

subsea 7

Subsea 7 S.A. Q1 2026 Results Conference Call

Thursday, 30th April 2026

[00:07:09]

Operator: Good day, and thank you for standing by. Welcome to the Subsea 7 Q1 2026 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 will need to press star one and one on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question, please star one and one again. Please be advised that today's conference is being recorded.

I would now like to hand the conference over to the speaker today, Katherine Tonks. Please go ahead.

[00:07:46]

Introduction

Katherine Tonks

Director, 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, currently 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.

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 in today's quarterly press release.

I'll now turn the call over to John.

[00:08:27]

Overview

John Evans

CEO, Subsea 7

First quarter 2026 – a solid start to the year

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

Turning to slide three. Subsea 7 delivered first quarter adjusted EBITDA of \$385 million, representing over 60% growth year-on-year and a margin of 21%. We reported good operational and financial performance in both business units, and as a result, we have revised upwards our full-year guidance.

Our order intake remains strong at \$1.4 billion, with a further \$1.3 billion booked in early Q2. This gives us a robust backlog of \$13.5 billion and a high visibility on the coming years. Our tendering teams remain busy, and the fundamentals for our subsea and offshore wind industries continue to support our confidence in the outlook.

Robust backlog - \$5.5 billion for execution in the remainder of 2026

Slide four shows growth in the backlogs of both Subsea and Conventional and Renewables, which continue to increase in quality.

We have a combined backlog for execution in the remainder of 2026 of \$5.5 billion, giving us over 90% visibility on the remainder of the year. Since the year-end, our backlog for 2027 has increased by 17% to \$5 billion, and visibility on utilisation of our global enabling vessels is strong through to 2029.

The Middle East accounts for under 10% of our backlog, with most activities focused on engineering and procurement phases of CRPO 148. The offshore activity for this project is scheduled in 2028. In the meantime, we have a small amount of offshore work scheduled in the second half of 2026 with a chartered vessel that is already in the Persian Gulf.

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

[00:10:27]

Financial Review

Mark Foley

CFO, Subsea 7

Group revenue and Adjusted EBITDA

Thank you, John, and good morning, everyone. I'll start with a look at Group and business unit performance in the first quarter before turning to our improved financial guidance for 2026.

Slide five summarises the Group's revenue and adjusted EBITDA. In the first quarter, revenue was \$1.8 billion, up 17% compared to the same quarter last year, driven by solid project progress in both the subsea and offshore wind portfolios.

Adjusted EBITDA of \$385 million was up 63% compared with the prior year period, and their margin expanded by 6 percentage points to 21%. The margin performance in the quarter reflects a more favourable-than-expected financial contribution from certain projects progressing towards substantial completion.

Other gains and losses were a negative \$67 million, driven primarily by movements in embedded derivatives, reflecting the strengthening of the Brazilian real and the Norwegian kroner against relevant currencies. As I've noted in prior calls, these embedded derivatives are non-cash accounting items and are expected to fully reverse in future periods.

Our effective tax rate improved to 28% as higher profitability lessened the impact of recoverable withholding taxes on the effective tax rate. Overall, we reported net income of \$97 million, a six-fold increase on the prior year. I'll discuss the performance of each business unit in the next few slides.

Subsea and Conventional

Slide six presents the key metrics for Subsea and Conventional. Revenue in the first quarter was \$1.5 billion, up 17% year-on-year, underpinned by good progress at Sakarya 2 and 3 in Türkiye, Búzios 9 and 11 in Brazil, and Yggdrasil in Norway.

Adjusted EBITDA was \$356 million, equating to a margin of 24%. This represents an increase of over 6 percentage points from the prior year, reflecting the quality of our backlog and our predictable performance in executing complex deepwater projects. As mentioned earlier, the quarter also benefited from a favourable uplift from projects progressing towards substantial completion.

Subsea and Conventional benefited from a \$7 million net income contribution from OneSubsea, in line with our expectations.

Net operating income was \$228 million, more than double the \$99 million reported in the prior year period.

Renewables

Selected Renewables performance metrics are shown in slide seven. Revenue in the first quarter was \$282 million, up 15% year-on-year, reflecting continued activity in the North Sea, where Seaway Ventus and Seaway Aimery operated through the winter season.

Adjusted EBITDA was \$35 million, equating to a margin of 12%, up from 10% in Q1 2025, and the net operating loss was \$6 million. It is worth noting that the first quarter of 2026 marked the 12th successive quarter, bar one, of EBITDA margin greater than 10% in Renewables.

