



First Quarter 2022 Earnings Presentation

Thursday, 28 April 2022

Introduction

Katherine Tonks

Head of Investor Relations, Subsea 7 S.A.

Operator: Good day and thank you for standing by. Welcome to the Subsea 7 S.A. Q1 2022 Results conference call. At this time, all participants are in a listen-only mode. After the speakers' presentation there will be a question-and-answer session. To ask a question during the session you'll need to press star one on your telephone. Please be advised today's conference is being recorded and if you require any further assistance, please press star zero. I'd now like to hand the conference over to your first speaker today, Katherine Tonks. Please go ahead.

Katherine Tonks (Head of Investor Relations, Subsea 7 S.A.): Welcome everyone. With me on the call today are John Evans our CEO and Mark Foley our CFO. The results press release is available to download on our website along with the presentation slides that we will be referring to during today's call. May I remind you that this call includes forward looking statements that reflect our current views and are subject to risks, uncertainties and assumptions. Similar wording is also included in our press release. I'll now turn the call over to John.

First Quarter 2022 Highlights

John Evans

Chief executive Officer, Subsea 7 S.A.

Welcome

Thank you and good afternoon, everyone. We will start with a summary of the first quarter of 2022 before passing over to Mark to cover the financial results. Turning to slide three.

First quarter 2022 – summary

The first quarter unfolded as we had anticipated, and the financial results were in line with our expectations. As we flagged last quarter both Subsea & Conventional and Renewables were affected by a total of over 250 days of planned maintenance and dry dockings on our fleet. We planned this downtime for the quieter periods for offshore activity and activity will pick up in the second and third quarters.

We continue to see signs of an upcycle in both the subsea and offshore wind sectors. Our clients continued to push ahead with tenders despite challenges related to raw material pricing and pressures in parts of the supply chain. The pace of bidding in both markets remains strong with an underlying improvement in pricing and contractual terms. Turning to slide four.

Sustainability

Sustainability is a core value for Subsea 7 and in the first quarter we continued our transition journey with the publication of our third Sustainability Report. In it you will find enhanced disclosures and details of progress we are making against key objectives. Along with new

targets that expand our environmental, societal and governance goals. Our Sustainability team has been expanded in 2022 with Marcelo Xavier assuming responsibility at Executive Committee level as part of his new role as EVP Strategy & Sustainability. He will be reinforcing the efforts of our Sustainability team and making sure that Subsea 7 continues to drive our strategy forward.

Operational highlights

Turning to slide five and an update on four of our largest contracts. In Subsea & Conventional work on the Sakarya project is around a third complete. Significant progress has been made to fast-track material delivery and two vessels have been mobilised for seabed preparation work. Pipework operations are due to begin in Q3.

In Norway Seven Vega completed pipelay operations on Johan Sverdrup Phase 2 after a period of waiting on weather and the remaining scope is expected to be completed during Q2. In Brazil good progress has been made on the Bacalhau project. The fabrication works are on track at three yards we are using and the project is 41% complete.

In Renewables activity remains high at Seagreen with 21 foundations were installed by the end of 2021 and Seaway Aimery and Seaway Phoenix began installing inter-array cables. Of the 114 jackets 60 jackets have now been delivered with a further 20 in transit. Delivery of the remaining jackets and cables to the marshalling yard in Scotland remains on schedule.

Russia-Ukraine Conflict

The next couple of slides will discuss some of the ramifications of the situation in Ukraine. Firstly, to reiterate we have no direct operations in either Russia or Ukraine. We have around 200 Russian and Ukrainian nationals among our crew, and we are providing them with the support they need at this time. The oil industry is used to dealing with sanctions and we have well-developed processes in place to ensure we're always compliant.

Subsea 7's only exposure is through a small pipeline repair contract in Europe. It is for a Russian client but is exempt from sanctions because of the essential nature of the service. It represents less than 0.5% of our revenue in 2022. Finally, we have operations in the Black Sea about 34km from the Turkish maritime border with Ukraine. We have not encountered any issue so far, but this is something that we are monitoring closely.

