

subsea 7

# **Subsea 7 S.A. Q4 & FY 2025 Results**

Thursday, 26<sup>th</sup> February 2026

[00:00:40]

## **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 Seaway7. The results press release is available to download on our website, along with the slides that we'll be using during today's call.

### **Forward-looking statements**

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 risks and uncertainties that may cause actual results or trends to differ materially from our forecasts. For more information, please refer to the Risk Factors discussed in Subsea 7's Annual Report or today's quarterly press release.

I'll now turn the call over to John.

[00:01:21]

## **Overview**

John Evans

*CEO, Subsea 7*

### **Agenda**

Thank you, Katherine, and good morning and good afternoon, everyone. I will start with a summary of the fourth quarter and full year results before passing over to Mark for more details on our financial performance.

#### **2025 - a solid foundation for the future**

Turning to slide three. Subsea 7 delivered fourth quarter adjusted EBITDA of \$477 million, resulting in a full-year EBITDA of US\$1.48 billion, up 36% year-on-year. The combination of revenue growth and margin expansion was driven by a good performance in both Subsea and Conventional and Renewables.

With continued momentum in new awards and a book-to-bill of 1.3 times, we grew our year-end backlog to \$13.8 billion. This order book of high-quality projects gives us excellent visibility on 2026 and beyond.

Supported by a robust backlog and tendering pipeline, as well as our optimism in the longer-term outlook for the Group, the Board proposes that we pay a dividend of NOK13 per share, equating to approximately US\$400 million.

**Backlog of \$13.8 billion**

Turning to slide four. After a solid fourth quarter, with new orders of US\$1.9 billion, order intake in the full year was \$9 billion, up 10% year-on-year, and equating to a book-to-bill of 1.3 times. We have a combined backlog for execution in 2026 of \$6.9 billion, giving us high visibility on the year ahead.

Our backlog for 2027 is up 27% from the equivalent position last year, giving us over 50% visibility on consensus revenue.

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

[00:03:15]

**Financial Results**

Mark Foley

*CFO, Subsea 7*

**Agenda**

Thank you, John, and good day, everyone. I'll begin with some details of Group and business unit financial performance in 2025 before turning to the Group cash flow bridge, then providing financial guidance for 2026. I'll conclude with some comments on shareholder returns.

**Group revenue and EBITDA**

Slide five summarises the Group's headline results. In 2025, the revenue was \$7.1 billion, up 4% compared to 2024, driven by strong operational and financial performance in both business unit portfolios, as major projects continued to progress well.

Adjusted EBITDA of \$1.5 billion was up 36% compared with the prior year. And our margin increased 5 percentage points to 21% from 16%. Net income was \$404 million, compared with \$217 million in 2024. This bottom line expansion contributed to a further improvement in our return on average invested capital.

I'll now discuss business unit performance in the next few slides.

**Subsea and Conventional**

Slide six presents the key metrics for Subsea and Conventional, with my comments focused on full year 2025.

Revenue was \$5.8 billion in 2025, up 5% year-on-year, reflecting high activity levels in Brazil through Mero 3 and 4, Búzios 6 and Búzios 9. In Norway, contributed by Yggdrasil, and in Türkiye, generated from Sakarya 2.

Adjusted EBITDA was \$1.3 billion, equating to a margin of 23%, an increase of over 6 percentage points from the prior year. This performance represents the fifth consecutive year of growth in adjusted EBITDA from Subsea and Conventional, underpinned by high standards of execution and vessel utilisation.

Net operating income was \$762 million, corresponding to a margin of 13%, a significant improvement from the \$404 million reported in 2024. This financial outcome is testimony to the favourable effect of higher activity liquidated from quality backlog.

**Renewables**

Selected renewables performance metrics are shown in slide seven. Once again, my comments will be focused on full year 2025.

Revenue in 2025 was \$1.2 billion, stable year-on-year, reflecting continued activity in our core markets of the UK and Taiwan, with notable revenue generated from East Anglia THREE and Hai Long, respectively.

Adjusted EBITDA was \$202 million, equalling a margin of almost 17%, up from 15% in 2024, and marking a third year of progress. This progress is due to applying a further selective approach to bidding, with the consequent high grading of our backlog, allied with strong project execution. Net operating income was \$75 million, an increase of \$22 million compared to the prior year.

