Subsea 7 S.A. Announces Second Quarter and Half Year 2015 Results

Luxembourg – 29 July 2015 – Subsea 7 S.A. (the Group) (Oslo Børs: SUBC, ADR: SUBCY) announced today results for the second quarter and first half 2015 which ended on 30 June 2015. The Group's reporting segments are set out in Note 6 'Segment information'.

For the period (in $ millions, except Adjusted EBITDA margin and per share data)	Second Quarter		Half Year	
	Q2 2015 Unaudited	Q2 2014 Unaudited Re-presented[a]	**1H 2015 Unaudited**	1H 2014 Unaudited Re-presented[a]
Revenue	**1,352**	1,905	**2,534**	3,573
Adjusted EBITDA[b]	**275**	452	**556**	716
Adjusted EBITDA margin[b]	**20.3%**	23.7%	**21.9%**	20.0%
Net operating income	**169**	351	**345**	511
Net income	**88**	266	**239**	397
Earnings per share – in $ per share[c]				
Basic	**0.29**	0.82	**0.76**	1.27
Diluted	**0.27**	0.74	**0.71**	1.15

As at (in $ millions)	**30 Jun 2015 Unaudited**	31 Mar 2015 Unaudited
Backlog	**7,169**	7,610
Cash and cash equivalents	**433**	373
Borrowings	**584**	662

(a) Re-presented due to the declassification of assets held for sale, as set out in Note 21 'Assets classified as held for sale' to the 2014 Consolidated Financial Statements.

(b) For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin please refer to Note 9 to the Condensed Consolidated Financial Statements.

(c) For explanation and a reconciliation of diluted earnings per share please refer to Note 8 'Earnings per share' to the Condensed Consolidated Financial Statements.

Jean Cahuzac, Chief Executive Officer, said:

Second quarter 2015

'Subsea 7 delivered good operational and financial results in the second quarter, driven by strong execution and cost control discipline in a challenging market environment.

During the quarter Subsea 7 announced a cost reduction programme to resize the fleet and workforce in line with the declining workload. A $100 million charge related to the resizing was recognised in the second quarter, out of an estimated total charge of $140 million. The Group will reduce its capacity by 2,500 people and 12 vessels by early 2016, delivering expected annualised savings of approximately $400 million in employee related costs and about $150 million in vessel costs.

Second quarter revenue of $1,352 million was down $553 million on the prior year quarter, reflecting the difficult industry conditions and declining workload. Adjusted EBITDA of $275 million and margin of 20.3% included the $100 million charge related to the cost reduction programme. Excluding this charge Adjusted EBITDA was $375 million and the margin was 27.7%.

Global vessel utilisation increased to 82% in the second quarter from 68% in the prior quarter as the offshore phase of several projects progressed significantly and activity in the North Sea increased in part due to the seasonally better weather.

Order intake was $0.9 billion reflecting Subsea 7's competitiveness in a market that remained subdued. Announced awards comprised a two year contract offshore Brazil for the pipelay support vessel (PLSV) *Seven Seas* and a large contract for the Maria project, offshore Norway. Order backlog at the end of June was $7.2 billion, $0.4 billion lower than at the start of the quarter, with no material impact from foreign exchange movements in the period.

Net debt of $151 million compared to $288 million at the end of the first quarter, reflected $297 million net cash generated from operating activities in the second quarter, which included a decrease in net operating assets. To further strengthen the Group's liquidity position a new Export Credit Agency backed secured term loan facility of up to $357 million was signed after the period close.

The Board of Directors has authorised a 24 month extension to the $200 million share repurchase programme initiated in July 2014, upholding Subsea 7's commitment to return excess cash to shareholders.

Operational highlights for the second quarter 2015

In the Northern Hemisphere and Life of Field Business Unit significant progress was made on several projects. The Montrose project completed the installation of bundles and pipelines in the quarter. The Aasta Hansteen and Martin Linge projects, both progressed well with their offshore phases. Offshore installation on the Catcher project commenced with *Seven Navica* beginning pipelay at the end of the period. Life of Field and i-Tech activity levels were similar to the first quarter.

In the Southern Hemisphere and Global Projects Business Unit the OFON 2 and Erha North projects, offshore Nigeria, progressed significantly, as did the two Lianzi projects, offshore Angola. The TEN project, offshore Ghana, proceeded with engineering, procurement and fabrication, and is due to commence offshore operations in the third quarter. The seven PLSVs on long-term contracts, offshore Brazil, delivered another strong quarter with high utilisation.

Outlook

The sustained downturn in oil company expenditure continues to result in lower industry activity and the timing of new awards to market remains highly uncertain.

By balancing the implementation of its cost reduction programme with a focus on maintaining its core in-house expertise and capability, Subsea 7 remains well positioned to continue to deliver its projects in a consistent and efficient manner and capture future business opportunities.

Subsea 7 is proactively working with clients to identify technical and operational solutions that will lower the cost of field development. The Group has recently formed two strategic alliances with market leading industry partners to enhance its scale and scope and reinforce its early engagement capabilities in the offshore and subsea market. The alliance with KBR and Granherne provides clients with market leading experience and expertise in Concept and Front End Engineering and Design (FEED) services during the critical stage of concept evaluation. The alliance with OneSubsea® offers clients fully integrated concept and system design, early engineering and FEED, including subsurface expertise, boosting and subsea production systems (SPS) and subsea umbilicals, risers and flowlines (SURF) solutions to improve the economics of field development from the reservoir to the production facility.

As guided previously, Group revenue is expected to be significantly lower in 2015 compared to the record level reported last year and Adjusted EBITDA margin is expected to decrease compared to 2014.

The fundamental long-term outlook for deepwater subsea field developments remains intact despite the challenges facing the industry as a result of the lower oil price. Subsea 7 is being proactive in implementing a cost reduction programme and maintaining a solid financial position. By reinforcing its ability to engage early with clients and offer lower cost global solutions for the development of projects, Subsea 7 is strengthening its top tier position.'