Sanctions on Russian gas and oil exports have brought energy security to the forefront of European politics, and this is likely to become a long-term theme in both the subsea and the wind industries.

Managing the supply chain

Next turning to slide seven and the supply chain issues faced by the industry today. By the end of 2021 pricing of some key components had already increased 25-35% and supply chain was tightening. In recent months as a consequence of sanctions placed on Russia and the disruption to supply from Ukraine raw materials prices have become extremely volatile. Two key raw materials for Subsea 7 are steel and copper and both of these have seen price volatility. Our exposure can be roughly defined by two categories: i) that for contracts already awarded and ii) that for ongoing and future tenders.

For contracts already awarded to Subsea 7, as we mentioned last quarter, we are generally protected from raw material inflation and supply chain tightness by various contractual

mechanisms. Either we have back-to-back contracts in place at time of award, index-linked pricing or the contract has a specific mechanism to pass through inflation as an escalation. Fuel costs are mainly hedged or passed on to clients. We have a small exposure to fuel cost relating to vessel standby and transits.

Moving to tenders, where the environment has become more complex. Our clients in both the subsea and wind industries remain positive and are pushing ahead with the tendering process. Clearly though with the increased volatility of raw materials pricing it has become more difficult to get firm pricing and delivery dates from suppliers to allow us to fix our own bids to clients. Where we are already selected as preferred bidder, we're working collaboratively with each of our clients to implement suitable contractual protections to cover this level of uncertainty.

This environment has really reinforced the benefits of early engagement with our clients and our collaborative relationship with our suppliers which is crucial to navigate this complex issue.

Salamander floating wind update

Turning to slide eight, we continue to make good progress on our long-term strategy. In the first quarter the Salamander floating wind joint venture made progress in attracting a cornerstone investor. You may recall at the time we announced this project with Simply Blue that we planned to bring in a major operator to fund and help develop the project. And we are very pleased that Ørsted has acquired an 80% stake. Our objective in being part of this group is to build know-how and experience in planning and executing this type of floating wind development and to help establish the local supply chain in Scotland.

We are now at an advanced planning stage and expect to participate in the INTOG leasing round later this year before participating in the Contract for Difference allocation round in 2025. And now I'll pass over to Mark to run through the financial results.

Financial Results Review

Mark Foley

Chief Financial Officer, Subsea 7 S.A.

Solid backlog for 2022 and 2023

Thank you, John, and good afternoon everyone. I'll begin the financial results review with some details of Group performance in the first quarter before turning to the business units. Slide 9 summarises the solid backlog position at the end of the first quarter. Order intake was \$1.2 billion, equating to a book-to-bill of 1.0 and backlog at the end of the first quarter was \$7.3 billion. Over \$3 billion in backlog is expected to be executed over the remainder of the year and \$2.6 billion in 2023. As with Q4 2021 the level of escalations was high at over \$500 million. This comprised variation orders and contractual price escalations across several contracts.

First quarter 2022

Turning to slide 10 and the headline results for the Group. Revenue was \$1.2 billion, an increase of 20% year-on-year as we made good progress on some of our large EPCI projects

in both Subsea & Conventional and Renewables. Adjusted EBITDA of \$86 million was broadly flat compared to 2021 excluding the impact of an \$80-million restructuring provision credit in the prior year period. Adjusted EBITDA margin fell to 7.2% from 10.2% or from 8.6% excluding the prior year credit. I'll discuss the drivers of this change at the business unit level on slides 11 and 12.

Slide 11 presents the key metrics for Subsea & Conventional. Order intake in Subsea & Conventional was \$1 billion equating to a book-to-bill of 1.1 resulting in a healthy backlog of \$6.2 billion. Revenue was \$902 million, up 23%, reflecting progress on major EPCI projects and in particular the procurement phase of Sakarya. Adjusted EBITDA was \$76 million with a margin of 8.4% down from the 11.6% in Q1 2021. This low profitability reflects planned vessel maintenance on key enablers, as previously communicated, execution of contracts on lower margins and the roll over of Seven Waves onto its new contract.