**Cash flow bridge – full year**

Slide eight shows the cash flow bridge for 2025. Net cash generated from operating activities was \$1.5 billion, which included a better-than-expected favourable movement in net working capital of \$234 million.

Capital expenditure of \$281 million was below the lower end of our guidance, due to a combination of continued focus on ensuring capital discipline and certain amounts being displaced from 2025 into 2026.

Net cash used in financing activities was \$874 million, which included the lease, principal and interest payments of \$292 million, repayment of borrowings of \$139 million, reflecting the amortisation profile of our facilities, and dividends of \$376 million.

At the end of the year, cash and cash equivalents was \$970 million, which was underpinned by almost \$1.2 billion generated through free cash flow. Net cash was \$21 million, including lease liabilities of \$365 million. And the Group had liquidity of \$1.6 billion at year-end, which included \$600 million of unutilised committed facilities.

**Group financial guidance**

To conclude the financials, slide nine shows our guidance of 2026, including a reiteration of the preliminary metrics that I shared with the market in November last year. We continue to expect revenue to be in a range of \$7 billion to \$7.4 billion, with an adjusted EBITDA margin of approximately 22%.

Administrative expense is forecast to be roughly stable year-on-year at between \$340 million to \$360 million. Depreciation and amortisation is anticipated to reduce to between \$580 million and \$600 million, mainly because of the reduction in the number of leased vessels in our fleet. The impact of fewer leased vessels can also be noted in our net finance costs, which is expected to reduce to between \$40 million and \$50 million in 2026.

The effective tax rate is projected to be between 30% and 35%.

As I communicated in November of last year, capital expenditure is expected to be between \$350 million and \$380 million, which includes certain amounts displaced from 2025 into 2026, as mentioned some moments ago.

In terms of the first quarter of 2026, I would like to remind you of the seasonally lower activity in subsea and wind in the Northern Hemisphere, which will be reflected in our financial performance.

Lastly, based on the Group's solid financial performance, position and prospects, the Subsea 7 SA Board of Directors will propose a NOK13 per share dividend at the Annual General Meeting on 12<sup>th</sup> May, to be paid in one instalment on 28<sup>th</sup> May. This is equivalent to approximately \$400 million of shareholder returns and represents a dividend yield of around 5% based on yesterday's closing share price.

I will now pass you back to John.

[00:10:43]

## **Strategy Update**

John Evans

*CEO, Subsea 7*

### **Delivering 20K subsea fields in the US**

Thank you, Mark. Over the past couple of quarters, we've shared with you some of the technology that differentiates Subsea 7 and our ability to deliver complex subsea projects. Today, we take a look at our track record in the execution of ultra-high pressure, deepwater subsea fields in the US.

Deepwater reservoirs with pressures exceeding 15,000 PSI were discovered in the US Gulf in the mid-2000s. but at that time, the industry lacked the hardware and installation capability to enable their development. Alongside the development of 20K-rated subsea trees, the ability to fabricate and install pipelines was key to unlocking these developments.

On the slide, you can see the relative difference in pipeline wall thickness between the standard 10K on the left and a 20K field on the right.

Subsea 7's pipeline technology centre in the UK pioneered the high-specification welding needed for 20K-rated fields and the ability to lay this pipe using our rigid reel fleet.

We have been pleased to be involved in three of the first such developments in the US, starting with Anchor from Chevron, followed by Shenandoah from Beacon. We're now working on the scopes for Beacon's Monument field, with pipeline installation using same-rated bulk in the second half of this year.

### **Subsea prospects**

Now on to the customary review of our tendering pipeline on slides 11 and 12. Despite volatility in commodity prices, our tendering pipeline remains as robust as ever as our clients continue to prioritise long cycle, deepwater developments with attractive breakevens. Brazil remains an active market for Subsea 7, and we are confident of winning our fair share of work this year, sustaining high levels of activity in the region.

Earlier this year, we were announced as the winning bidder for S epia 2, and we are in negotiations with Petrobras to convert that into an award later this year.

Elsewhere, there continues to be a wide range of exciting opportunities in countries such as Mozambique, Namibia and Suriname, with additional opportunities opening up in Asia.