Conference Call Details

Conference Call Information

Lines will open 15 minutes prior to conference call.

Date: 29 July 2015

Time: 12:00 UK Time

Conference ID: 85400493#

	Conference Dial In Numbers
United Kingdom	0203 139 4830
United States	718 873 9077
Norway	2 350 0559
International Dial In	+44 203 139 4830

Replay Facility Details

A replay facility (with conference ID 659010#) will be available from:

Date: 29 July 2015
Time: 17:00 UK Time

	Conference Replay Dial In Numbers
International Dial In	+44 203 426 2807

For further information, please contact:

Isabel Green

Investor Relations Director

email: isabel.green@subsea7.com

Telephone: +44 (0) 208 210 5568

Special Note Regarding 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 2014. 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; 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.

Interim Management Report: Financial Review

Where appropriate certain comparatives have been re-presented to reflect the declassification of the Group's interest in Sonamet and Sonacergy from assets held for sale as explained in Note 21 'Assets classified as held for sale' to the 2014 Consolidated Financial Statements. The impact of this re-presentation was to increase net income for Q2 2014 by $1 million, reduce net income for 1H 2014 by $4 million and to reduce total equity at 30 June 2014 by $45 million.

Second Quarter 2015

Revenue

Revenue for the quarter was $1.4 billion, a decrease of $553 million or 29% compared with Q2 2014. The decrease reflected lower activity levels in both Business Units.

Adjusted EBITDA

Adjusted EBITDA for the quarter was $275 million, a decrease of $178 million compared to Q2 2014. Adjusted EBITDA margin was 20%, compared with 24% in Q2 2014. The reduction in Adjusted EBITDA reflected the decrease in activity and included a charge of $100 million following the Group's decision, announced in May, to implement its programme of cost reduction measures including a resizing of the fleet and workforce.

Net operating income

Net operating income was $169 million, a decrease of $182 million compared to Q2 2014. This decrease was primarily due to:

- lower activity in both Business Units and lower vessel utilisation in Q2 2015 at 82% compared to 91% in Q2 2014, this reflected decreased Life of Field activity, mainly in the North Sea;
- a charge of $100 million related to the Group's cost reduction and resizing programme, of which $84 million related to operating expenses and $16 million related to administrative expenses; and
- reduced contribution from the Seaway Heavy Lifting joint venture due to the relative phasing of projects during Q2 2015 compared to Q2 2014.

Net income

Net income was $88 million in the quarter, compared to $266 million in Q2 2014. The reduction was primarily due to:

- the decrease in net operating income; and
- a net foreign currency loss of $36 million in Q2 2015, recognised within other gains and losses, compared with a net foreign currency gain of $10 million in Q2 2014

partially offset by:

- a decrease in the tax charge of $49 million compared to Q2 2014. The effective tax rate for Q2 2015 was 36% compared to 27% for Q2 2014, and included the impact of the $100 million charge associated with the Group's cost reduction and resizing programme.

Earnings per share

Diluted earnings per share was $0.27 in the quarter compared to $0.74 in Q2 2014, based on a weighted average number of shares of 347 million and 373 million respectively.

Half Year 2015

Revenue

Revenue for the half year ended 30 June 2015 was $2.5 billion compared with $3.6 billion in 1H 2014. The decrease reflected lower activity levels in both Business Units and was adversely impacted by the strengthening of the US dollar against major currencies during the period compared with the prior year period.

Adjusted EBITDA

Adjusted EBITDA and Adjusted EBITDA margin for 1H 2015 were $556 million and 22% respectively compared to $716 million and 20% in 1H 2014. The reduction in Adjusted EBITDA reflected the decrease in activity and included a charge of $100 million following the Group's decision, announced in May, to implement its programme of cost reduction measures including a resizing of the fleet and workforce. Excluding this charge, Adjusted EBITDA margin was 26% driven by the successful progression of the offshore phases of several projects.

Net operating income

Net operating income was $345 million, a decrease of $166 million compared to 1H 2014. This decrease was primarily due to:

- lower activity levels in both Business Units;
- a charge of $100 million associated with the Group's cost reduction and resizing programme; and
- reduced contribution from joint ventures, mainly due to lower levels of activity in the SapuraAcergy joint venture

partially offset by:

- reduction in costs recognised on projects within the Mexican sector of the Gulf of Mexico compared to 1H 2014; and
- reduced administrative expenses largely due to lower personnel costs and favourable foreign exchange movements.

Net income

Net income was $239 million in the period, compared to $397 million in 1H 2014. The decrease was primarily due to:

- the decrease in net operating income; and
- net foreign currency losses of $4 million in 1H 2015, recognised within other gains and losses, compared with net foreign currency gains of $19 million in 1H 2014

partially offset by:

- a decrease in the tax charge of $25 million compared to 1H 2014. The effective tax rate for 1H 2015 was 31% compared to 25% for 1H 2014, and reflected the impact of the $100 million charge associated with the Group's cost reduction and resizing programme; and
- lower finance costs of $2 million in 1H 2015 compared to $12 million in 1H 2014 mainly due to the absence of interest charges related to the $275 million 3.5% convertible bonds which matured in October 2014.

Earnings per share

Diluted earnings per share was $0.71 in the six months ended 30 June 2015 compared to $1.15 in the six months ended 30 June 2014, based on a weighted average number of shares of 348 million and 375 million respectively.

Cash and borrowings

Cash and cash equivalents at 30 June 2015 totalled $433 million compared with $573 million at 31 December 2014. Total borrowings at 30 June 2015 were $584 million, an increase of $6 million compared with 31 December 2014. During the quarter the Group repaid $80 million previously drawn down under the $500 million revolving credit facility in Q1 2015.

Business Unit Highlights

Second Quarter 2015

Northern Hemisphere and Life of Field

Revenue was $642 million, a decrease of $221 million or 26% compared to Q2 2014 which reflected lower activity levels in the North Sea and Gulf of Mexico.