Selected Renewables performance metrics are shown on slide 12. Order intake in Renewables was light at \$93 million taking the backlog to \$1 billion. As we've highlighted in previous quarters, awards of fixed offshore wind projects do tend to be lumpy, and they are often linked to licensing rounds and contracts for difference auctions. John will discuss the outlook for the new awards shortly. Revenue from Renewables was \$266 million, up 10%, reflecting good progress in the delivery and installation of jackets and cables for the Seagreen project as well as activity on the Kaskasi and Hornsea II projects. Adjusted EBITDA of \$5 million equated to a margin of 2%. Although this is an improvement from the prior year quarter it remains depressed by slow progress in Taiwan and planned maintenance on Seaway Strashnov.

First quarter 2022 – cash flow summary

Slide 13 shows the cash flow waterfall for the first quarter. Net cash generated from operating activities was \$39 million including a \$38 million build in working capital. Cash conversion, measuring the conversion of adjusted EBITDA to adjusted operating cash, was 66%. Net cash used in investing activities was \$51 million, mainly attributable to purchases of property, plant and equipment associated with vessel maintenance and upgrades. Free cash flow in the period was -\$14 million. Net cash used in financing activities was \$90 million. This comprised \$37 million used to repay Seaway 7's revolving credit facility, \$25 million of lease payments mainly related to chartered vessels and \$21 million relating to the share repurchase programme. At the end of the quarter cash and cash equivalents was \$500 million and net debt was \$98 million, which included lease liabilities of \$219 million. The Group's liquidity was \$1.5 billion which included \$956 million of undrawn borrowing facilities.

Financial guidance

To conclude the financial review slide 14 shows our expectations for the full year. Revenue is expected to be broadly in line with 2021 and adjusted EBITDA and net operating income are expected to be broadly in line or better than 2021. As we announced last quarter, our capital expenditure for 2022 is expected to fall within the range of \$420-440 million inclusive of approximately \$280 million relating to Seaway 7's new build vessel programme.

As announced in March, we will pay approximately \$30 million in dividends. This payment will be made on 6th May. This represents the 1 NOK per share of regular dividend payment and we have allocated \$70 million to share repurchases of which \$21 million was utilised in the

first quarter. After the quarter end we've acquired approximately \$2 million of additional shares. I will now pass you back to John.

Closing Remarks

John Evans

Chief Executive Officer, Subsea 7 S.A.

Capital allocation framework

Thank you, Mark. On slide 15 we have a reminder of the capital allocation framework that we outlined last quarter. Earlier this month at the AGM shareholders approved a 1 NOK per share dividend and it is our intention for this to form a regular base level of payout. We expect that Seaway 7 will be self-financing with the two new build vessels funded by debt and internal cash flow. This leaves any excess cash from Subsea & Conventional business to be returned as a special dividend or, as in 2022, a buyback on top of the 1 NOK regular payout. We believe this framework offers investors in the Subsea 7 Group a good balance between i) a subsea business with potential for high cash generation and returns to shareholders, and ii) the wind business with a potential for high long-term growth. And now we'll wrap up with our usual outlook slides starting with the prospects for the subsea market on slide 16.

Outlook

Tendering remains very active, and we are optimistic that the next 12 months will see us win a good level of new awards. At the core of the recovery the most active markets remain Brazil where we have a long list of prospects for both Petrobras and the IOCs, the Gulf of Mexico with a sustained level of tieback activities, and Norway where we are very pleased to have been selected as the preferred bidder for both the Aker BP and Equinor sides of the NOAKA field development. Outside these core regions there continues to be notable prospects in West Africa, Canada and Turkey, as well as carbon capture prospects in the UK. Overall, we are encouraged by the way the recovery is progressing and remain confident in the outlook for Subsea & Conventional.