We're continuing to work with Equinor and partners in supporting the optimisation of Bay du Nord and Wisting developments.

Overall, we are confident we have a strong tendering pipeline that can support continued momentum in subsea order intake.

### **Wind prospects – AR 7**

On the next slide, with the offshore winning projects that won Contract for Differences in UK's recent allocation round. With strong client relationships and differentiated offering, both in T&I and EPCI scopes, we believe we are well positioned to win a share of this work. Longer term, we remain focused on the UK, Europe and Taiwan markets, where we continue to be selective in the work that we pursue.

To conclude, we'll turn to our final slide on page 13.

### **Confidence in 2026 and beyond**

2025 was a successful year for Subsea 7, resulting in the delivery of our fifth consecutive year of growth in Subsea, Conventional and our third in renewables. We replenished our backlog with high quality projects, and we have reaffirmed guidance for the year ahead.

With high visibility of revenue guidance and a high degree of confidence in our ability to execute well, we expect to deliver continued improvements in our financial performance in 2026. Despite some volatility in commodity prices, we remain confident in the resilience of our key markets.

Our differentiated offering and strong track record positions Subsea 7 for continued success. As ever, we remain focused on converting growth in EBITDA into cash flow and in prioritising shareholder returns, including a NOK13 per share dividend in 2026.

And with that, we'll be happy to take your questions.

[00:14:56]

## **Q&A**

**Operator:** Thank you. 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. Please stand by while we compile the Q&A roster. Thank you. We will now take our first question. This is from Guilherme Levy from Morgan Stanley. Please go ahead.

[00:15:25]

**Guilherme Levy (Morgan Stanley):** Hi. Good morning, everyone. Thank you for taking my questions. Firstly, I was keen to hear if you have – if you can update us on the current level of utilisation rate of your fleet, that is currently contracted in 2027-2028, considering the positive evolution of your backlog recently.

And then, secondly, if I may, on the M&A with Saipem. Could you share thoughts on the current state of antitrust discussions in Brazil? I understand that their deadline is currently early

November. And I was keen to hear about your own expectations on whether that should be the reasonable timeline for us to see a final response, or if there is any chance that we get that even sooner than that? Thank you.

[00:16:18]

**John Evans:** Well, thank you very much. If we take the utilisation, as we said in our prepared remarks, our backlog for '26 is reasonably clear to us. '27 is filling out nicely, and we're currently bidding a number of projects for '28 and some even going into '29. We are seeing clarity on where the global enablers, the key assets that we have will be utilised in '26 and '27.

And the discussions we're having with our clients is around how they get access to the global enablers into '28 and '29. So at the moment, we feel very comfortable that it's filling out nicely for us. And we expect as the first six months of this year progresses, that we will record backlog that again starts to fit the pieces together for '28 and possibly into '29.

So at the moment, utilisation is not a concern. It's about picking the right contracts in the right geographies with the right risk profiles, with the right clients for us.

In terms of the M&A, as we've discussed many times on these calls, we won't give a running commentary, but we are very comfortable that we will conclude this merger in the second half of 2026. Brazil is progressing as we expected. It's a totally transparent system. You can go on the CADE's website and you can see all the different submissions and the commentary and the questions and answers. And so we're on the timeline that we expected, and so we do very much see this concluding in the second half of 2026.

**Guilherme Levy:** Thank you.

[00:17:52]

**Operator:** Thank you. We'll now take our next question. This is from Kévin Roger, Kepler Cheuvreux. Please go ahead.

[00:18:01]

**Kévin Roger (Kepler Cheuvreux):** Yes. Good morning. Thanks for taking the time. I have two main one, please. The first one is trying to understand a bit more the 26 top line guidance and why, in a sense, you guide for a top line between \$7 billion and \$7.4 billion, while you have already \$7 billion in hand. So just trying to understand why you should not see, in a way, higher income in '26 as a top line, just on the top line.

And the second one is, you mentioned Bay du Nord. On Bay du Nord, it has been said that we have been – several tenders have been issued to the Street. So I was wondering if you can share some, let's say, your view in terms of official award for Subsea 7, and especially the scope, if you do believe that it will be done in several phases, or that, for you, that's going to be a one-shot big contract. That would be the two question, please.