During the quarter, the Enochdhu, Sadie and Broom projects, offshore UK, were substantially completed. Work progressed during the quarter on the Martin Linge, Aasta Hansteen and Gullfaks Subsea Compression projects, offshore Norway, on the Montrose and Catcher projects, offshore UK, and on the Heidelberg project in the US Gulf of Mexico. Life of Field revenue reduced in the quarter compared with Q2 2014 due to lower offshore activity levels, particularly in the North Sea.

Net operating income was $105 million, a decrease of $24 million or 18% compared to Q2 2014. The decrease in net operating income reflected reduced activity levels and was adversely impacted by lower vessel utilisation in Q2 2015 compared with Q2 2014.

Southern Hemisphere and Global Projects

Revenue was $707 million, a decrease of $331 million or 32% compared to Q2 2014. Revenue decreased due to the relative stage of completion of the CLOV, OFON 2, Gorgon HLTI, Block 31 GES and Guará Lula NE projects which were all in their offshore phases in Q2 2014.

During Q2 2015 there was significant progress on the Erha North and OFON 2 projects, offshore Nigeria; the Lianzi SURF and Lianzi Topside projects, offshore Angola and the T.E.N. project, offshore Ghana. The Gorgon Heavy Lift and Tie-ins project, offshore Australia, was substantially completed during the quarter. In Brazil, there were high levels of vessel activity under the long-term PLSV contracts with Petrobras throughout the quarter.

Net operating income was $131 million, a reduction of $64 million or 33% compared to Q2 2014 which reflected the decrease in activity levels.

Corporate

Net operating loss was $67 million (Q2 2014: net operating income $28 million) primarily due to a charge of $100 million recognised in the quarter following the Group's announcement to implement a programme of cost reduction measures including a resizing of the fleet and workforce. The full amount of the charge was recognised in the Corporate reporting segment.

Half Year 2015

Northern Hemisphere and Life of Field

Revenue was $1.2 billion, a decrease of $326 million or 21% compared to 1H 2014. This reduction was largely due to decreased activity on the Delta S2 and Knarr projects, offshore Norway, which were executing their offshore phases in 1H 2014 and a significant decrease in Life of Field activity in the North Sea.

Net operating income was $153 million which was in line with 1H 2014. Net operating income for 1H 2015 reflected the decrease in activity levels. Net operating income in 1H 2014 was adversely impacted by additional costs recognised in relation to the Pemex Line 60 and Line 67 projects in the Mexican sector of the Gulf of Mexico.

Southern Hemisphere and Global Projects

Revenue was $1.3 billion, a decrease of $711 million or 35% compared to 1H 2014. Revenue decreased due to the relative stage of completion of the CLOV, OFON 2, Gorgon HLTI, Block 31 GES and Guará Lula NE projects which were all in their offshore phases in 1H 2014.

Net operating income was $249 million, a decrease of $98 million or 28% compared to 1H 2014. This reduction reflected the decreased activity levels partially offset by an increase in margin in 1H 2015 on the successful completion of the offshore phases of several projects.

Corporate

Net operating loss was $56 million (1H 2014: net operating income $12 million) primarily due to a $100 million charge associated with the Group's cost reduction and resizing programme recognised in the six months ended 30 June 2015 partially offset by an increased

contribution from the Seaway Heavy Lifting joint venture due to higher activity levels during 1H 2015 compared to 1H 2014, which was adversely impacted by the dry-docking of *Stanislav Yudin*.

Asset Development and Activities – Second Quarter 2015

Fleet Utilisation

Vessel utilisation during the second quarter was 82% compared with 91% in Q2 2014, this reduction primarily reflected lower utilisation of vessels in the North Sea as clients, influenced by the lower oil price levels, reduced offshore activity.

New-build vessel programme

Construction continued on:

- *Seven Arctic,* a heavy construction vessel, due to commence operations in the first half of 2016;
- three PLSVs, *Seven Rio*, *Seven Sun* and *Seven Cruzeiro*, linked to long-term contracts awarded by Petrobras, expected to commence operations at six monthly intervals between the fourth quarter 2015 and the fourth quarter 2016; and
- *Seven Kestrel,* a diving support vessel mainly for activities in the North Sea, due to commence operations in early 2016.

Actual and forecast expenditure on the Group's new-build vessel programme as at 30 June 2015 was:

	Actual expenditure				Forecast expenditure	
(in $ millions)	**2012**	**2013**	**2014**	**1H 2015**	**2H 2015**	**2016**
Total	185	372	544	262	348	230

Actual and forecast expenditures include an estimate of capitalised interest during construction as part of the initial cost of the vessels.

Backlog

Backlog was $7.2 billion at 30 June 2015, a decrease of $0.4 billion compared with 31 March 2015 with no material impact from foreign exchange movements in the period. New awards and project escalations amounting to $0.9 billion were recorded in the quarter. Major awards included a PLSV contract for *Seven Seas* for Petrobras, offshore Brazil, and the Maria project for Wintershall, offshore Norway.

$5.6 billion of the backlog at 30 June 2015 related to SURF activity, which included $2.5 billion for the long-term PLSV contracts in Brazil, $1.3 billion related to Life of Field and i-Tech and $0.3 billion related to Conventional and Hook-up. $2.1 billion of this backlog is expected to be executed in 2015, $2.3 billion in 2016 and $2.8 billion in 2017 and thereafter. Backlog related to associates and joint ventures is excluded from these figures.

Risks and uncertainties

The principal risks and uncertainties which could materially adversely impact the Group's reputation, operations and/or financial performance and position are noted on pages 37 to 41 of Subsea 7 S.A.'s Annual Report and Consolidated Financial Statements 2014. The Executive Management Team considered these principal risks and uncertainties and concluded that prevailing challenging market conditions have not resulted in a material adverse change to the principal risks and uncertainties in the six month period to 30 June 2015.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed consolidated financial statements for the period 1 January 2015 to 30 June 2015 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, this report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties facing the Group.