Cash flow bridge

Slide eight shows the cash bridge from first quarter. Net cash generated from operating activities was \$256 million, which included an expected unfavourable movement in working capital of \$54 million, as I alluded to in the fourth quarter of 2025 call. Such movements have been a recurring feature of the first quarter over the past couple of years.

Within investing activities, capital expenditure was \$53 million, mainly related to the class renewal drydocks for three vessels. We also received a \$7 million dividend from the OneSubsea joint venture.

Net cash used in financing activities was \$128 million, which included lease payments of \$64 million and a repayment of borrowings of \$46 million, reflecting the amortisation profile of our facilities. At the end of the quarter, cash and cash equivalents increased by \$104 million to \$1.1 billion, which was underpinned by around \$200 million generated through free cash flow.

Net cash was \$198 million, including lease liabilities of \$337 million, up from \$21 million at the end of 2025. The Group had liquidity of \$1.7 billion at quarter end, which included \$600 million of committed and utilised borrowing facilities.

Group financial guidance – revised upwards

To conclude the financials, we turn to slide nine. Following a strong financial performance in the first quarter in terms of both revenue growth and margin expansion and further increased clarity on the remainder of the year, we have revised upwards our guidance for the full-year 2026.

We now expect revenue of between \$7.4 billion and \$7.8 billion from \$7 billion to \$7.4 billion previously. We anticipate adjusted EBITDA margin of approximately 23% from approximately 22% previously.

Our depreciation and amortisation guidance has also increased slightly to be between \$650 million and \$670 million from between \$580 million and \$600 million, driven by the reclassification of assets no longer held for sale and the addition of a new multi-purpose lease vessel.

As a reminder, as announced in February, the company intends to pay a dividend of NOK13 per share on 28th May, subject to shareholder approval at the Annual General Meeting to be held on 12th May. The total dividend payment amounts to approximately \$400 million.

I will now pass you back to John.

[00:17:08]

Strategic Update

John Evans

CEO, Subsea 7

Collaborations and partnerships – a growing trend

Thank you, Mark. On slide 10, we have an update for one of our six strategic differentiators, collaboration and alliances, which has made more progress in 2026.

The alliance structure allows us to work closely with our clients on their portfolios of developments, enabling a more holistic, longer-term view that ensures timely access to the right solutions and resources.

In February, we signed a new five-year framework agreement with Vår Energi. Vår has a growing portfolio on the Norwegian continental shelf, with around 30 projects in early phases, and Subsea 7 will provide the full SURF EPCI scope for its reeling development portfolio, including six high-value prospects.

In April, we announced the signing of a strategic collaboration agreement with PETRONAS. Alongside OneSubsea, we will provide integrated SURF and SPS solutions for multiple prospective projects in Suriname. Through early engagement and integrated execution, the collaboration aims to simplify complex development processes, enhance project economics and unlock opportunities along the portfolio of prospects in Suriname.

Subsea prospects

Now onto a review of our prospects in Subsea and offshore wind on slides 11 and 12. The conflict in the Middle East has underscored the importance of energy security, which should be supported for the long-term dynamics of both Subsea and offshore wind industries. In the meantime, our clients in both businesses continue to progress their tendering as normal based on their long-term planning assumptions.

In Subsea, our focus on long-cycle deepwater projects with an attractive economics dampens our exposure to volatile spot prices, and our tendering pipeline remains valued at around \$20

billion. Opportunities relating to strategic developments in markets such as Namibia, Suriname, Brazil, and parts of Asia give us confidence in the outlook for new awards.

Offshore wind – adjustments to fiscal regimens

In the offshore wind industry, we have seen some encouraging developments in recent months. UK remains one of the most closely watched and strategic important wind markets. Our negotiations with clients continue regarding work associated with Allocation Round 7, with the process for Allocation Round 8 has commenced.

Our clients registered windows for AR8 is expected to open in July, with CfD awards anticipated before year-end. Although installation activities linked to AR7 and AR8 is likely to fall into 2029 and beyond, we're optimistic about securing EPCI scopes, which will sustain our engineering and procurement workload through '27 and '28. Elsewhere in Europe, we see progress in markets such as the Netherlands and Germany, where new subsidy frameworks to support future developments are expected to be introduced.