[00:18:57]

**John Evans:** Okay. I'll take Bay du Nord. Mark, can cover the revenue guidance. As you know, we worked for a number of years as the Subsea Integration Alliance, Subsea 7 and OneSubsea supporting Equinor. We've worked with them on optimising the field layouts and sequencing of the field and the cash flows for our clients, so that process is ongoing at the moment.

And I'll let Equinor speak to the market about their conclusions as to where they go. We do expect that Equinor will make one of their key decision gates in 2027, which has always been the plan, and we expect to be supporting them up to those decision gates, where again, the Equinor Board will decide whether the project goes to the next phase.

So for us, Bay du Nord is continuing the work that we've been doing, a very constructive early engagement example, where a complex field with multiple different inputs and outputs has allowed us to work very collaboratively with our client.

And then I'll ask Mark to cover the revenue guidance.

[00:20:00]

**Mark Foley:** Thanks, John. Hello, Kévin. Kévin, we have kept top line revenue guidance constant up between \$7 billion and \$7.4 billion from the preliminary metrics that we shared with the market back in November. We recognise that the coverage percentage is higher than compared to previous years, but this is how we see the year evolving.

Of course, we are likely to be the beneficiary of variation orders in the year, but we don't control, or indeed, have significant influence over that. That is very much driven by our clients. And the magnitude and timing of such will, of course, have an impact in the revenue.

So as it stands today, at \$7 billion to \$7.4 billion is where we see the range. And of course, if there's any material changes in our expectations and the related metrics associated with that, we'll come back and share it with the market.

[00:21:04]

**Kévin Roger:** Okay, understood. Thanks for the time.

[00:21:08]

**Mark Foley:** Thank you, Kévin.

[00:21:10]

**Operator:** Thank you. The next question is from Victoria McCulloch from RBC. Please go ahead.

[00:21:16]

**Victoria McCulloch (RBC Capital Markets):** Morning. Thanks very much for your time this morning. Just firstly, on Subsea and Conventional. Can you give us a bit of an idea, given the margin progression and acceleration we've seen over recent years, how much of the revenue or your backlog for execution in 2026 is, I guess, sort of some of the earlier tendered, lower margin projects? Just to try to understand how much higher margin can go into 2026, particularly with Q4 margin being so far ahead.

And then secondly, in Q3, you mentioned getting 35 days of additional operation from – for Seven Vega from AI to reduce weather downtime. How has this continued? And do you have an assumption for this as part of your 2026 guidance? Thanks very much.

[00:22:07]

**John Evans:** Yeah. Thank you, Victoria. Coming back to the general question about margin acceleration and growth. As you know, we run a portfolio of different projects, where we spread

the work geographically, different risk profiles, different clients. So to make sure that we spread our capability to make sure that we can support all our clients on a range of different projects.

We gave guidance back in November, and we reaffirmed that today, that we believe that the margin, EBITDA margin for this year will be around 20%, 22%. And the 22%, we believe, is still a very good number for us to use this year. We try to give some balanced guidance at different times of the year.

We still have the year ahead of us. We feel very comfortable. We know how the year fits together. We know that portfolio. We know how it comes together. We just have to execute it. History tells us that we're pretty good at that. But we have a long way ahead of us this year.

As you know as well, the outside world at the moment is an interesting place with a lot of dynamics happening. And a lot of these projects need our clients to be able to provide FPSOs and access windows and drill rig access and such like. So again, at the moment, the 22% margin for EBITDA is how we'd like to guide everybody to, and we feel comfortable with that.

On AI and weather data, again, we shared that with the market as being an example of how we're trying to deploy new technologies to help us. It's an area that we continue to work on, because for us, every day that we have available is another day that we can sell to a different client or the existing clients that we're working with.

There are a number of challenges in that in different parts of the world. There are certain codes and certain governing regulators who want you to use codes which have been in existence for five, 10, 15 years in the industry. So as we touched on last time, we are doing quite a bit of work on codes to try to understand whether some of the newer technologies will be permitted in certain jurisdictions as well.

So long story short, I think we've got a very good tool. We just need the codes and some of the standards to catch up with some of our capabilities.

