Subsea 7 S.A. Q3 2024 Results

Thursday, 21st November 2024

[00:00:42]

Introduction

Katherine Tonks

Head of Investor Relations, Subsea 7

Welcome

Welcome, everyone, and thank you for joining us. With me on the call today are John Evans, our CEO; Mark Foley, our CFO; and Stuart Fitzgerald, CEO of Seaway 7. The results press release is available to download on our website along with the slides that we'll be using during today's call.

Disclaimer

And please note that some of the information discussed on the call today will include forward-looking statements that reflect our current views. These statements involve risk and uncertainties that may cause actual results or trends to differ materially from our forecast. For more information, please refer to the risk factors discussed in our Annual Report or in today's quarterly press release.

And now I'll turn the call over to John.

[00:01:21]

Overview

John Evans

CEO, Subsea 7

Introduction

Thank you, Katherine, and good morning, everyone. I will start with a summary of the third quarter before passing over to Mark for more details of the financial results.

Third quarter 2024 – on track to deliver strong growth

Turning to slide three. Subsea 7 delivered third quarter adjusted EBITDA of $321 million, a margin of 18%, up from 13% last year. We're on track to meet full-year EBITDA guidance which we have revised upwards for the second time this year. And we have introduced new guidance for 2025 that implies continued growth in EBITDA supported by a firm backlog of high quality contracts.

We remain confident in the longer term outlook based on a robust tender pipeline and positive conversations with our clients. Against this optimistic backdrop and with a prospect of strong cash generation, we're committed to returning at least $1 billion in the four years from 2024 to 2027.

Order intake

Turning to slide four. After exceptional second quarter, order intake in the third quarter was $0.6 billion. Overall, our order intake for the first nine months of this year was a healthy $5.9 billion.

Backlog - $5.3 billion for execution in 2025

Slide five shows details of our backlog. At the beginning of the third quarter, we had a Group backlog of $11.3 billion, of which $1.8 billion is due to be executed in the fourth quarter and $5.3 billion in 2025. We have good visibility on the years ahead, including high utilisation of our major subsea vessels in the remainder of ’24, ’25 and into 2026.

In Renewables, the backlog is roughly flat as we remain selective in our tendering approach to support future margins and returns.

And now I'll pass over to Mark to run through the financial results.

[00:03:20]

Financial Review

Mark Foley

CFO, Subsea 7

Introduction

Thank you, John, and good morning, everyone. I'll begin with some details of Group and business unit performance in the quarter before turning to the Group cash flow and financial guidance of 2024 and 2025.

Group results – improved volume and pricing mix

Slide six summarises the Group's third quarter results. Revenue was $1.8 billion, up 16% compared to the third quarter of 2023, driven by strong performances in both business units as major projects made good progress.

Adjusted EBITDA of $321 million was up 59% compared with the prior year and our margin increased by over 450 basis points to 18%. After depreciation and amortisation of $158 million, net finance cost of $20 million and taxation of $70 million, net income was $98 million compared with $36 million in the prior year period.

I'll now discuss the drivers of the Group's performance in the next few slides.

Subsea and Conventional

Slide seven presents the key metrics for Subsea and Conventional. Revenue was $1.4 billion, up 12% year-on-year, reflecting good progress on Mero-3 in Brazil, Yggdrasil in Norway and the Gas to Energy project in Guyana.

Adjusted EBITDA was $252 million, equating to a margin of 17.5%, an increase of 330 basis points from the prior year. This result reflects the continued evolution of the backlog mix towards higher quality contracts, as well as a $10 million net income contribution from OneSubsea.

Net operating income was $127 million compared to $76 million in the same quarter last year.

Renewables

Select renewables performance metrics are shown in slide eight.

Revenue was $376 million, up 40% year-on-year, reflecting good progress at Dogger Bank B in the UK, as well as projects in the US and Taiwan.