Confidence in 2026 and beyond

To conclude our review of the results, we turn to slide 13. Subsea 7 finished the first quarter of 2026 with a strong backlog of firm orders valued at \$13.5 billion. This gives us over 90% visibility on revenue in the remainder of 2026 and underpins high utilisation of our global enablers. This, as well as our combined confidence in our execution performance, has enabled us to increase our guidance for revenue and margins in the full year '26.

Our tender team in both Subsea and Conventional and Renewables remain busy, and our clients are keen to progress these long cycle, strategically important developments.

CEO succession

Finally, I'll close with some comments on the up and coming CEO transition. As announced in March, I will retire as CEO at the end of June, with Stuart assuming the role on 1st July. Stuart is well known to most of you, having spent nearly 30 years with Subsea 7 in senior positions across Norway, commercial, strategy, and most recently, CEO of Seaway 7.

He has also led our integration planning, placing him in an ideal position to guide the Group through the upcoming merger. As Stuart steps up into the CEO role, he will be supported in the same strong leadership team that has delivered consistently robust operational and financial performance for the Group.

Continuity of leadership

At the same time, Lloyd Duthie will take over the role of Seaway 7 CEO following nine years leading the business across its largest market in the UK, Ireland, and Asia as part of a 25-year career with Subsea 7.

After 40 years with Subsea 7 and its predecessor companies, having joined as a graduate in 1986, this is the right moment to hand over to Stuart as we enter the next phase of the business with the completion of the merger with Saipem. It has been a privilege to lead the organisation over the last 6.5 as CEO and 14 years before that as COO. I greatly valued the meetings with many of you on both the sell side and buy side as the company has grown into the one most successful and respected players in the offshore industry.

A new chapter – joining the Subsea 7 S.A. Board of Directors

I look forward to joining the Board of Subsea 7 S.A. and continuing to contribute to the Group's future success.

With that, I'll be happy to take your questions.

[00:22:41]

Q&A

Operator: 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. One moment for our first question. And our first question comes from the line of Victoria McCulloch from RBC. Please go ahead.

[00:23:04]

Victoria McCulloch (RBC Capital Markets): Morning. Thank you very much for your time this morning, and thanks again, John, for your comments. Just on the Subsea and Conventional margins to start with. Can you give us some colour? Obviously, we've seen higher utilisation in the – in that division on a Q1 basis in 2026 versus 2025. Should we see, as a result of that, and given your only 1% Group increase in margin, a flatter profile in EBITDA margin throughout 2026?

And then secondly, on AR7. Could you give us an idea of the timing in order to meet the deadline for, I guess, offshore installation in '29-2030, where – when sort of award timings are expected to happen? Is it the second half of this year that we should see these being awarded to the industry? Thanks very much.

[00:24:00]

John Evans: Thank you, Victoria. I'll take the Subsea and Conventional question, and Stuart will take the AR7.

We've had a good first quarter, and the margins reflect that, as Mark touched upon in his prepared remarks. There's a couple of other factors going on there. There's some major projects coming to a close, which, again, allows us to settle the final positions on those projects. Also as well, we've had very good execution at all our ships. The key enablers are all in the right place at the right time. We completed a huge amount of work in Türkiye in the first quarter, and we have our pipelaying ships working in Brazil and in Norway now as planned. So a good first quarter.

I'm not going to give you quarter-by-quarter views because we generally don't do that. But I think we're very comfortable that our 23% margin guidance is good for the rest of the year. AR7, Stuart?

[00:24:53]

Stuart Fitzgerald: Yeah. Thanks, Victoria. So, as John said, we're engaged with a number of clients on the prospect list that goes with AR7. We think that the contractor selections for most of them will be through the second half of this year, but we don't necessarily think the backlog will come at that time. FID is more likely into '27 and the first part of '27.

So definitely contractor selections, some long lead items, later this year, but final contracts more likely in the first half of 2027.

[00:25:36]

Victoria McCulloch: Thanks very much. Appreciate the colour.

[00:25:40]

Operator: Thank you. Our next question comes from the line of Richard Dawson from Berenberg. Please go ahead.

[00:25:49]

Richard Dawson (Berenberg): Good morning, and thank you for taking my questions. I've got two, please. Firstly, on EBITDA margins and just trying to think about margins beyond 2026. And appreciate you haven't given any guidance on this. But is my logic right that if we assume project execution remains pretty solid, there are still several major projects left to complete from the 2022 group, that potentially gets replaced by better price contracts, so having a positive impact on margins. So when we look at this 23% for 2026, is that not a ceiling? Actually, we could see margins going higher? That's my first question.