Kristian Siem
Chairman

Jean Cahuzac
Chief Executive Officer

Subsea 7 S.A.
Condensed Consolidated Income Statement

(in $ millions)	Second Quarter **Q2 2015** **Unaudited**	Q2 2014 Unaudited Re-presented[a]	Half Year **1H 2015** **Unaudited**	1H 2014 Unaudited Re-presented[a]
Revenue	**1,352.2**	1,905.1	**2,533.5**	3,573.0
Operating expenses	**(1,118.6)**	(1,514.3)	**(2,068.1)**	(2,956.7)
Gross profit	**233.6**	390.8	**465.4**	616.3
Administrative expenses	**(78.5)**	(67.1)	**(148.7)**	(147.9)
Share of net income of associates and joint ventures	**13.7**	27.1	**28.6**	42.8
Net operating income	**168.8**	350.8	**345.3**	511.2
Finance income	**5.4**	8.9	**8.8**	13.0
Other gains and losses	**(36.4)**	10.5	**(3.8)**	18.9
Finance costs	**(0.6)**	(7.0)	**(1.8)**	(12.1)
Income before taxes	**137.2**	363.2	**348.5**	531.0
Taxation	**(48.8)**	(97.6)	**(109.3)**	(134.0)
Net income	**88.4**	265.6	**239.2**	397.0
Net income attributable to:				
Shareholders of the parent company	**93.6**	272.8	**246.8**	422.9
Non-controlling interests	**(5.2)**	(7.2)	**(7.6)**	(25.9)
	88.4	265.6	**239.2**	397.0

Earnings per share	**$** **per share**	$ per share Re-presented[a]	**$** **per share**	$ per share Re-presented[a]
Basic	**0.29**	0.82	**0.76**	1.27
Diluted	**0.27**	0.74	**0.71**	1.15

(a) Re-presented due to the declassification of assets held for sale, as set out in Note 21 ‘Assets classified as held for sale’ to the 2014 Consolidated Financial Statements.

Subsea 7 S.A.

Condensed Consolidated Statement of Comprehensive Income

(in $ millions)	Second Quarter		Half Year	
	Q2 2015 Unaudited	Q2 2014 Unaudited Re-presented[a]	**1H 2015 Unaudited**	1H 2014 Unaudited Re-presented[a]
Net income	**88.4**	265.6	**239.2**	397.0
Other comprehensive income				
Items that may be reclassified to the income statement in subsequent periods:				
Foreign currency translation	**126.0**	74.8	**(33.6)**	123.0
Cash flow hedges:				
Net fair value gains/(losses) arising	**8.7**	(2.3)	**(6.3)**	(0.2)
Reclassification adjustments for amounts recognised in the Consolidated Income Statement	**11.4**	(9.1)	**12.4**	(10.7)
Adjustments for amounts transferred to the initial carrying amounts of hedged items	**–**	–	**–**	0.2
Share of other comprehensive income of associates and joint ventures	**1.0**	1.0	**3.5**	2.0
Tax related to components of other comprehensive income which may be reclassified	**(10.4)**	4.4	**3.6**	0.6
Other comprehensive income/(loss)	**136.7**	68.8	**(20.4)**	114.9
Total comprehensive income	**225.1**	334.4	**218.8**	511.9
Total comprehensive income attributable to:				
Shareholders of the parent company	**228.0**	340.9	**222.2**	537.0
Non-controlling interests	**(2.9)**	(6.5)	**(3.4)**	(25.1)
	225.1	334.4	**218.8**	511.9

(a) Re-presented due to the declassification of assets held for sale, as set out in Note 21 'Assets classified as held for sale' to the 2014 Consolidated Financial Statements.

Subsea 7 S.A.
Condensed Consolidated Balance Sheet

As at (in $ millions)	**30 Jun 2015 Unaudited**	31 Dec 2014 Audited
Assets		
Non-current assets		
Goodwill	**1,327.9**	1,322.3
Intangible assets	**18.2**	21.2
Property, plant and equipment	**4,717.5**	4,565.0
Interest in associates and joint ventures	**384.0**	373.8
Advances and receivables	**109.3**	128.3
Derivative financial instruments	**9.8**	3.8
Deferred tax assets	**44.4**	48.2
	6,611.1	6,462.6
Current assets		
Inventories	**60.4**	59.1
Trade and other receivables	**849.2**	840.4
Derivative financial instruments	**10.7**	28.0
Construction contracts – assets	**358.8**	378.4
Other accrued income and prepaid expenses	**246.9**	283.3
Cash and cash equivalents	**433.3**	572.6
	1,959.3	2,161.8
Total assets	**8,570.4**	8,624.4
Equity		
Issued share capital	**664.3**	664.3
Treasury shares	**(82.4)**	(75.2)
Paid in surplus	**3,260.2**	3,255.5
Equity reserve	**71.2**	71.2
Translation reserve	**(273.5)**	(242.6)
Other reserves	**(67.5)**	(73.8)
Retained earnings	**2,234.0**	1,987.5
Equity attributable to shareholders of the parent company	**5,806.3**	5,586.9
Non-controlling interests	**(31.5)**	(25.2)
Total equity	**5,774.8**	5,561.7
Liabilities		
Non-current liabilities		
Non-current portion of borrowings	**583.4**	576.2
Retirement benefit obligations	**19.1**	21.3
Deferred tax liabilities	**114.4**	117.1
Provisions	**42.8**	30.3
Contingent liability recognised	**5.1**	6.0
Derivative financial instruments	**13.6**	15.3
Other non-current liabilities	**73.8**	93.3
	852.2	859.5
Current liabilities		
Trade and other liabilities	**1,465.6**	1,674.1
Derivative financial instruments	**17.2**	25.1
Current tax liabilities	**44.8**	45.8
Current portion of borrowings	**0.5**	1.9
Provisions	**95.2**	28.9
Construction contracts – liabilities	**317.9**	425.7
Deferred revenue	**2.2**	1.7
	1,943.4	2,203.2
Total liabilities	**2,795.6**	3,062.7
Total equity and liabilities	**8,570.4**	8,624.4