Adjusted EBITDA was $62 million, double that in the prior year, equating to a margin of 16.4%. This was driven by very high asset utilisation, with all seven vessels executing work in the quarter.

Cash balance reconciliation

Slide nine shows the cash waterfall for the third quarter. Net cash generated by operating activities was $270 million, which included a minor movement in working capital. Capital expenditure was $132 million, including $83 million relating to the acquisition of Seven Merlin.

Net cash used in financing activities was $78 million, which included share repurchases of $20 million and lease payments of $60 million. At the end of the quarter, cash and cash equivalents increased by $150 million to $440 million.

Net debt was $857 million, including lease liabilities of $495 million. The Group had liquidity of $1.1 billion at the end of the quarter.

As of today, the company had returned approximately $250 million to shareholders this year composed of $80 million of share repurchases and approximately $170 million of dividends.

Group financial guidance

To conclude, slide 10 shows our guidance for the full year. In 2024, we expect revenue to be at the upper end of the range from $6.5 billion to $6.8 billion, with adjusted EBITDA of $1,025 million to $1,075 million.

For 2025, we anticipate revenue to be between $6.8 billion and $7.2 billion, with an adjusted EBITDA margin ranging from 18% to 20%. Capital expenditure in the year is expected to be between $360 million and $380 million.

Finally, in 2026, we continue to expect an adjusted EBITDA margin of over 20%.

I will now pass you back to John.

[00:08:15]

Progress Update

John Evans

CEO, Subsea 7

Seaway 7 – positive momentum

Thank you, Mark. On the next two slides, we'll review the latest developments in the offshore wind industry and progress specific to Seaway 7.

Starting on slide 11 with our existing contracts. This summer, we achieved a strong operational performance in the installation of monopiles on Dogger Bank A and Dogger Bank B projects. Completion is now at 95%, with final monopiles anticipated to be installed before the year end.

In 2025, we will move on to Dogger Bank C project, with the same well-proven assets and execution strategy. At the same time, cable-lay projects on Moray West in the UK, Chang Fang Xidao in Taiwan, as well as turbine installation on Gode Wind 3 in Germany have been completed.

After a positive CfD allocation round this year in the UK, we were pleased to be successful in our bids for two new projects, covering cable-lay at Hornsea 3 and East Anglia 2.

Recent operational performance and the high grading of our backlog underpins our view that we will achieve an adjusted EBITDA margin in renewables of between 14% and 16% in 2025 and beyond. This represents a further step up in our expectations on financial performance within this segment and its contribution to the Group results.

Offshore wind – improved industry dynamics

Slide 12 summarises our view of the offshore wind industry today. While the industry remains dynamic, overall we're seeing improvements in the macro environment for projects over the course of 2024.

After an extended period of uncertainty, there has been a stabilisation of input costs for developments, as well as a more supportive political and regulatory environment in a number of the key markets. We also see increased discipline from developers, and this has created a generally more constructive environment for the assessment and sanction of new projects.

In four key historical and future markets, the UK, Germany, Netherlands and Taiwan, we see good momentum and we have a strong track record, operating presence and ongoing project activity in each of these geographies, which position us well.

In the US market, we've always been cautious and selective on our exposure. We do expect the recent election outcomes to lead to a downward revision in the projection for offshore wind developments, but see no risk for ongoing revolution cable projects, which is currently executing offshore.

Subsea prospects

Now on to a review of our tendering pipeline on slides 13 and 14.

Bidding for subsea work remains very active and our tenders in-house amount to approximately $20 billion. The outlook for Brazil remains very good, with several projects on the 12-month horizon, each valued at over $1.25 billion. While we have recently seen an additional bidder in this region, industry dynamic remains in our favour and we are confident of winning our fair share of this market.

Elsewhere, there are a wide range of projects in deepwater markets in the US, Gulf of Mexico, West Africa, Turkey and beyond. Overall, we are confident that we have a strong tendering pipeline that can support continued momentum in our subsea order intake.