And then secondly, just on this reclassification of the held-for-sale assets. Is the sales process for that now stopped or is it still ongoing? And with that special dividend, is that now going to come from cash rather than the sale of the assets? Thank you.

[00:26:35]

John Evans: Okay. I'll take the margin question again, and then hand over to Mark to discuss the assets held-for-sale.

We haven't given guidance into 2027. I don't think we'll start now, but I think we have been very open about the fact that our business is a layer cake of different projects awarded at different times. Each project has a different margin and a profile that goes with it. But as we have guided to the market, the later work is very good quality, and we're very pleased with the quality of the work that we are getting.

It's also a combination of asset utilisation and project profitability leads to our final outturn margin. At this stage, we've guided upwards this year to 23%, but later in this year we'll give you guidance for 2027 onwards.

[00:27:24]

Mark Foley: Hi, Richard. In terms of the asset held-for-sale at the quarter end, it no longer met the criteria to be recognised as an asset held-for-sale. There was less certainty around the disposal process.

Regarding the special dividend associated with the merger linked to the permitted transaction, and as a reminder, that is €105 million dividend to Subsea 7 shareholders. That would be paid the earlier of the disposal transaction or the effective date of the merger.

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

[00:28:06]

Operator: Thank you. Our next question comes from the line of Sebastian Erskine from Rothschild. Please go ahead. Your line is open.

[00:28:29]

Sebastian Erskine (Rothschild): Hi. Good morning, everyone. John, best wishes for your retirement. The first question on the Subsea 7 slide deck, you kind of detail your partnerships with operators. I'm curious, are you seeing an increased appetite among your customer base to pursue integrated kind of SURF and SPS work scopes instead of just a standalone that we've seen in several markets? And if so, is that motivated by cost or timelines? I'm just thinking about obviously your partnership with Equinor and then now PETRONAS in Suriname.

[00:29:00]

John Evans: Yeah. We've always had a model, Sebastian, of working with our clients on whatever suits them and how they want to approach their projects. We have a very large agreement with BP to work on integrated SURF and SPS. We also work with Equinor on both Destin and Bay du Nord in that role as well. As we just announced, the PETRONAS initiative in Suriname, we go in that as well.

So again, different drivers for different clients. Our model is to provide what we think the client wants. So it's a mixture. Sometimes clients want a bit of standalone SURF, and then sometimes clients want a standalone T&I. And other times, they would like a full SURF and SPS.

So for us, it's our dialogue with clients, and we try to identify where we believe this type of collaborative model would help. Similarly with Vår Energi. We've talked to Vår Energi over the last couple of years. They have very large ambitions to grow the business. They have a need for capacity in the future years as they begin to originate the various different projects for investment. And again, we put together a similar collaboration agreement which provides a look ahead for us into what our clients plans are, and certainly then for our clients the ability to understand where our assets are and when they're available to make sure they have the capability to deliver their projects in a timely manner.

So it's a horses for courses question, and it's all really done in a very pragmatic way to understand if it's the right model for us and for our clients.

[00:30:36]

Sebastian Erskine: Super. That's very helpful, John. And then my second question is you called it in the prepared remarks around the conflict in the Middle East. And I wonder do you see scope for IOCs and NOCs to accelerate some capital flows kind of offshore and then potentially for some final investment decisions that might have been pencilled in later to be brought forward? Is that something you're hearing from your customers? Any detail would be helpful.

[00:31:01]

John Evans: Well, the message I gave in the prepared remarks is we're not seeing much fundamental change. The business as usual, the clients are focused on what they are doing in terms of their current plans, so there's no disruption in those plans in terms of what we see.

I've been in a couple of discussions where again, where the energy comes from, the location of different future LNG projects, for example, or replenishment of existing LNG projects have been

discussed. We're not seeing it crystallise as yet, but again, it's certainly on people's minds that where you get your sources of energy matters as much as the cost of that energy going into the future as well. But we were very busy before this conflict started, and we continue to be very busy with our clients and dialogues since the events in the Middle East have commenced.

[00:31:54]

Sebastian Erskine: Thank you very much. I'll turn it back now. Thank you.

[00:31:59]

Operator: Thank you. Our next question comes from the line of Kevin Roger from Kepler Cheuvreux. Please go ahead.

[00:32:12]

Kevin Roger (Kepler Cheuvreux): Yes, good afternoon. Frankly, the question has been answered, so just the opportunity to wish you all the best, John, and congrats for this last quarter as a CEO, but all the question have been answered. Thanks.