On the next slide, we have wind prospects. I'll leave the detail to Seaway 7 to discuss, but we continue to see strong demand centred on the US and the UK with awards expected to the industry this year and beyond.

Summary

To wrap up we'll turn to our final slide on page 18. We believe we are seeing the continuation of the recovery we experienced in our core markets towards the end of last year. In Subsea & Conventional tendering activity is fine for large greenfield projects and smaller tiebacks alike. Since 2021 this has been driven by the recovery in oil and gas prices and looking ahead, we expect to see Europe's desire for greater energy security as a further stimulus for a new interest in projects. In fixed offshore wind there was a hiatus in awards in 2021 but we have a tendering pipeline of \$6 billion and the market for installation capacity is firming up for 2024 and 2025. We continue to work on tenders for floating wind in Korea as well as progressing with Salamander. Overall, we believe that Subsea 7 is well placed to capture opportunities in today's evolving and dynamic energy markets. And with that we'll be happy to take your questions.

Q&A

Operator: Thank you. We'll now begin the question-and-answer session. If you would like to ask a question at this time, please press star and one on your keypad and to withdraw your request you can press the hash key. And we do please ask that questions are limited to one question with one follow-up per caller. So once again it's star and one to ask a question and the hash key to withdraw. Our first question today is from the line of Mick Pickup from Barclays. Please go ahead.

Mick Pickup (Barclays): Hi John, Mick here. A couple of questions if I may about your tendering situation at the moment. You've given us a lot of details there on trying to work with your clients. Can you just talk about what sort of schemes you're looking at precisely for getting projects to go ahead? And the follow-up would be, are you seeing the costs that I see being quoted in any way hindering projects actually going ahead? Or does the oil price offset all of that?

John Evans: Thanks Mick. On the second question first certainly in the oil and gas sector we are not seeing the cost inflation prove to be a blocker for our clients to move ahead on the topic. Our wind clients are a bit more sensitive to it but of course they have to bid for Contracts for Difference rounds and the CFD round for the UK is partially underway at the moment. So there's a sensitivity around costs and how that equates to power but certainly the main oil and gas drivers we're seeing at the moment is the clients we are talking to are very interested in finding solutions.

It mainly revolves around different indexes for handling the inflation in raw materials. And we're being quite transparent with our clients about what our key vendors are telling us. And how we can secure capacity and the commercial model that works for us, our vendors and our clients. So generally, I'd say Mick that conversations are positive and everybody is trying to find an answer. Our vendors of course want to keep their factories and setups running. We want to be able to deliver projects and our clients want to go ahead and sanction them. So I think it's an iterative process but generally everybody is directionally trying to look towards answers.

Mick Pickup: So, there's no talk of this going open book like we saw in the onshore world ten years ago? Or more reimbursable?

John Evans: Not at this stage Mick. There's certain transparency levels that we're prepared to work with our clients on, on certain elements of our supply chain cost. Certainly, with our escalations – it mainly evolves around raw material escalation and price of – price of manufacturing inputs such as gas and energy costs into the manufacturing. They're the two main areas that we are working with our clients on at the moment.

Mick Pickup: Okay, thanks a lot. Cheers.

Operator: Thank you. The next question is from the line of Christopher Møllerløgkken from SpareBank1 Markets. Please go ahead.

Christopher Møllerløgkken (SpareBank1 Markets): Thank you and keeping the subject the same as Mick here, in terms of these cost inflation clauses it's well known that both copper and steel prices have increased but have you seen any increase in the lead times from your sub-suppliers as well here?

John Evans: I think we went through a period Christopher where our suppliers were, like everybody, in a place in the first few weeks post the Russia-Ukraine conflict starting where the metals markets effectively frozen. Which then meant that the entire chain was impacted. But now there is some level of movement happening in those markets. Now we continue to work with our clients on a very transparent basis about all these pieces fit together. So after a period of initial disruption, we're starting to see movement happening at the moment which allows us to see that there will be progress here in the next few weeks on some of our key projects.