Offshore wind prospects

On the next slide, we have our wind prospects. In continental Europe, a large number of prospects in Germany, the Netherlands and Poland are due to open for bidding in the coming year. After a successful licencing round in the Netherlands, two of our existing clients appear to be making good progress towards the bidding phase of their substantial developments.

In the UK, we're optimistic that the new government will support the domestic offshore wind industry with potentially increased volumes in next year's CfD allocation rate. We expect Seaway 7 to remain one of the leaders in this market.

Despite the evolution of the US market, we remain confident that the long-term outlook for the offshore wind market is strong and that through selective bidding, we can continue to deliver good financial performance in our Renewables business.

Outlook for strong cash flow growth

To conclude, we turn to our final slide on page 15.

As we've outlined today, we have increased our guidance for 2024, reaffirmed guidance for 2025 and 2026, including confirmation of materially higher margins in our offshore wind business.

Overall, Subsea 7 is on track to deliver strong EBITDA growth this year and next, doubling our 2023 results in ’25. Our optimism is supported by an $11 billion backlog of firm work and an active pipeline of projects and opportunities in subsea and wind.

Management is focused on achieving high conversion of this EBITDA into cash flow and is committed to allocating a substantial portion of this to shareholder returns. In 2024, we have delivered the first tranche of these returns with at least a further $750 million in the coming three years.

And with that, hopefully we have everybody back online and we're happy to take your questions.

[00:16:25]

Q&A

Operator: Thank you. As a reminder, to ask a question, you will need to press star one and one on your telephone and wait for your name to be announced. To withdraw your question, please press star one and one again. We will take our first question. Your first question comes from the line of Guilherme Levy from Morgan Stanley. Please go ahead. Your line is open.

[0:16:52.8]

Guilherme Levy (Morgan Stanley): Hi. Good morning, everyone. And thank you for taking my questions. I have two, please. The first one looking at the CAPEX guidance for next year. Can you walk us through the increase year-on-year that you expect for 2025? And also, how should we think about your recurring underlying CAPEX level from here?

And also related to new investment on offshore wind, specifically. With the increased visibility that you're now seeing in terms of utilisation rates and the higher margins for the coming years, is that enough for you to consider hedging new capacity again in this segment? Thank you.

John Evans: I'll ask Mark to answer the first one, and I'll answer the second.

[0:17:41.4]

Mark Foley: Thank you, Guilherme. Yes, we've provided CAPEX guidance for next year in the region of $360 million to $380 million. What we see next year is a switch in CAPEX, slightly more allocated towards non vessels. That would be our real estate portfolio, including our spoolbases as investments in equipment to allow us to achieve productivity opportunities offshore.

What we have seen in the recent years has been increasing costs associated with the supply chain. As you know, we have 29 owned vessels within our fleet. And we've seen increases in costs in terms of original equipment manufacturers and materials. Similarly, the costs associated with dry-dockings have increased, too.

It's incredibly important that we maintain the availability of our vessels by making these investments. So that we have the high utilisation that allows us to execute the work that we have in the backlog as well as having vessels available to access the opportunity sets presented by the pipeline prospects presented by the market.

So next year, there is slightly more associated with non vessels compared to vessels as we had this year and last year.

[0:19:13.8]

John Evans: On the wind question that you asked, I guess the important message that we wanted to give here today is that we are seeing improved margins and a very good performing business, and we have a nice portfolio of work ahead.

I think it's fair to say that the ambitions in the market from many countries that we were looking far outweighs the capacity that's in the sector towards the end of this decade. But interesting enough, there are a number of clients who are very much engaged in discussions with suppliers like ourselves about how they could put some commitments behind future investments.

So for us at the moment, we will entertain those type of discussions to understand any form of client-backed investment, and see if there's an opportunity there for us. I think on spec building is not something that we'd be doing in this market. But equally, we are open for dialogues with our clients, and we'll see how that develops over the coming year or so.

Guilherme Levy: Perfect. Thank you.