[00:32:26]

John Evans: Thank you, Kevin. Appreciate the support over the years.

[00:32:32]

Operator: Thank you. Our next question comes from the line of Mick Pickup from Barclays. Please go ahead.

[00:32:46]

Mick Pickup (Barclays): Good morning, everybody. Yeah. Can I add my congrats, John, on retirement, but I'm not sure that's a photograph of you in the presentation 40 years ago. Quick question on that depreciation change, if it's possible. You said the depreciation is up because of the for sale asset coming back in, but the increase is, what, 50 million, 90 million at the top end. That seems a lot for an asset you were selling under the five. I think Mark mentioned a new lease vessel. Can you just tell me what that new vessel is? Because I'm just looking at your fleet, and there seems to be less vessels now than there was at the end of the year.

[00:33:24]

Mark Foley: No, that's right, Mick. So in April, we brought a new multipurpose vessel to support us in Brazil, the Starnav Circunus. That will provide a variety of an ancillary support. As you know, with a lease vessel, if it's greater than a year, it's treated under IFRS 16, and as a result, that has an impact on depreciation. So the entirety of the shift in guidance is down to those two elements.

The reclassification of the asset held-for-sale and bringing the Starnav Circunus into the fleet for two years.

[00:34:06]

Mick Pickup: Thank you. And John, given it's your last outing here, obviously PETRONAS has come in now with a partnership. You've got pretty strong partnerships across the North Sea. If we look at some of the complaints in Brazil, it appears some of your peers like using other competitors of yours quite consistently. So putting your medium-term hat on, which you don't

have to answer, in five years' time, it's somebody else's problem. Do you see this market going down the lines of very tight collaborations between the few operators and the few suppliers so that we tend to do that you always do the work for PETRONAS, others do the work for Exxon? Is that the way it's going?

[00:34:44]

John Evans: Well, I think it has always been and will continue to be quite varied, to answer that question, if you know. People like Petrobras and Saudi Aramco have legal systems that insist that L1, the lowest price, wins the projects. We've seen people like PETRONAS that have followed those type of rules and systems in the past are looking at more collaborative ways of working when they're in an area of new exposure to them and a new opportunity for them as well.

So we're seeing a mixture, Mick, and I think we will continue to see a mixture. Some of our clients want to work in a traditional manner, which suits them and suits us. Other clients see the value for working in the collaborative model. And as I mentioned before, our key has always been to offer the clients what they want rather than force fit something that doesn't feel right for us or doesn't feel right for them.

So I think it's interesting to see how these relationships change over time. I think certain clients are definitely seeing the value out of them, and it provides a way of working, which is very efficient as an industry.

The other piece we've discussed a lot is about we need to utilise the asset base that we've got more efficiently, and to allow that to maximise what can be delivered over the coming years as well. And we find this model certainly helps streamline the relationships and how we plan ahead. So it's horses for courses, as I said earlier, and I think it'll continue to be a mixture of L minus one, traditional T&I, traditional SURF, EPCI, as well as integrated projects. And I think what I enjoyed over all the years is we worked in many of those formats, and it's – it continues to be a very interesting way to look at how we contract.

[00:36:31]

Mick Pickup: Thanks a lot, John.

[00:36:35]

Operator: Thank you. Our next question comes from the line of Lukas Daul from Arctic Securities. Please go ahead.

[00:36:46]

Lukas Daul (Arctic Securities): Thank you. Good afternoon. John, I was just wondering on your new guidance, you talked previously about \$7 billion roughly being the volume of what you can manage with the fleet that you have. Now we are at \$7.6 billion. Could you sort of maybe explain the moving parts of how do we get there, because your fleet isn't changing that much.

[00:37:12]

John Evans: Yeah, I think, for us, it's a number of different elements. We did a lot of work with Petrobras at the end of last year to re-sequence the growth in Brazil, the multiple projects we have to suit their FPSO arrivals, which help us get clarity of a run of work which is

continuous, that allows one project to feed into the next and the project teams to be optimised. So that's been very helpful for us.

We have a full year of PLSVs coming in, which we knew, but we now have the benefit of full year of PLSVs. And the PLSVs are working very well with a very high uptime in the first quarter.

Lastly, our work in Türkiye, which I said we did a lot of that in the first quarter has gone well, and we've got the extra work from Goktepe, which was claimed as a variation order in quarter one. But again, that will bring revenue and margins into this year, a very fast-tracked piece of work to bring four additional wells in to an adjacent field there as well.