[00:24:24]

**Victoria McCulloch:** Thanks very much. That's really helpful. I'll turn it over.

[00:24:28]

**Operator:** Thank you. Our next question today is from Sebastian Erskine from Rothschild & Co Redburn. Please go ahead.

[00:24:38]

**Sebastian Erskine (Rothschild & Co Redburn):** Hi. Good morning. I hope you can hear me. Just a question on Allocation Round 7 and the Renewables business. Great to see a positive outcome there. SSE obviously securing a CfD for part of the Berwick Bank project. Can you maybe talk about the outlook for renewables inbound over the medium term, and when we might see an EBC contract materialise on that side? And as it stands today, how does the utilisation of your Seaway7 fleet look like in '26, '27 and 2028?

[00:25:09]

**Stuart Fitzgerald:** I can take that one, Sebastian. As you said, it was very good news for us to see the AR7 allocations. SSE is a client that we've worked with, as you know, for many years

through Beatrice, Seagreen, Dogger Bank. So well-established delivery partner for SSE. So that gives us a degree of confidence, I would say, that we can support them also on Berwick Bank.

In terms of a timeline for that, we think that during the coming six months, they will likely select their partner for the Berwick Bank project. Project sanction will come later, so it will not necessarily be a backlog addition. But in terms of the selection of a partner, we expect that to happen in the next six months.

Then in terms of the second question around – sorry?

**Sebastian Erskine:** Sorry, no. Continue. Sorry.

[00:26:08]

**Stuart Fitzgerald:** Yeah. In terms of the second question around utilisation. So good coverage for '26 and '27. So similar to the Subsea and Conventional business, we've got a strong position for '26 and '27 in terms of asset utilisation. Less going into '28. We do see the '28 market, outside of the UK, as more challenging. So work to do to secure utilisation in '28. But '26-'27, solid coverage.

[00:26:48]

**Sebastian Erskine:** Really appreciate the colour there, Stuart. Just to follow-up. I mean, RWE was very successful at AR7. Does their existing supplier agreement with a competitor preclude you from participating in upcoming EPC tenders, or is that the wrong way to think about it? Just curious given the capacity that they've secured.

[00:27:05]

**Stuart Fitzgerald:** They have one of their projects where they've secured the capacity, and other projects with them are still to come to the market.

[00:27:16]

**Sebastian Erskine:** Super. Thank you very much for the colour. I'll hand it back now.

[00:27:22]

**Operator:** Thank you. Next question today is from the line of Alejandra Magana, JP Morgan. Please go ahead.

[00:27:29]

**Alejandra Magana (JP Morgan):** Hi. Good morning. Thanks for taking my questions. Looking at your 3Q slides versus 4Q, it appears you completed one major award and a few substantial awards during the quarter. How much of the strong 4Q margin result reflects project close-outs and any related performance incentives, versus what you would consider underlying run rate margin?

And related to that, as we think about your reiterated 2026 guidance of around 22%, should we view that as conservatism? Or what are the key moving pieces that bring you from a 24% quarter back to that level?

[00:28:11]

**John Evans:** Well, I'll take the second question first. I think I've answered that question before. We're giving a margin EBITDA for the year – for the full year, and we feel comfortable with the 22% EBITDA guidance for 2026.

In terms of the projects that came to a close, it is quite customary in our industry that when we come to closure at the end of the year, most of our clients do want to settle their accounts, as do we, so we can start the year cleanly and with clarity for both parties.

So again, quarter four is quite common for us to see settlements with clients to allow us then to enter into the new year with a new portfolio of work and without many issues that need to be resolved. So we again saw that happen in Q4 of last year. And so for us, I would take the advice that the 22% throughout the whole year is a good guide.

[00:29:15]

**Alejandra Magana:** Thank you. How should we think about the margin embedded in your backlog today, relative to what you're currently reporting? Are new awards still coming in at or above the current portfolio margin?

[00:29:29]

**John Evans:** Well, as I mentioned in a previous question answered, we have a very deliberate policy of spreading our business around different geographies, different clients, different technologies and different risk profiles to provide a combined portfolio. And that portfolio for 2026, we guide towards a 22% EBITDA margin. So same answer as the previous one above.