Operator: Thank you. We will take our next question. Your next question comes from the line of Richard Dawson from Berenberg. Please go ahead. Your line is open.

[0:20:30.0]

Richard Dawson (Berenberg): Hi. Good morning. And thank you for taking my questions. My first question is also on offshore wind. Looking back across most of your recent awards, they can be transportation and installation of inter-array cables. Do you see a shift at all to larger foundation-based work, or are the risk dynamics still not really favourable to bid in those types of work?

And then secondly, on – you mentioned in the release about 75% of the 2015 – sorry, 2025 revenue guidance was already booked. Do you expect the remaining 25% to be mainly short cycle sort of book and turn type work, or will this be coming from sort of future larger works that fill the gaps? Thank you.

[0:21:07.7]

John Evans: If I take the 2025 question and I'll ask Stuart to come back on the wind question you raised.

We have a number of projects, for example, DSVi, which is a call operator with multi-clients in the North Sea, where every year at the start of the year, they call that backlog off with us, which then commits 1 or 1.5 of our diving ships to work. So we do pretty much know where that work will come from, Richard. It just needs to go through the call-off arrangements that our different clients use.

There is some spot work to get it right up to the 100%, but that's common for us as well. But we're pretty clear on the path that we should achieve our 100% utilisation in terms of the revenues that we're looking for next year.

[0:21:52.5]

Stuart Fitzgerald: And I can take the first question there, Richard. So I think the recent awards, as you say, have been inter-array cables award. I wouldn't read too much into that. We're actively tendering foundation scopes that are within the capabilities of our current fleet. So it's more of the timing of awards than any significant trend to read into that.

[0:22:16.3]

Richard Dawson (Berenberg): Got it. Thank you for the colour. And then maybe just a quick follow-up on that final question. When you say you're tendering scopes, would this tend to be this side of Christmas or is it probably more 2025 for those awards?

[0:22:28.7]

Stuart Fitzgerald: I would say both. We still have ongoing tenders, which could award this side of Christmas and then obviously tenders ongoing on a longer time frame as well.

Richard Dawson: Great. Thank you very much.

Operator: Thank you. We will take our next question. Your next question comes from the line of Haakon Amundsen from ABG Sundal Collier. Please go ahead. Your line is open.

[0:22:55.7]

Haakon Amundsen (ABG Sundal Collier): Hi guys. Thank you. Two questions from me. First of all, it's been a little bit more volatile in the oil service industry in terms of how the sector has developed the quarter and the order intake is a bit down, both on escalations and new awards. Just wondering is there any change in the behaviour from your clients in terms of either the escalation side on existing projects or the timing of actually sanctioning new awards? So that's my first question.

And the second one, improving renewables margins. Have you – but keeping the overall Group range guidance, is there any kind of movement on that range from improving Renewables margins? Any colour on how that impacts your kind of total expectation? Thank you.

[0:22:28.2]

John Evans: Thank you, Haakon. Yeah, I think we said it at the time three months ago that we had a blockbuster Q2 and we didn't expect to repeat it. Our order intake is coming in as we expected during the year. It's a lumpy bias quarter-by-quarter. The discussions we're having with our clients continue to be very positive about what they're trying to achieve and where they're trying to go to.

Yes, there's a lot of volatility in the world per se today. But the conversations were in remain positive and remain future-focused.

Turning to escalations. As you know, we have certain escalation mechanisms in some of our large projects in Brazil. So at the anniversary of those projects, we get some escalation mechanisms that kick in to cover inflation. And generally for us, Q4 is also an interesting period of time, which we talk quite often about where clients try to settle their accounts for a particular year. So variation orders either get settled or moved into the next year for debate and discussion.

So for us at the moment, we would expect to carry on the path that we're on. But at the moment, there's no major signals there that's causing us a concern in terms of the tone and the messaging that we've seen. As we know, all these big projects that we sign up are very, very large pieces of business and they take quite a bit of time for our clients to get their alignment as to how to get them over the line.