Christopher Møllerløyken: And I might have misunderstood this in the past but in terms of the order intake in Q1 there was – there were quite a lot of escalations. Then back of my hand I would normally assume that would typically be a fourth quarter event. Was it anything in particular in first quarter that caused this quite high amount of escalations on existing contracts? Thank you.

John Evans: Yeah Christopher, I'll ask Mark to give to give you some more details on that.

Mark Foley: Yes, you're correct. Escalations have been elevated in Q4 2021 and again in Q1 of this year, Christopher. If I look at the \$500 million broadly split equally between the variation orders and contractual price escalations. Now, those contractual price escalations are due to certain anniversary milestones within the contracts which we have. They've been spread over several projects so they've been spread over a number of projects as opposed to being concentrated in one big of a spike in the quarter. So hopefully that provides some colour to the \$0.5 billion escalations in Q1.

Christopher Møllerløyken: Thank you.

Operator: Thank you. The next question is from the line of James Thompson from JP Morgan. Please go ahead.

James Thompson (JP Morgan): Great, thank you very much. Good afternoon gents, thank you very much for taking my questions there. You know, you talked a little bit about cost inflation, comes back to some of these earlier questions actually. I was – we have seen obviously a lot of volatility post-CFD and that makes it quite difficult in the wind space for some of these operators. Do you think there's anything more that can be done to kind of speed up the process from your side there, John?

John Evans: Sorry James, speed up the process for what, sorry?

James Thompson: Well, no, in terms of like, you know, post-CFD, you know, into FID of these offshore wind projects, you know, there's obviously a time lag. It's sort of the other way around in many ways to the oil and gas developments. And, you know, that can make it quite difficult for the operators with raw material costs being very volatile, as you said. And it – you know, versus the power prices they might be bidding. And I just wondered if there's any more that could be done from your side to help the operators from that perspective.

John Evans: Yeah, your question is – is a very interesting one. Certainly, at the moment the UK is in the middle of its CFD auction round so our clients are each bidding for their CFDs now. And the result of that should be known around the middle of this year. So, the UK government will announce which projects have got a CFD and which don't. Generally, at that stage then, our clients will have a preferred bidder in terms of the main contractor for

activity. And we would expect to get our reasonable share of the UK projects that should be awarded. And then those will turn into FID towards the back end of this year or the very start of next year.

What we're working with our clients at the moment is good transparency on the supply chain costs and the inflation mechanisms. So there's good transparency for them as they make their choices as to where to pitch their CFDs. And, you know, how that will turn in effectively to FIDs. I think the process is the process. It's a government set process, certainly here in the UK. And, you know, that machine is running. It's a well-oiled machine. It's worked many times. This does cause some challenges for our clients in the midst of it. But again, you know, they will make their commercial decisions accordingly.

James Thompson: Okay, thanks John. Just in terms of China obviously there's been some lockdowns in Shanghai and, you know, that may well spread. I was just wondering if you could comment at all about whether that – any impact for you or more broadly for the industry in terms of, you know, delivery of new builds and things like that.

John Evans: Yeah, for us I guess China sort of falls into three different groups. The first is Seagreen where we have two-thirds of the jackets being fabricated in China. But we're on the last knockings. The very last delivery batches will be out of China in the next few weeks. So our Chinese fabricators, to be very complimentary to them – well in fact all our fabricators on Seagreen - have managed to make good progress despite Covid over the last two years and have kept the schedule that we needed. So we don't expect Seagreen to be a major impact in terms of China.

Secondly, we have the Alfa Lift and the [Ventus] and we will continue to monitor the impact on the lockdowns and such like there and see what impact that may or may not have on those vessels. And thirdly then, you know, China is a key workshop to the world on certain raw materials. We haven't as yet seen any major impact on China on our supply chain. Our main impact has been raw material pricing and the effect on the indices.