Subsea 7 S.A.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

(in $ millions,)	Issued share capital	Treasury shares	Paid in surplus	Equity reserves	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2015	**664.3**	**(75.2)**	**3,255.5**	**71.2**	**(242.6)**	**(73.8)**	**1,987.5**	**5,586.9**	**(25.2)**	**5,561.7**
Comprehensive income/(loss)										
Net income/(loss)	–	–	–	–	–	–	246.8	246.8	(7.6)	239.2
Foreign currency translation	–	–	–	–	(37.8)	–	–	(37.8)	4.2	(33.6)
Cash flow hedges	–	–	–	–	–	6.1	–	6.1	–	6.1
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	3.5	–	3.5	–	3.5
Tax relating to components of other comprehensive income	–	–	–	–	6.9	(3.3)	–	3.6	–	3.6
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**(30.9)**	**6.3**	**246.8**	**222.2**	**(3.4)**	**218.8**
Transactions with owners										
Shares repurchased	–	(7.6)	–	–	–	–	–	(7.6)	–	(7.6)
Dividends declared	–	–	–	–	–	–	–	–	(2.9)	(2.9)
Share-based compensation	–	–	4.7	–	–	–	–	4.7	–	4.7
Shares reissued	–	0.4	–	–	–	–	(0.3)	0.1	–	0.1
Total transactions with owners	**–**	**(7.2)**	**4.7**	**–**	**–**	**–**	**(0.3)**	**(2.8)**	**(2.9)**	**(5.7)**
Balance at 30 June 2015	**664.3**	**(82.4)**	**3,260.2**	**71.2**	**(273.5)**	**(67.5)**	**2,234.0**	**5,806.3**	**(31.5)**	**5,774.8**

For the six months ended 30 June 2014

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Equity reserves	Translation reserve	Other reserve	Retained earnings Re-presented[(a)]	Total Re-presented[(a)]	Non-controlling interests Re-presented[(a)]	Total equity Re-presented[(a)]
Balance at 1 January 2014	**703.6**	**(356.9)**	**3,841.6**	**248.5**	**31.9**	**(59.5)**	**2,142.4**	**6,551.6**	**19.5**	**6,571.1**
Comprehensive income/(loss)										
Net income/(loss)	–	–	–	–	–	–	422.9	422.9	(25.9)	397.0
Foreign currency translation	–	–	–	–	122.2	–	–	122.2	0.8	123.0
Cash flow hedges	–	–	–	–	–	(10.7)	–	(10.7)	–	(10.7)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	2.0	–	2.0	–	2.0
Tax relating to components of other comprehensive income	–	–	–	–	(0.3)	0.9	–	0.6	–	0.6
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**121.9**	**(7.8)**	**422.9**	**537.0**	**(25.1)**	**511.9**
Transactions with owners										
Shares repurchased	–	(84.8)	–	–	–	–	–	(84.8)	–	(84.8)
Dividends declared	–	–	(200.0)	–	–	–	–	(200.0)	(5.6)	(205.6)
Share-based compensation	–	–	4.5	–	–	–	–	4.5	–	4.5
Shares reissued	–	2.8	–	–	–	–	–	2.8	–	2.8
Equity component of convertible notes	–	–	–	(0.1)	–	–	–	(0.1)	–	(0.1)
Loss on reissuance of treasury shares	–	–	–	–	–	–	(1.9)	(1.9)	–	(1.9)
Total transactions with owners	**–**	**(82.0)**	**(195.5)**	**(0.1)**	**–**	**–**	**(1.9)**	**(279.5)**	**(5.6)**	**(285.1)**
Balance at 30 June 2014	**703.6**	**(438.9)**	**3,646.1**	**248.4**	**153.8**	**(67.3)**	**2,563.4**	**6,809.1**	**(11.2)**	**6,797.9**

(a) Re-presented due to the declassification of assets held for sale, as set out in Note 21 'Assets classified as held for sale' to the 2014 Consolidated Financial Statements.

Subsea 7 S.A.
Condensed Consolidated Cash Flow Statement

(in $ millions)	Half Year 1H 2015 Unaudited	1H 2014 Unaudited Re-presented[(a)]
Net cash generated from operating activities	**219.5**	728.3
Cash flows from investing activities		
Purchases of property, plant and equipment	**(361.9)**	(440.3)
Purchase of intangible assets	**(0.5)**	–
Proceeds from disposal of property, plant and equipment	**0.4**	0.4
Interest received	**8.8**	13.0
Dividends received from associates and joint ventures	**16.4**	17.3
Investment in associates and joint ventures	**–**	(0.1)
Proceeds from loans to associates and joint ventures	**3.4**	–
Net cash used in investing activities	**(333.4)**	(409.7)
Cash flows from financing activities		
Interest paid	**(5.2)**	(13.7)
Proceeds from reissuance of treasury shares	**0.1**	0.9
Shares repurchased	**(7.6)**	(93.4)
Net cash used in financing activities	**(12.7)**	(106.2)
Net (decrease)/increase in cash and cash equivalents	**(126.6)**	212.4
Cash and cash equivalents at beginning of period	**572.6**	691.5
Effect of foreign exchange rate movements on cash and cash equivalents	**(12.7)**	2.6
Cash and cash equivalents at end of period	**433.3**	906.5

(a) Re-presented due to the declassification of assets held for sale, as set out in Note 21 'Assets classified as held for sale' to the 2014 Consolidated Financial Statements.

1. General information

Subsea 7 S.A. is a company registered in Luxembourg whose common shares trade on the Oslo Børs and over-the-counter as American Depositary Receipts (ADRs) in the US. The address of the registered office is 412F, route d'Esch, L-2086 Luxembourg. The Condensed Consolidated Financial Statements were authorised for issue by the board of directors on 28 July 2015.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the period 1 January 2015 to 30 June 2015 for Subsea 7 S.A. have been prepared on a going concern basis and in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

The Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2014 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Certain comparative information has been re-presented due to the declassification of investments in Sonamet and Sonacergy as assets held for sale as detailed in Note 21 'Assets classified as held for sale' to the 2014 Consolidated Financial Statements.