Equally, in my travels in the last month or so, we've spoken to many clients have been in Brazil, have been to Turkey, have been to the US, and we've been to Norway. Again, conversations are very positive. Our Turkish client and Turkish petroleum are looking at the third phase of Sakarya being bid to the market early part of next year.

So again, there are parts of the world that used to be on the list where there are opportunities opening up.

In terms of Renewables, when we were putting our figures together for the view of next year, we had in mind that we could see our Renewables business starting to stabilise and deliver those margins. The work that Stuart has brought in just recently and again in this quarter has again given us reinforcement for that. So we just felt that since the market has asked us repeatedly what do we think the underlying percentages would be, that's baked into the overall Group numbers.

But we feel comfortable today that the 14% to 16% EBITDA is a reasonably good run rate for that business over a period of, say, each year going ahead.

Haakon Amundsen: All right. Thank you. That’s very clear. Thanks.

Operator: Thank you. We will take our next question. Your next question comes from the line of Kate O'Sullivan from Citi. Please go ahead. Your line is open.

[0:26:25.8]

Kate O'Sullivan (Citi): Hi. Thank you for taking my questions. Firstly, through this year, you've had multiple upgrades to your EBITDA guidance. And today, you've put a new FY'25 revenue guidance, maintained your margin guide. I just appreciate some comments on how conservative this FY'25 guidance is? Perhaps which scenarios you can most likely anticipate having upgrades to next year's guidance?

Secondly, on the Subsea prospect side with South America Block 58 Suriname, a couple of your competitors have had recent awards here. Is there scope for more SURF SPS as part of the current development, or are you anticipating future opportunities within this block? Thanks very much.

[0:27:14.7]

John Evans: I guess in terms of how this year has played out, like every year, we have a plan to deliver and certain opportunities come our way, certain things fall rightly into place for us.

So again, we will go into 2025. We've given our best estimate of where we think we'll be in 2025. There's a lot of work to liquidate in 2025. The vast majority is on our books. So we know what we need to do.

And generally, as we progress through each quarter, we give the market an update of how we're doing and how we're liquidating the opportunities that are ahead of us. So again, we feel we've given you our best view of '25 at this point. And as we progress through the year, we will come back to the market if we feel it's appropriate to adjust accordingly.

In South America, we see opportunities in Guyana. We see opportunities in Brazil, and we see opportunities in Suriname. As you know, we did our first project in Guyana this year, which we discussed the Gas to Energy project, which we discussed in our Q2. We will continue to bid on all the projects that are available to bid in that part of the world. And we would expect as we get into 2025, there will be some opportunities to bid in Namibia, which again is another area of new opportunity.

And as I touched on in my previous answer, Turkey continues to provide a lot of opportunity in the Black Sea. Phase 3, which we show on that Subsea prospect slide is a very, very large Subsea development of the Sakarya field in Turkey, which effectively doubles the size when you add Phase 1 and Phase 2 together.

So again, a very large opportunity set of deepwater will come from multiple geographies next year.

Kate O'Sullivan: Thank you.

Operator: Thank you. We will take our next question. Your next question comes from the line of Kevin Roger from Kepler Cheuvreux. Please go ahead. Your line is open.

[0:29:09.8]

Kevin Roger (Kepler Cheuvreux): Yes. Good morning. Thanks for taking the questions. I will have a first one. One of your peer recently mentioned that there is quite a big stress on the vessel for capacity available over the next two to three years and that now clients are ready to pay reservation fees before making the decision on the project, the official FID. So I was wondering if you do see the same trend on your side with clients ready to pay reservation fees before the final decision? You just mentioned Sakarya, for example. Would it be something that could materialise? That’s the first question.

And the second one, you mentioned in your remarks that, in Brazil, you have a new bidder that has emerged that has been welcomed. But if I'm not making any mistake, I think they do not have the EPC capabilities for doing those kind of big FPSO, subsea works. So can you comment a bit on here how it impacts the bidding environment, the capabilities of all the players in Brazil, please?