So a number of moving parts, I guess, Lukas, in terms of what's moving around. But it allows us to have clarity over the revenue this year, as well as what we believe the margin will be at year-end.

[00:38:30]

Lukas Daul: Do you believe that you sort of still have some upside to that in the years to come? Or would that further grow, basically be subject to you adding additional capacity?

[00:38:47]

John Evans: Well, as Mark touched on, we brought an additional vessel into Brazil to help that streamlining of the workload. So as much as we were releasing tonnage, some of the tonnage we released, we touched on that in the last quarter, with Jones Act assets, which were effectively non-construction assets and we found that we couldn't get the economics of that model to really work very well for us. We returned a number of those type of IRM assets out of the fleet.

But then with this new asset we brought in, we increased the construction capability of the fleet as well. So for us, it's around getting that blend of work that contributes to growing the business that's helped us get to where we are this year.

In terms of, could it go better? Well, ultimately now it's about performance. We have nine months ahead of us here to perform. We've had a very good first quarter. I touched on it previously, that all the big pipelaying ships and the key enablers are all in the right place at the right time for a good run this year. So again, as the quarters develop, we will keep the market updated.

[00:39:49]

Lukas Daul: All right. Well, thank you, and congrats.

[00:39:55]

John Evans: Thank you very much. Thank you.

[00:39:58]

Operator: Thank you. Our next question comes from the line of Guilherme Levy from Morgan Stanley. Please go ahead.

[00:40:10]

Guilherme Levy (Morgan Stanley): Hi. Good morning. Thank you for taking my questions. Just wanted to wish both John and Stuart all the best in the new stages. But – well, by now,

most of my questions have been answered. I wanted to ask about CAPEX deployment over the coming quarters. In 1Q, that was a little bit slow. So just wanted to pick the company's brain in terms of pace over the coming quarters.

And then maybe secondly, just thinking about the current state of the industry, perhaps a more long-term question. But we have been in this upcycle now for four, five years. And new builds, they continue to be quite shy. So how do you guys reflect about that over the coming years? What needs to happen for companies to perhaps start investing again, be more comfortable to build new units, particularly as we think about the repercussions and implications of the current developments in the Middle East? Thank you.

[00:41:24]

John Evans: Well, I'll take the first question, and then I'll ask Mark to hand over on the depreciation questions later.

If we look at where we're at here, we have spent a lot of time on optimising where the fleet is, minimising transits, working in a manner with our clients where we can get the sequencing to it. For example, the discussions we had with Petrobras helps them and helps us, and it allows us then to have a very efficient delivery.

So there's still capacity in the industry, I believe, in general for us to put more capability back in, and that's part of one of the main planks of the arguments for the merger with Saipem and we've been very vocal about that from day one in the merger. And we continue to believe, some of the analysis that we've provided for the antitrust shows the transiting days for our assets over the last six years from both sides. And there are a lot of days there that these assets are just traveling around the world, going from one place to the other.

Similarly, for us, I think we know that these assets can do many, many tasks, and we have spent a lot of time in the last six to nine months just using the global enablers for exactly what they were designed for, the very high end, and then shedding work further down onto lower capacity tonnage, and then making sure then that the right tonnage is performing the work. We came from a downturn where you'd put a single asset in and it would do everything. But placing mattresses with a high-end pipelaying ship is probably not the most efficient use of a pipelaying ship in tough times. That's the use of an asset.

In good days, you need to make sure that the pipelaying ship is only doing the pipeline work. So there is capacity there.

I think coming back to the more general question of investment, it's about return on capital employed. We are now seeing the return on capital employed our shareholders want, but it's been many years of pretty fallow returns in the industry. So again, I believe there needs to be a number of years of very good returns for our shareholders to make sure then that future investments don't end up in a place, where, again, we go back to 1% or 0% return on capital employed. So there are some structural pieces that need to happen in the industry.

But let's stand back and look at it. We have always talked about the attractiveness of deepwater and the ability for our clients to make major projects work for them in terms of volumes and reserves. We know a number of our major clients are looking at reserve replacements, and deepwater is a very attractive part of that.

We know that the big LNG plants around the world will need feeding and more gas to be brought on there, as well as continued developments in places like Norway, which have had a new lease of life again, and off we go again with future expansion. Equinor shared with the market that they would like to bring 75 step outs online in the next five years.