The Condensed Consolidated Financial Statements are unaudited.

3. Accounting policies

Basis of accounting

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with the Consolidated Financial Statements for the year ended 31 December 2014.

No new or amended International Financial Reporting Standards (IFRSs) and interpretations have been adopted by the Group for the financial year beginning on 1 January 2015.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in the Consolidated Financial Statements for the year ended 31 December 2014, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other assumptions that management believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management makes accounting judgements on the following aspects of the business as described in full in the audited Consolidated Financial Statements for the year ended 31 December 2014:

- Revenue recognition on long-term contracts
- Revenue recognition on variation orders and claims
- Goodwill carrying value
- Property, plant and equipment
- Recognition of provisions and disclosure of contingent liabilities
- Taxation

5. Seasonality

A significant portion of the Group's revenue is generated from work performed offshore. During certain periods of the year, the Group may be affected by adverse weather conditions such as hurricanes or tropical storms which may cause delays. Periods of adverse weather conditions usually result in low levels of activity.

6. Segment information

With effect from 1 January 2015 the Group implemented a new organisational structure. The new organisational and segmental structure comprises two Business Units, which replaced four geographical Territories, and a Corporate segment.

The Corporate segment includes all activities that serve both Business Units. All onshore and offshore assets are allocated between the two Business Units. Reporting segments are defined below:

Northern Hemisphere and Life of Field

The Northern Hemisphere and Life of Field Business Unit includes activities in UK, Canada, Norway and the Gulf of Mexico together with the i-Tech division and Life of Field business line. It also includes spoolbases in Vigra, Norway and Leith, Scotland and a fabrication yard in Wick, Scotland. This segment also includes the Normand Oceanic and Eidesvik Seven joint ventures.

Southern Hemisphere and Global Projects

The Southern Hemisphere and Global Projects Business Unit includes activities in Africa, Asia Pacific and Middle East, Brazil and Global Projects teams. It also includes fabrication yards in Warri, Nigeria; Lobito, Angola and Port Gentil, Gabon and spoolbases in Luanda, Angola and Port Isabel, US. This segment also includes the SapuraAcergy and Subsea 7 Malaysia joint ventures.

Corporate

This segment includes all activities that serve both Business Units and includes: management of offshore resources; captive insurance activities and management and corporate services. It also includes the results of the Seaway Heavy Lifting joint venture.

6. Segment information *continued*

Summarised financial information concerning each reportable geographical reporting segment was as follows:

For the three months ended 30 June 2015

(in $ millions) Unaudited	Northern Hemisphere and Life of Field	Southern Hemisphere and Global Projects	Corporate	Total
Revenue	**642.2**	**706.5**	**3.5**	**1,352.2**
Net operating income/(loss)	**104.9**	**130.7**	**(66.8)**	**168.8**
Finance income				**5.4**
Other gains and losses				**(36.4)**
Finance costs				**(0.6)**
Income before taxes				**137.2**

For the three months ended 30 June 2014

(in $ millions) Unaudited	Northern Hemisphere and Life of Field	Southern Hemisphere and Global Projects	Corporate	Total Re-presented
Revenue	863.4	1,037.8	3.9	1,905.1
Net operating income	128.6	194.2	28.0	350.8
Finance income				8.9
Other gains and losses				10.5
Finance costs				(7.0)
Income before taxes				363.2

For the six months ended 30 June 2015

(in $ millions) Unaudited	Northern Hemisphere and Life of Field	Southern Hemisphere and Global Projects	Corporate	Total
Revenue	**1,204.2**	**1,323.6**	**5.7**	**2,533.5**
Net operating income/(loss)	**152.7**	**248.8**	**(56.2)**	**345.3**
Finance income				**8.8**
Other gains and losses				**(3.8)**
Finance costs				**(1.8)**
Income before taxes				**348.5**

For the six months ended 30 June 2014

(in $ millions) Unaudited	Northern Hemisphere and Life of Field	Southern Hemisphere and Global Projects	Corporate	Total Re-presented
Revenue	1,529.7	2,034.1	9.2	3,573.0
Net operating income	152.8	346.7	11.7	511.2
Finance income				13.0
Other gains and losses				18.9
Finance costs				(12.1)
Income before taxes				531.0

7. Cost reduction programme

In May 2015, the Group announced that in view of the difficult business and economic conditions in the oil and gas market and declining workload, a programme of cost reduction measures would be implemented including a resizing of the fleet and workforce, and the restructuring of its corporate organisation.

In Q2 2015, the Group established a provision related to this programme of cost reduction measures related to redundancy and related costs. A charge of $100 million was recognised of which $84 million and $16 million were attributable to operating expenses and administrative expenses respectively. The full amount of the charge was recognised in the Corporate reporting segment.

8. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the parent company by the weighted average number of common shares in issue during the period, excluding common shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

The income and share data used in the calculation of basic and diluted earnings per share were as follows:

	Second Quarter		Half Year	
For the period (in $ millions)	**Q2 2015 Unaudited**	Q2 2014 Unaudited Re-presented	**1H 2015 Unaudited**	1H 2014 Unaudited Re-presented
Net income attributable to shareholders of the parent company	**93.6**	272.8	**246.8**	422.9
Interest on convertible bonds (net of amounts capitalised)	**0.5**	3.5	**–**	6.8
Earnings used in the calculation of diluted earnings per share	**94.1**	276.3	**246.8**	429.7

	Second Quarter		Half Year	
For the period (number of shares)	**Q2 2015 Unaudited**	Q2 2014 Unaudited	**1H 2015 Unaudited**	1H 2014 Unaudited
Weighted average number of common shares used in the calculation of basic earnings per share	**325,591,771**	330,835,613	**325,942,237**	332,457,336
Convertible bonds	**21,775,273**	41,308,237	**21,775,273**	41,287,083
Share options, performance shares and restricted shares	**31,371**	946,907	**33,446**	979,297
Weighted average number of common shares used in the calculation of diluted earnings per share	**347,398,415**	373,090,757	**347,750,956**	374,723,716