[0:30:18.4]

John Evans: Yeah. Thank you, Kevin. I think it's fair to say that a lot of our client discussions in the subsea commercial business is about how they get access to capacity and capability in the pipeline, rigid pipeline side in particular in the outer years. So that discussion is ongoing. I'm sure it's happening with the main 3 players in the sector.

As you know, for example, we have been selected by Equinor for both Bay Du Nord and Wisting as preferred contractors to work on those and associated with a commitment that if the project goes ahead, we would get the work. There is a vessel commitment mechanism that goes behind that. So we have some vessel commitments to go to the next decade around those mechanisms.

So to answer your question, a number of clients who have large volumes of work are very much interested in those type of discussions. How do you monetise that and how you report that through contract mechanisms varies by different clients. We're always interested in pragmatic solutions that allow us to give clients the opportunity to FID their projects or it's given us the opportunity then to be the preferred bidder post the award.

So there are a number of mechanisms that are discussed in the industry, and we're not alone, and our peers have also talked about that as well.

When we come back to Brazil, and as I said, there are four major projects in a hopper, which Petrobras on publicly declared and are out for bid at the moment, Búzios 10, Búzios 11, Atapu-2 and Sépia-2. So these are the opportunity sets that's ahead of us.

We've always been very clear that we will get our fair share, and I remain very confident that we'll get our fair share of the Petrobras scopes. Well, Petrobras has seen though, and we've certainly been part of those earlier discussions that projects that link in FPSO moorings, a lot of flexible works are very complicated to administer because a lot of the flex-lay vessels of course are tied in on other contracts with Petrobras.

So some of the later packages are cleaner. They are primarily rigid pipe-lay contracts with some tie-ins associated with them with the flexibles and umbilicals done through the PLSV contract directly with Petrobras. So again, those four packages are cleaner in terms of its engineering pipelines, procurement pipelines and installation of pipelines, which has allowed Petrobras to open up to the trunk line guys such as Allseas, who are very confident in what they do in the trunk line space.

So again we never believe that we would get everything in Brazil. We've never planned our business. We can't do everything in Brazil. And so for us, over that list, we expect to get our share, and we remain confident of that.

Kevin Roger: Okay. Thanks a lot.

Operator: Thank you. We would take our next question. Your next question comes from the line of Christopher Mollerlokken from Sparebank 1 Markets. Please go ahead. Your line is open.

[0:33:28.7]

Christopher Mollerlokken (Sparebank 1 Markets): Yes, good morning or afternoon. Thank you for taking my questions. Briefly on share buybacks versus dividends. Is it fair to still assume that the dividend level will be kept unchanged going forward and the remaining shareholder distribution will be through share buybacks? Or do you see that the nominal dividend level will likely increase going forward? Thank you.

[0:33:59.9]

Mark Foley: The eternal debate, Christopher. What we can say is that we have executed the first tranche, approximately $250 million this year of at least $1 billion that we will return to shareholders going out to 2027. I think many on the call are familiar with our approach. We canvas a large number of shareholders in terms of their preference for how the company returns excess cash in terms of share repurchases and dividends.

As you would expect, each constituent has a particular preference. And as much as possible, we reflect those preferences to the Board of Directors who ultimately decide the combination of the shareholder returns.

So I'm not in a position now to review whether there will be any significant deviation from $80 million that we have will come through share repurchases this year and approximately $170 million in two tranches of the cash dividend. But we clearly will engage, as we have in previous years with our shareholders, to understand the preferences and that we will present that to the Board for them to make a decision.

Christopher Mollerlokken: Thank you.

Operator: Thank you. We will take our next question. Your next question comes from the line of Daniel Thomson from BNP Paribas Exane. Please go ahead. Your line is open.