[00:29:57]

**Alejandra Magana:** Thank you.

[00:29:59]

**Operator:** Thank you. We'll now take the next question. This is from Richard Dawson at Berenberg. Please go ahead.

[00:30:09]

**Richard Dawson (Berenberg):** Hi. Good morning, and thank you for taking my questions. Just a question coming back to the Renewables margin, because we've seen several quarters now where margins are above that 14% to 16% guidance you've given in the past. So is that 14% to 16% still a good expectation going forwards? And if so, when we look into 2026, what would cause that step back down to that range?

And then secondly, just a quick clarification, Mark. There was a large increase in other losses for Q4. It's about \$50 million. Is this mostly FX? Thank you.

[00:30:43]

**Stuart Fitzgerald:** I can take the Renewables question. So still sticking with the 14% to 16% there, Richard. Quarters can be higher, as we saw in Q4. And it was the same rationale happened in Renewables that John talked to before, with certain project close-outs and contingency releases and commercial settlements. For the year, looking ahead, 14% to 16% is where this is.

[00:31:16]

**Mark Foley:** Hi, Richard. This is Mark. Yes, indeed, FX-related impacting working capital on non-cash embedded derivatives. As you know, the Group operates in multi-currencies. They have different entities with different functional currencies from the multi-currency contracts that they have. So we do see some volatility and other gains and losses driven by FX on a quarter-to-quarter basis.

[00:31:43]

**Richard Dawson:** That's clear. Thank you.

[00:31:47]

**Operator:** Thank you. The next question is from Mark Wilson from Jefferies. Please go ahead.

[00:31:54]

**Mark Wilson (Jefferies):** Thank you, and good morning. I'd like to ask about the really quite interesting slide you have on the 20K PSI subsea installations. So thank you for that and the photos. So I can appreciate that the advances in welding in order to weld such thick steel have been really pivotal to this. But I'd like to ask regarding the vessel side of things, because I think there's knock-on questions there. You say you've been also able to install these – this pipe using reel-lay. I would imagine that thick pipe like that doesn't bend quite as readily, and so therefore, you might be able to put less distance on a single vessel or a single trip. So that'd be my first question. Does this require more – structurally require more vessel time because of more trips?

And along with that, does it also require a certain higher end vessel type? I'm thinking your Borealis, I'm thinking your Vega, is required to do this type of work? That then follows on to, are there other areas of the world where such high-pressure pipe installation may be required in the future?

And that leads to my final part of the question. Thank you for your patience. Are we seeing such any new capacity at that high end of either reel-lay or indeed J-lay – I don't know if you can do this J-lay – coming into the market? I hope you've got all those. I hope it makes sense. Thank you.

[00:33:43]

**John Evans:** Well, thank you, Mark. Let me answer your questions. You broke up just at one point, but I think I've got all your questions. The industry has historically worked with a 10K tree or a 15K tree. This is about the steps of going up towards a 20K and where does it go to?

You are right that the weight of the pipe per metre is heavier, quite a bit heavier, and therefore, then we have to do more trips per kilometre compared to a 10K tree in terms of how many kilometres we can get on the reel. But that's then factored into the economics of the price per metre that we offer our clients.

In terms of top tensions, we've been able to install these projects with both the Oceans and the Vega, so above our Navica capacity, but all three of these go in via reel-lay. And I think the key message here is the industry has brought together subsea hardware technology and SURF technology to allow our clients to now go look at these different fields.

There are a number of these fields outside the US Gulf, but the US Gulf has been the pioneers for pushing ahead there. So for us, we again see that the standard industry fleet over the world between ourselves and our competitors, can put these pipelines in at this point.

So again, for us, I think it's an exciting opportunity that as we see the market continues to innovate, we try to bring new technologies to the table, different parts of the sphere of influence, such as hardware and SURF work together to bring these projects online. So for us, the importance of calling this out is, again, we're opening up opportunities for our clients to bring on reservoirs and reserves that they couldn't have brought on in the past.

And I think at the moment, there is a good competitive dynamic in the industry for offering that. The key to us was the welding and also the installation. Bending a pipe of that size around a wheel is also quite an interesting piece of physics and engineering. But it worked fine for us. But again, it is showing that we continue to innovate and move ahead as a sector.

