldwide. Our reliability is enhanced by our secure financial profile and liquidity position.



Solutions

Client-focused mindset to create the right solution.

Our clients rely on us to develop fit for purpose solutions that reliably meet project requirements. We deliver these solutions whether for complex programmes or for small, standardised projects or services.