James Thompson: Okay. That's very clear. Last one – last one from me. Just I wanted to quickly check on Sakarya. I mean, you know, thanks very much for the additional colour there. I mean, it's obviously a progress with a very, very accelerated schedule but it's clearly a delicate situation. Are there any other risks or things that we should sort of take into account as that kind of moves into the offshore phase this year?

John Evans: Sakarya, all the materials are ordered. Everything is in place in terms of bringing it all together. So it's a very fast-track project, with a very focused client - they're the Turkish government on that project. But it's going fine. It's on track. The only thing is where it is geographically as we raised in one of our comments there. It's 34km away from the Ukraine/Turkish border. So at the moment it doesn't affect us and we continue to work and our ships are working there. And it's all green for go at the moment. But geographically it is where it is and we felt it's important for everybody to understand that.

James Thompson: Yeah, yeah, true. Okay, great. Thanks John, appreciate the answers. I'll hand it over.

Operator: Thank you. The next question is from the line of Haakon Amundsen from ABG Sundal Collier. Please go ahead.

Haakon Amundsen (ABG Sundal Collier): Yeah, hi guys. First a follow-up on the – on the question from Christopher on the escalations. You mentioned that it was driven kind of broadly across the project portfolio. I was just wondering if this is, really kind of special issues related to each project or if you think this is related to an improving market and that we're going to see a higher level of unannounced contracts, going forward as the market is picking up? That's my first question.

John Evans: Yes, – generally it's probably just worth looking at the escalation mechanisms that Mark talked about on our contracts. As you may recall, all Brazilian contracts by law have escalation contract mechanisms and then, we have Mero-3 and Bacalhau, very, very large significant EPCI contracts in Brazil which get the benefit of those escalations as well as our PLSV contracts which get the annual escalation mechanisms in them. You know, and they're designed to protect us from the cost inflation we see in Brazil, which is a high inflation environment in any case. So the change is we've now got more Brazilian large EPCI contracts in our mix. And as Mark says, when the anniversary of certain events occur, there are mechanisms in those contracts to escalate those. I think the variation orders, as Mark touched on, it's just where we land in the sequence of projects and various changes and agreements we make with our clients. I wouldn't read too much into that, but I think the escalation mechanism in Brazil will cut in at various times along the next few years.

Haakon Amundsen: Yeah, right. Yeah, I was thinking about the level of variation orders really and if there is kind of a general trend that oil companies, tend to expand projects now that the market has improved. But, I think I got the message. Second question is around the kind of profitability. You're mentioning that you're seeing improved terms in the contracts you're bidding for and the market I guess is tightening if we look a bit further out in time. Could you give some colour on what we should think about the long-term potential in your margins compared to the historical level here? Is there any reason why we shouldn't come back to a more historically kind of normal margin level?

Mark Foley: Yeah, Haakon maybe I'll remind everybody of the commentary I made, I can't remember, was it last quarter or the quarter before, but we've said that we see our market picking up from late 2023 into 2024 and 2025. Every bid that we put in is a better margin than the last one as the market generally tightens. And we do expect to see our margins improve in 2024 and 2025 towards historical averages. Although I did at the last quarter remind everybody that in 2016 and 2017, we had quite a spike in our EBITDA because we had something that is not happening this time which was a large set of [fixed price] awards to Subsea 7 and then [pricing in the] supply chain collapsed. And we benefitted profit-wise there from a supply chain that was falling rather than a supply chain that's rising. So, I would expect to see a more normal gradual return in profitability in the out years rather than the big spike we saw in 2015, 2016, 2017 period.

Haakon Amundsen: Understood. Thank you very much.

Operator: Thank you. The next question is from the line of Guillaume Delaby from Société Générale. Please go ahead.

Guillaume Delaby (Société Générale): Yes, good afternoon, John. Two questions if I may. First could you maybe try to provide a little bit of timing regarding I think it would – it might be rights issue on Seaway? Is it six months' time, 12 months' time? So, what do you have in

mind today? And maybe if we try to put ourselves maybe in a longer period of time what might be – I know that you will remain extremely qualitative. What might be the vision post-2025 or 2026? Do you expect to totally split the two businesses or what could you say about that going forward? Thank you so much.