[00:36:02]

**Mark Wilson:** Thank you. If you allow me a follow-up. Could I just check again? In terms of Vega level type installation and reel-lay, are we seeing any new capacity coming in? I know, I think I asked that last year. I may as well ask again. That's my first question.

And the second one, actually, is there any developments in terms of rigid pipe applications in Brazil that we should be aware of in terms of a move towards a new flex pipe option? Thank you.

[00:36:35]

**John Evans:** Well, Brazil is a very interesting market in the sense that we see all three lay technologies being used there, Mark. J-lay is used, reel-lay is used and S-lay is used by Petrobras. So if you look at the awards, recently Allseas have picked up two major projects there with S-lay, where reel-lay contractors Saipem and McDermott offer J-lay. So again, Brazil is what I very much say is a truly competitive market for us, where all the technologies are on the table and where they go.

As you are aware, Petrobras have spent many years developing with a number of suppliers, different types of flexibles. At the moment, we're still seeing all the future projects that Petrobras have identified in their five-year plan are heading towards continued use of steel. But Petrobras have a clear intention that towards the end of this decade that they bring a newer calibre of flexibles into place.

So again, our clients and companies like ourselves continue to look at different technologies that's available there as well. So for us, it's continued opportunity set that moves ahead.

[00:37:50]

**Mark Wilson:** I'll hand it over. Thank you very much.

[00:37:52]

**Operator:** Thank you. As a reminder, if you would like to ask a question, please press star one and one on your telephone and wait for your name to be announced. We will now take our next question. This is from Matt Smith from Bank of America. Please go ahead.

[00:38:09]

**Matt Smith (Bank of America):** Hi there. Good morning. Thanks for taking my questions. And the first was around the subsea outlook. It looks like tendering activity looks very strong, potential bid outlook over the next couple of years. I guess I just wanted to ask a question on timing. How confident are you that some of these offshore projects, these deepwater projects convert into FIDs in '26? Or do you see – how do you see 2027 relative to the near term? So just the cadence of when those orders might flow through. Any colour would be interesting.

And then the second question sort of coming back, linking some of the earlier topics in terms of your utilisation capacity. So really just where do you think you can take your top line revenue number? What is your capacity to continue to grow that beyond 2026, given the high utilisation that you have at the moment? Thank you.

[00:39:09]

**John Evans:** Yeah. Thank you. I'll take the first question about the prospects there. One of the benefits we have in our sector is Petrobras are very, very transparent. Every year, they publish an updated five-year plan, which gives you how many kilometres of umbilicals, how many kilometres of steel lines, how many kilometres of flexibles they're going to have in their five-year look ahead.

So we feel reasonably comfortable with the timeline of Petrobras sequencing of projects that they bring to the market. That's also linked to FPSO awards. Most of our projects here, you can link. If you see a client ordering an FPSO or leasing an FPSO, there will be a SURF package to go with it.

We discussed on the previous earnings release that we've seen Norway really come back to life post the tax break. So again, our Norwegian portfolio shown in here, we feel reasonably comfortable with. We've always had a good order intake in the US. A number of clients that we work with, both in the US and Mexico continue to award work.

The Middle East has always been, for us, a sector where we see Saudi Aramco on a long-term agreement, provide a steady workload into the market. Africa is generally the area where there's more volatility, because every project has a story and a political background as to how it gets there. but we've certainly seen real traction in Angola. We are seeing our clients very engaged on opportunities in Nigeria, such as Bonga South West with Shell.

And I think it's public knowledge that clients such as TotalEnergies are looking at Venus in Namibia. So again, we see that.

And last but not least, Asia has come very much to life. We see Indonesia as a great energy opportunity and the alignment of the stars between government policy, our clients contracts and production sharing agreements and deepwater opportunities is coming to life.

And last but not least, Australia has always been about replenishing these very large LNG plants that are built. You saw in Q3 that we were selected for Gorgon Stage 3 by Chevron, and Chevron have a plan to bring Gorgon Stage 4 into their portfolio probably in the early part of next year. So again, for ourselves here the timing of what we put in here is pretty generous. This is how we see it. It may change, but equally we feel reasonably comfortable in terms of where we're at.

