



Kristian Siem, Chairman

“We have a solid foundation of experience, expertise and Values. From this, we continue to develop and grow to meet the evolving needs of the offshore energy industry.”

I would like to extend a special thanks to Jean Cahuzac, whose 11-year tenure at Subsea 7 included the merger of our legacy companies in 2011 followed by the most extended downturn our market has ever seen. Jean's leadership, drive and commitment have built a strong company founded on our Values and positioned us well to thrive into the future. He will remain on the Board as a Non-Executive Director. On behalf of the Board I would like to welcome John Evans to the position of CEO, effective 1 January 2020. John, previously Subsea 7's COO, has a passion and energy for delivery and results that will take us forward in achieving our strategy and vision. The succession of the CEO position and the reorganisation of senior management under John was planned for some time and is firmly in place.

### To the shareholders of Subsea 7 S.A.

Subsea 7 performed satisfactorily in 2019 with solid financial results at operational level and good execution on projects in all three operational business units. The market environment continued gradually to improve and our strategy to engage early and offer innovative and integrated solutions to our clients affirmed our position as a leading partner for energy solutions worldwide.

Group revenue decreased 10% to \$3.7 billion mostly due to reduced activities in the Renewables and Heavy Lifting business unit reflecting the timing of large project awards to the market. Oil and gas activity was broadly flat year-on-year. 2019 diluted earnings per share before the goodwill impairment was \$0.05 compared to \$0.56 in 2018 reflecting the lower levels of activity and low pricing on projects awarded in the downturn, partly offset by lower weighted average number of shares following the repurchase of 21 million shares for \$250 million in the year.

Our priorities to invest in the business and keep an investment grade credit profile have resulted in a solid performance through the cycle and enabled us to adapt as the needs and expectations of our stakeholders have evolved. Our successful alliances, partnerships and technology, supported by our deeply embedded Values-led culture, have delivered market-leading solutions and created sustainable value, which position the Company well for the future.

### Our vision for the future

Subsea 7's vision is to lead the way in the delivery of offshore projects and services for the energy industry, safely and efficiently. To achieve this, we are focusing on strategic priorities to develop our clients' Subsea Field of the Future and actively engage in energy transition by promoting lower carbon solutions and renewable energy sources.

The Group's Subsea Field of the Future ambition combines our full field lifecycle solutions and services and is enabled by our commitment to technology, engineering and relationships.

Clients are increasingly recognising the benefits of early engagement and 70% of our awards or tenders in the year included these services. We have strategically invested in our early engagement services with the acquisitions of Xodus Group and Green Light Environment and we have developed industry-leading partnerships and alliances. The integrated solutions designed and delivered by Subsea Integration Alliance, our SPS-SURF alliance with OneSubsea, a Schlumberger company, are often preferred by clients, particularly for greenfield developments where technology and early-stage engineering can optimise savings.

To be a leading partner for our clients we must have the right systems and processes that allow them to execute their development plans cost-effectively. Our technology and product development are enabling longer tie-backs and more efficient solutions with lower total expenditure over the life of the field. Our progress with digitalisation is unlocking additional efficiencies in the way we deliver our solutions and the acquisition of 4Subsea represents our first digital revenue stream.

We are committed to assisting our clients in all their offshore energy projects in oil, gas and renewable energy. Our adaptability and responsiveness have helped us to participate fully in society's drive towards lower carbon and renewable energy sources. To date, Subsea 7 has installed over 650 wind turbine

foundations and nearly 1,500 kilometres of array cables on wind farm projects, and we look forward with confidence to the role we will play in generating sustainable energy solutions for society.

### Living our Values

Subsea 7's six Values guide our behaviour and encapsulate the qualities our stakeholders expect of us. This year we undertook a materiality assessment to guide the development of our sustainability strategy and its results correlated closely to the Values we already embrace. To create long-term value for our stakeholders we must keep all our people safe, treat them fairly and with respect, mitigate our impact on the environment, deliver superior performance, work collaboratively and innovate smarter solutions. By living these Values we aim to be the employer and partner of choice in our industry.

### Our solid financial foundation

Subsea 7 has an established framework for disciplined capital management based on three priorities: investing in the business to grow and strengthen our services, maintaining an investment grade credit profile and returning cash to shareholders.

In 2019 we invested organically and by acquisition to grow our technology and early engineering capabilities, and enhanced our fleet. Our new-build reel-lay vessel will be operational in 2020 working on complex long-distance rigid pipelay projects, initially in the US Gulf of Mexico.

During the year we returned \$304 million to shareholders by means of a NOK 1.50 per share special dividend and the repurchase of 21 million shares at a cost of \$250 million. We announced a new \$200 million share repurchase programme in June, which can be executed at our discretion until June 2021.

At 31 December 2019 the Group had cash and cash equivalents of \$398 million and net debt, including \$345 million of lease liabilities, of \$181 million.

### My thanks

Our performance is the result of the experience, expertise and efforts of our people and our business partners and I would like to thank them all for their hard work and achievements. I also thank our clients and shareholders for their confidence and support as we strive to achieve our vision and create sustainable value through our strategy of delivering the efficient offshore solutions the world needs.

**Kristian Siem**  
Chairman

## Our Values



### Safety

Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.



### Sustainability

We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.



### Collaboration

We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.



### Integrity

We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.



### Performance

We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance in every project.



### Innovation

We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.