John Evans: Yeah, thank you. Just on the question of timing I guess what we would see as we look ahead here is that we should expect the UK government hopefully to announce its Contracts for Difference around the middle of this year. And we would expect to see the half a dozen major UK projects that are in the market at the moment get awarded to market and we would expect to get a reasonable share of that. We would also expect to see Seaway in the next year pick up some US-based work on some of the larger US projects. So I think we would see ourselves really build ourselves out in terms of where we go from there. We will also be doing the topics that Mark touched upon about debt and getting the balance sheet in order for Seaway 7 in the next 12 months to start to put it on its own foundations.

Which links into your second question. You know, for us there is a very clear linkage today between the two businesses. They use common processes and systems. We move people. We sometimes move assets backwards and forwards. We do want to create the ability that the two businesses are measured separately, an oil and gas business, a new energy business on the subsea side. And then Seaway 7 would be the fixed wind business. Our aim at the moment is just to make sure that we can address what those two very different markets need and structure ourselves in terms of leadership and focus on those markets in the near-term. Where we can take it to, that we'll work out in time, I think is the answer to the question. We will see from there.

But the aim is that Seaway 7 will have its own balance sheet and will have enough strength in due course to stand on its own two feet. As we said in the capital allocation slide, our aim would be to be a 51% or greater owner of Seaway 7 in the medium-to-long-term.

Guillaume Delaby: Thank you very much John. I turn it over.

Operator: Thank you. The next question is from the line of James Winchester from Bank of America. Please go ahead.

James Winchester (Bank of America): Brilliant, thanks very much. I was just wondering if you give – help bridge your guidance for the Renewables segment. You've kind of got revenues that are expected to come in at \$1 billion with EBITDA margin towards 10%. And then if you kind of take the first quarter came in at around \$5 million EBITDA. So if we kind of take the simplest case and expect \$100 million EBITDA for the full year with only \$700 million of backlog to be executed this year would require like a 14% EBITDA margin. So of course, you'll be expecting some from kind of a book-and-turn from new orders, but could you just provide a bit of colour on this dynamic? And could you also provide a kind of a similar bridge for the subsea segment? Thank you.

Mark Foley: Well, the subsea side it's two things, you know. It has elements of seasonality and we had flagged quite clearly that the first quarter will be lower. And that's where we are today. So, we're very clear that the subsea piece fits together. It's pretty clear to us. We know where we're at. We've got a very high level of backlog for this year, so we know what we have to liquidate. And barring any major, major unseen global changes here, we should be liquidating the subsea business in line with our plans.

Renewables, you know, we build out Renewables with a big push on Seagreen in the second half of this year. Where there's cable laid, there's more jackets to go in and of course as those major projects get towards a close, you know, opportunity to look at the allowances and contingencies in the project as well as just the inherent profitability as we liquidate project performance on the jobs.

We also have Hollandse Kust in Holland, a major project which we are just starting now in Q2, and we'll be liquidating a 100-pile project there. We hopefully should have Taiwan behind us in – generally towards the middle part of this year. And our cable layers should be active as well. Our heavy transport vessels in that fleet as well are also pretty busy now in the next three quarters. So I will let Stuart and Mark Hodgkinson when they do their call later in the day provide a bit more colour, but that's the way to look at it. It's around the fact that the main assets are now all back to work having had their winter break and then they'll be out working when the weather period allows them to go and work.

James Winchester: Brilliant, that's very clear. Thank you.

Operator: Thank you. There are no further questions at this time, so I'll hand back to John for closing remarks.

John Evans: Well, thank you very much for joining us. We know today's a very busy day for everybody with lots of other companies reporting. We look forward to catching up with everybody again when we announce our Q2 results. Thank you very much. Goodbye.

Operator: Thank you. That does conclude the conference for today. Thank you for participating and you may now disconnect.

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