In terms of capacity, our opportunity set to increase our revenue is always around very smart utilisation of our global enablers. We're now pretty ruthless that we only deploy those on the

specific tasks they have to do, and we use the rest of our fleet and chartered tonnage to take any other work that we can shed off the global enablers. So again, the global enablers are the keys to these projects, so we're doing that.

We've discussed a number of times limiting geographic transits of the major assets, so we try to leave them in certain geographies. We have a nice campaign in Brazil now with the Oceans for multiple years. So it's one project after another.

And so for us, it's about how we combine good execution with making sure we put the right assets onto the right project and making sure that we shed any work that doesn't need to be on the large assets down to other assets in our fleet. So we have capacity and capability, but we have to earn it and build it out.

And lastly, then coming back to the weather and the AI that Victoria touched on. It's very, very important for us again, that we, as an industry, become more sophisticated. There are some very sophisticated technologies out there that really true give you real-time weather, and we need some of these codes and standards to come up to date with the fact that we can really tell our clients what's going on in real time. And therefore, then we should make the decisions as to how we continue to work or don't continue to work in the weather based on real-time data.

So multiple fronts that allow us to provide expansion in our margin opportunities in the future.

[00:43:27]

**Matt Smith:** Perfect. Thank you. Appreciate all the colour.

[00:43:31]

**Operator:** Thank you. And next question is from Mark Wilson from Jefferies. Please go ahead.

[00:43:40]

**Mark Wilson:** Thank you very much. I appreciate this. I'm going to come back on another question, because I think the answers here are absolutely fascinating. To your point on global enablers, John. I guess, clearly, this is hugely important, so I will ask again. Are you seeing any new capacity coming into the industry that would be of an equivalent capability of that sort of vessel? Thank you.

[00:44:08]

**John Evans:** Yeah. We've seen the Shen Da come into the market. We've seen the JSD 6000 come into the market. We've seen the Amazon under McDermott's ownership become a real competitor in the sector. So certainly there is tonnage coming into the market, and that tonnage is being deployed through different contracting formats as to how people get access to that tonnage. But there is tonnage available in the market and tonnage is will continue.

[00:44:38]

**Mark Wilson:** But not new builds, certainly, you would say?

[00:44:41]

**John Evans:** Well, the Shen Da and the JSD were new builds, and they are brand new assets going to work here.

[00:44:49]

**Mark Wilson:** Fair enough. Thank you very much. I appreciate the answer.

[00:44:52]

**Operator:** Thank you. We'll now take the next question. This is from Victoria McCulloch from RBC. Please go ahead.

[00:45:03]

**Victoria McCulloch:** Hi. Apologies. I just had follow-on question for me. And this one for Mark. We saw working capital inflow or material working capital inflow in Q4 compared to the previous quarters. Can you just – or can you provide any guidance of how you expect working capital to look over the next 12 months and any fluctuations you're expecting that we should consider? Thanks very much.

[00:45:26]

**Mark Foley:** Yes. Victoria, John ended his prepared remarks talking about how we remain focused on converting growth and EBITDA into cash flow, and I think that's been evident over the last few years. So for instance, in 2022, we've increased the top line revenue by almost \$2 billion, or almost 40%, whereas working capital has remained, on a cash basis, broadly neutral.

So what I would expect is an unwinding of the favourable developments that we've enjoyed through '23, '24 and '25, but not until the second half of this year.

And in terms of quantum, something in the low \$100 million up to \$150 million, or maybe a slight unfavourable movement in Q1. But I think some of the unwinding is likely to happen second half of this year.

[00:46:27]

**Victoria McCulloch:** Thanks. That's really helpful.

[00:46:32]

**Operator:** Thank you. And there are no further questions at this time, so I will now hand the conference back to John for closing comments. Thank you.

[00:46:39]

**John Evans:** Well, thank you very much for your time and questions today. Thank you very much for being part of our Q4 and year-end updates. I'm sure we will meet a number of you over the coming months. So thank you very much, and we'll see you again soon. Thank you.

[00:46:56]

**Operator:** Thank you. This concludes today's conference call. Thank you for participating, and you may now disconnect. Speakers, please standby.

[END OF TRANSCRIPT]