So again, for us, we do see a lot of good opportunity, but we will do any investments in a very structured and methodical way to make sure that the investment is good for us, our shareholders and our clients.

[00:44:37]

Mark Foley: On your CAPEX question, Guilherme, you will have noted we maintained our CAPEX guidance for the year. That is between \$350 million and \$380 million. Equally, you are correct to observe that the \$53 million that we incurred in cash CAPEX is linearly light in respect to the guidance that we have maintained, and I do expect a catch-up in the second quarter.

But the key message here is it's lumpy period-on-period within the year. We do not have control over this. This is the dependency of the contractors who are providing services to us. But our CAPEX guidance for the year remains between \$350 million and \$380 million.

[00:45:28]

Guilherme Levy: Perfect. Thank you.

[00:45:31]

Operator: Thank you. Our next question comes from the line of Erik Aspen Fosså from SB1 Markets. Please go ahead.

[00:45:47]

Erik Aspen Fosså (SpareBank 1 Markets): Thank you. Afternoon. Congrats on the well-deserved retirement, John. I remember when I first met you in 2022, I got the task with asking the question if you would ever be able to get to anybody else \$1 billion? Market was a bit sceptical, you thought, yeah, maybe, just maybe we can do it, and look where we are today. So congrats on that. Well done.

My question is on pricing and margins levels. I'm thinking if you could give us some colour on how that has developed over the last one, two years, or maybe since 2024? It seems like there's been some pricing pressure in Brazil, but I guess the rest of the world may be stable, come down or even increase. So I appreciate if you could give some colour on that. Thank you.

[00:46:45]

John Evans: Well, thank you, Erik, for reminding me of those discussions. I do remember them very well and we had a belief and it's great to be here today talking to you about what we've been able to develop as a company with a fantastic team of people that we have here.

In terms of margins, as I said many times, every single bid that we put in and every single project that we win is an individual margin to suit that individual project in that individual client location opportunity window that we have.

We get a lot of questions about Brazil, and I've answered them a number of times. There are some projects in the sequence of Petrobras' work that suit us better than others. And our

pricing and our costs vary quite a bit between projects. If I need to mobilise another pipeline ship from halfway around the world, and requalify all the welding procedures and redo my supply chain, my cost into Petrobras is different.

So we are busy in Brazil, and we have a sequence of projects where resources in terms of vessels and people and supply chains come off one project and go on to the other. Our recent award of Sépia was an example of one of those projects which fitted. The previous one was one where Petrobras' windows were quite difficult. We did price it, but the windows were quite difficult for us to see.

Equally, Brazil has always and will continue to be one of the most competitive markets that we are in. But we always put a price in Brazil or anywhere in the world that we would be comfortable to take the project at that price. So I think just taking a price per metre in Brazil is a relatively straightforward way of running numbers, but it doesn't really get to the crux of where we are in terms of our competitiveness and the profitability inherent in the project.

So again, I'd just be careful of taking the rough rule of thumb. I understand why people do it. But it's the sequencing of projects that matter mostly to us. If we can get a project which finishes, one existing project finishing and another one starting, it is very important for us in terms of how competitive we can be on our cost and still protect margins that come with it.

Margins vary around the globe, but at the moment, we are comfortable with the margins that we are picking up. And we continue to be very acutely aware that there is competition in just about everywhere that we are working in.

One last item on margins. We picked up work in the Middle East for 153 and 148, two CRPOs recently. So we are reasonably comfortable with the workload that we need to keep that capability running. And as I mentioned in our prepared remarks, most of that work is in 2028 for us. So at the moment, we do not need to replenish that work very quickly.

So margins vary, but direction of travel remains positive for us, and we don't see at the moment any major need to go back to where we were five or six years ago. The market is behaving rationally. Our competitors are behaving rationally. And there is a lot of work out there, and we expect to get our fair share of it.

[00:50:13]

Erik Aspen Fosså: Thank you for that, John. Can I have a quick question to you, Mark, on lease payments? On the last call, I think just looking at the how depreciation were developing, I think it looks like lease payments could come down by \$100 million from '25 to '26. Now, I'm not sure if that picture has changed. You talked about leasing another vessel. Can you give an update either on lease payments or kind of the net effect on depreciation effect on these?

[00:50:48]

Mark Foley: Yeah. I think you asked the same question in Q4, Erik, if I remember correctly. So we exited last year with lease payments of around \$323 million. And how I answered this previously, there would be a notable reduction this year. Yes, bringing the Starnav Circunus into the fleet will have a modest uptick, but even that being said, it's still a substantial reduction compared to the full year that we recorded in 2025.