	Second Quarter		Half Year	
For the period (in $ per share)	**Q2 2015 Unaudited**	Q2 2014 Unaudited Re-presented	**1H 2015 Unaudited**	1H 2014 Unaudited Re-presented
Basic earnings per share	**0.29**	0.82	**0.76**	1.27
Diluted earnings per share	**0.27**	0.74	**0.71**	1.15

The following shares that could potentially dilute the earnings per share were excluded from the calculation of diluted earnings per share due to being anti-dilutive for the period:

	Second Quarter		Half Year	
For the period (number of shares)	**Q2 2015 Unaudited**	Q2 2014 Unaudited	**1H 2015 Unaudited**	1H 2014 Unaudited
Share options, performance shares and restricted shares	**2,067,325**	2,131,283	**2,073,047**	2,135,580

9. Adjusted EBITDA and Adjusted EBITDA margin

Adjusted earnings before interest, taxation, depreciation and amortisation (‘Adjusted EBITDA’) is a non-IFRS measure that represents net income before additional specific items that are considered to impact the comparison of the Group’s performance either period-on-period or with other businesses. The Group defines Adjusted EBITDA as net income adjusted to exclude depreciation, amortisation and mobilisation costs, impairment charges or impairment reversals, finance income, other gains and losses (including gain on disposal of subsidiary and gain on distribution), finance costs and taxation. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.

The items excluded from Adjusted EBITDA represent items which are individually or collectively material but which are not considered representative of the performance of the business during the periods presented. Other gains and losses principally relate to disposals of investments, property, plant and equipment and net foreign exchange gains or losses. Impairments of assets represent the excess of the assets’ carrying amount over the amount that is expected to be recovered from their use in the future or their sale.

Adjusted EBITDA and Adjusted EBITDA margin have not been prepared in accordance with IFRS as adopted by the EU. These measures exclude items that can have a significant effect on the Group’s income or loss and therefore should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with IFRS) as a measure of the Group’s operating results or cash flows from operations (as determined in accordance with IFRS) as a measure of the Group’s liquidity.

Management believes that Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the business. These non-IFRS measures provide management with a meaningful comparative for its Business Units, as they eliminate the effects of financing, depreciation and taxation. Management believes that the presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea 7’s peer group and therefore believes it to be a helpful calculation for those evaluating companies within Subsea 7’s industry. Adjusted EBITDA margin may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group’s performance. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.

9. Adjusted EBITDA and Adjusted EBITDA margin *continued*

Reconciliation of net operating income to Adjusted EBITDA and Adjusted EBITDA margin:

For the period (in $ millions)	Second Quarter		Half Year	
	Q2 2015 Unaudited	Q2 2014 Unaudited Re-presented	**1H 2015 Unaudited**	1H 2014 Unaudited Re-presented
Net operating income	**168.8**	350.8	**345.3**	511.2
Depreciation, amortisation and mobilisation	**105.7**	101.4	**207.7**	204.9
Impairment of property, plant and equipment	**–**	–	**3.1**	–
Adjusted EBITDA	**274.5**	452.2	**556.1**	716.1
Revenue	**1,352.2**	1,905.1	**2,533.5**	3,573.0
Adjusted EBITDA margin	**20.3%**	23.7%	**21.9%**	20.0%

Reconciliation of net income to Adjusted EBITDA and Adjusted EBITDA margin:

For the period (in $ millions)	Second Quarter		Half Year	
	Q2 2015 Unaudited	Q2 2014 Unaudited Re-presented	**1H 2015 Unaudited**	1H 2014 Unaudited Re-presented
Net income	**88.4**	265.6	**239.2**	397.0
Depreciation, amortisation and mobilisation	**105.7**	101.4	**207.7**	204.9
Impairment of property, plant & equipment	**–**	–	**3.1**	–
Finance income	**(5.4)**	(8.9)	**(8.8)**	(13.0)
Other gains and losses	**36.4**	(10.5)	**3.8**	(18.9)
Finance costs	**0.6**	7.0	**1.8**	12.1
Taxation	**48.8**	97.6	**109.3**	134.0
Adjusted EBITDA	**274.5**	452.2	**556.1**	716.1
Revenue	**1,352.2**	1,905.1	**2,533.5**	3,573.0
Adjusted EBITDA margin	**20.3%**	23.7%	**21.9%**	20.0%

10. Goodwill

The movement in goodwill during the period was as follows:

(in $ millions)	Half Year	
	1H 2015 Unaudited	1H 2014 Unaudited
At period beginning	**1,322.3**	2,584.6
Exchange differences	**5.6**	64.8
At period end	**1,327.9**	2,649.4

11. Property, plant and equipment

Significant additions to property, plant and equipment for the six months ended 30 June 2015 included $261.9 million expenditure related to the new-build vessel programme as follows:

- $130.9 million expenditure on three PLSVs, *Seven Rio*, *Seven Sun* and *Seven Cruzeiro*
- $90.3 million expenditure on the heavy construction vessel, *Seven Arctic*
- $40.7 million expenditure on the diving support vessel, *Seven Kestrel*

12. Share repurchase programme

During the second quarter the Group continued with its $200 million share repurchase programme initiated in July 2014, and repurchased 125,100 shares for a total consideration of $1.1 million. As at 30 June 2015, the Group had repurchased a cumulative 5,272,656 shares for a total consideration of $57.1 million under the July 2014 programme.

13. Treasury shares

At 30 June 2015, the Company directly held 4,799,956 (Q2 2014: 18,854,817) common shares as treasury shares, representing 1.5% (Q2 2014: 5.4%) of the total number of issued shares. A further 1,526,200 (Q2 2014: 1,526,200) common shares were held by an employee benefit trust to satisfy performance shares under the Group's 2009 Long-term Incentive Plan and 253,482 (Q2 2014: 681,967) shares were held in a separate employee benefit trust to support specified share option awards.