[0:35:32.0]

Daniel Thomson (BNP Paribas Exane): Hi. Good morning. Just one question left on my list. And it's just on the Middle East market. This year I think from Subsea 7, we've seen relatively quiet sort of commercial momentum in that area, but we are coming off the margin and to sort of execution. So just wondering are the vessels that are on that project at the moment, are they booked for a follow-up project at the moment? Or are you looking to redeploy them outside Saudi Arabia? Just sort of wondering on any colour you can provide on, are you seeing the terms and conditions in Saudi Arabia and in the area in general, are they still up to what you'd expect? Are they still attractive? Thank you.

[0:36:22.8]

John Evans: Well, thank you, Daniel. As you know, we have a relatively small Middle East business, but it's a presence and we are part of the Saudi Aramco long-term agreement framework opportunity. We are liquidating Marjan, as you said, and getting towards the end of that scope, which has been a very large piece of business.

We also have Zuluf to do next year, which we're under contract to work with our partners, Larsen & Toubro on Zuluf. So Zuluf will take us into next year. We use a mixture of vessels such as the Champion, which is a regional vessel shallow water for the specific water depths in the Middle East. But we've also used the Borealis, both in Saudi, but also both in Guyana in South America as well. So we can deploy different assets in there.

You touched on it at the start there, there was quite a big reprofiling of Saudi Aramco's focus in February when the country decided to reset its ambitions. So there was a reset on the CRPOs and what the priority was. So there's been some delay in awards there. But we're now seeing the CRPO packages come back out again in a reformatted manner in terms of scope, but the terms and conditions are pretty much where they've always been with Saudi Aramco.

So again, we will continue to bid a number of these opportunities to allow us to have an opportunity set in that market.

Daniel Thomson: Okay. Thanks. Appreciate it.

Operator: Thank you. Once again, if you wish to ask a question, please press star one and one on your telephone. We would take our next question. Your next question comes from the line of Mark Wilson from Jefferies. Please go ahead. Your line is open.

[0:38:07.8]

Mark Wilson (Jefferies): Thank you. Good morning. Most questions have been answered. But I was wondering if we could touch on the OneSubsea combined. If there's any particular update to give there, say, integration or products? And at the same time, is there any specific market communication or Investor Day on that business planned in the coming year? Thank you very much.

[0:38:31.7]

John Evans: Thank you, Mark. It's probably an interesting time. It's just over a year since we made our investment and the combination came together on the 1st October 2023. As you know, it is consolidated through SLB. So SLB provides the main market focus there. But we are very pleased to be part of the ownership structure of that business, but also as you know, through the Subsea Integration Alliance, departments for the integrated SURF and SPS opportunity to come to the market.

The business has done well. It's had a good first year. It's tracking in line with what we had all expected when we made our investment choices. If you look at the press releases from OneSubsea, they have done very well in picking up a number of key SPS hardware orders in the market. So again, we feel comfortable that we have a good investment there and a very good relationship.

It's important to remember our relationship with OneSubsea goes right the way back to 2015. So this is nearly a decade-long relationship that we've had working with each other.

And then if we look at Norway, a lot of activity in Norway where again, OneSubsea now exactly hardware is used well. So for us, we are very much in a place where we're very comfortable with the set up there. I'm not aware of a Capital Markets Day, but that will come through the SLB announcements in due course if that will take place, Mark.

Operator: Thank you. This concludes today's question and answer session. I'll now hand back to John Evans, CEO, for closing remarks.

[0:40:15.4]

John Evans: Well, thank you very much from everybody. Very pleased that you could join us. I know it's a busy day with some other Capital Markets Days going on here today. So thank you for your questions. As ever, we look forward to speaking to you about our Q4 results early on in 2025. As ever, if you have any other further questions, please contact Katherine or Mark or myself, and we hopefully could help you.

But thank you very much. We look forward to another interesting quarter ahead of us in Q4, and we'll talk again in early 2025. And thank you for your continued support of Subsea 7.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]