14. Commitments and contingent liabilities

Commitments

As at 30 June 2015, the significant capital commitments that the Group had entered into were:

- contracts totalling $296.6 million relating to three new-build PLSV's, *Seven Rio*, *Seven Sun* and *Seven Cruzeiro*. The vessels are due to commence operations in late 2015 and during 2016;
- contracts totalling $95.2 million relating to the new-build heavy construction vessel, *Seven Arctic*. The vessel is due to commence operations in 2016; and
- contracts totalling $18.3 million relating to the diving support vessel, *Seven Kestrel*. The vessel is due to commence operations in early 2016.

Contingent liabilities

Between 2009 and 2014, the Group's Brazilian businesses were audited and formally assessed for a state tax (ICMS) and federal taxes by the Brazilian State and Federal tax authorities. The amount assessed including penalties and interest as at 30 June 2015 amounted to BRL 719.3 million ($230.0 million). At 31 December 2014 the amount assessed including penalties and interest amounted to BRL 677.9 million ($267.8 million). The Group continues to believe that the prospect of any payment is possible but not probable and, other than as required by IFRS 3 'Business Combinations', no provision has been recognised.

As part of accounting for the business combination with Subsea 7 Inc., IFRS 3 'Business Combinations' required the Group to recognise as a provision, as of the acquisition date, the fair value of contingent liabilities assumed if there was a present obligation that arose from past events, even where payment was not probable. The value of the provision recognised within the Consolidated Balance Sheet at 30 June 2015 was $5.1 million (31 December 2014: $6.0 million). Despite the requirements of IFRS 3, the Group continues to believe that payment relating to the remaining recognised contingent liabilities is not probable.

15. Cash flow from operating activities

	Half Year	
For the period ended (in $ millions)	**1H 2015 Unaudited**	1H 2014 Unaudited Re-presented
Cash flow from operating activities:		
Income before taxes	**348.5**	531.0
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	**194.5**	192.2
Impairment of property, plant and equipment	**3.1**	–
Amortisation of intangible assets	**3.4**	5.5
Mobilisation costs	**9.8**	7.2
Adjustments for investing and financing items:		
Share of net income of associates and joint ventures	**(28.6)**	(42.8)
Finance income	**(8.8)**	(13.0)
Loss on disposal of property, plant and equipment	**0.4**	0.3
Finance costs	**1.8**	12.1
Adjustments for equity items:		
Share-based payments	**4.7**	4.5
	528.8	697.0
Changes in operating assets and liabilities:		
Increase in inventories	**(2.4)**	(0.3)
(Increase)/decrease in operating receivables	**(48.5)**	97.3
(Decrease)/increase in operating liabilities	**(143.9)**	66.6
	(194.8)	163.6
Income taxes paid	**(114.5)**	(132.3)
Net cash generated from operating activities	**219.5**	728.3

16. Fair value and financial instruments

Except as detailed in the following table, the carrying value of the Group's financial assets and financial liabilities recorded at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values:

As at (in $ millions)	**30 Jun 2015 Carrying amount Unaudited**	**30 Jun 2015 Fair value Unaudited**	31 Dec 2014 Carrying amount Audited	31 Dec 2014 Fair value Audited
Financial liabilities				
Borrowings – convertible bonds – Level 2	**(583.4)**	**(569.2)**	(576.2)	(565.5)

Borrowings – convertible bonds

The fair value of the liability components of convertible bonds is determined by matching the maturity profile of the bonds to market interest rates available to the Group. At the balance sheet date the interest rate available was 4.9% (31 December 2014: 4.5%).

Fair value measurements

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Recurring and non-recurring fair value measurements

Recurring fair value measurements are those that IFRSs require at the end of each reporting period and non-recurring fair value measurements are those that IFRSs require or permit in particular circumstances.

Assets and liabilities which are measured at fair value in the Condensed Consolidated Balance Sheet and their level of the fair value hierarchy were as follows:

As at (in $ millions)	**30 Jun 2015 Level 2 Unaudited**	**30 Jun 2015 Level 3 Unaudited**	31 Dec 2014 Level 2 Audited	31 Dec 2014 Level 3 Audited
Recurring fair value measurements				
Financial assets:				
Financial assets at fair value through profit or loss - derivative instruments	**17.1**	**–**	28.1	–
Derivative instruments in designated hedge accounting relationships	**3.4**	**–**	3.7	–
Financial liabilities:				
Financial liabilities at fair value through profit or loss - derivative instruments	**(30.7)**	**–**	(35.5)	–
Derivative instruments in designated hedge accounting relationships	**(0.1)**	**–**	(4.9)	–

During the six month period ended 30 June 2015 there were no transfers between levels of the fair value hierarchy. The Group accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstance that caused the transfer.

Fair value techniques and inputs

Financial assets and liabilities at fair value through profit or loss

The Group's financial assets and liabilities fair value through profit or loss comprised:

- Forward foreign exchange contracts
  The fair value of outstanding forward foreign exchange contracts was calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contract.
- Interest rate swap
  The fair value of the Group's interest rate swap was calculated using quoted 3 month US Dollar LIBOR rates. At the balance sheet date the three month US Dollar LIBOR rate was 0.28%.

17. Multi-currency revolving credit facility

The $500 million facility

During the quarter, the Group repaid $80 million previously drawn under its $500 million multi-currency revolving credit and guarantee facility. As at 30 June 2015, the full facility remained available for drawdown.

18. Post balance sheet events

Convertible bonds

Between 1 July 2015 and 28 July 2015, the Group repurchased $10 million (par value) of the $700 million 1.00% convertible bonds due 2017 for $9.2 million.

Borrowings

On 21 July 2015, the Group entered into a term loan facility of up to $357 million backed by an Export Credit Agency. The funds will be used for general corporate purposes.

Share repurchase programme

On 28 July 2015, the Board of Directors authorised a 24 month extension to the Group's share repurchase programme of up to $200 million. The programme was approved pursuant to the standing authorisation granted to the Board of Directors at the Extraordinary General Meeting held on 27 November 2014, which allows for the purchase of up to a maximum of 10% of the Group's issued common shares, net of the common shares previously repurchased and still held as treasury shares.