[00:51:20]

Erik Aspen Fosså: Thank you very much.

[00:51:24]

Operator: Thank you. Our next question comes from the line of Matt Smith from Bank of America. Please go ahead.

[00:51:35]

Matt Smith (Bank of America): Hi there. Thanks for taking my questions. Only a couple of quick clarifications left from me, please. The first one be around the Middle East. Clearly, you've noted low disruption to the business at this point in time. But I just wanted to clarify for the avoidance of doubt, if the situation was to remain in a status quo for months to come, would that still be the case and your guidance sort of assumption still hold?

And then secondly, coming to working capital. Once again noting a working capital build expected this year. I just wondered if you could remind us of the drivers, speak to the quantum and how that might develop throughout the course of the year, please? Thank you.

[00:52:20]

John Evans: Yeah. Thanks, Matt. I think I touched on it earlier. We have some offshore work to execute at the end of this quarter, start of quarter three in Saudi under the LTA agreement 153. We have a chartered vessel working for us on that work, and that vessel is already in the region, working on another project at the moment. So we don't expect any disruption there, and we are ready for that project in terms of materials and capability.

The large piece of work we have is 148, which was our newest award under our Saudi Aramco LTA. We're in the engineering and procurement phase, which is not interrupted by the work at the moment. Barring a major global recession that may come out of this, we don't see any major issue affecting Subsea 7 here in the near term, to answer your question.

And Mark, maybe on the working capital?

[00:53:17]

Mark Foley: Yeah. Indeed, as I flagged in the Q4 call, we anticipated an unwinding of the favourable run that we have had on working capital that occurred in the first quarter. There was an unfavourable movement of \$55 million. As I've shared before, we have grown the business and had a very good outcome in terms of cash management by the focus that's been applied across the Group now for several years.

I do expect this year to be one, where we have, on an annualised basis, an unfavourable movement in working capital. The quantum, as I've shared before, will be something in the region of \$100 million to \$200 million. That needs to be set into the context of the very favourable performance that we've had in recent years, as I've said, we've grown the business substantially.

[00:54:11]

Matt Smith: No, but thank you very much for that and all the best, John. Thank you.

[00:54:14]

Mark Foley: Thank you.

[00:54:17]

Operator: Thank you. Our next question comes from the line of Alejandra Magana from JP Morgan. Please go ahead.

[00:54:27]

Alejandra Magana (JP Morgan): Good morning. Thanks for taking my question. I'd like to echo my best wishes to you in retirement, John. My first question goes back to vessel utilisation. It stepped up to 79% versus 75% in 1Q last year and up 6 percentage points versus first quarter in '24. I appreciate that some of that may reflect lower weather downtime, and you mentioned your optimisation efforts, but what level of utilisation should we think of as your new normal going forward?

And my second question is, you mentioned some closeout effects on margin during the quarter, but more broadly, is there anything else in this quarter's margin besides continued improving mix shifts that you would call out as non-recurring?

[00:55:22]

John Evans: Thank you very much, and thanks for your comments. The second question is, I don't think there's anything non-recurring in there. It's just business as usual and how we've been seeing a lot of projects play out. The utilisation figure is one that I know you guys keep a very careful eye on it. We try to time our maintenance and our activities. These vessels work very hard for us, so we do need to give them time for their maintenance and class dry docks and such like, which as Mark said is, one is calendarised by our class societies, and secondly then it's about the availability of yards and such like to do so.

So Q1 was relatively light on that, although we got what we needed it done. I don't intend to declare a number for utilisation. But it's – we've had a good first quarter. It shows in the figures. And again, for us, it's around getting the right assets in the right place. And I think I've said a couple of times, we have now, we have for this season, got everything where they need to be. And that's important for us.

So I think you can see from the workload that we have ahead that you will expect to see utilisation quite high in the fleet.

[00:56:35]

Alejandra Magana: Thank you.

[00:56:40]

Operator: Thank you. We are now going to take our last question. This question comes from the line of Kate O'Sullivan from Citi. Please go ahead.

[00:56:54]

Kate O'Sullivan (Citi): Hi. Thanks for taking my questions. Just some quick follow-ups. But firstly, echoing also the congrats, John, and good luck to you in Stuart in the future moves. So on the new guidance range, are you fairly confident that will carry you through the year now, obviously upgrading at 1Q? And what variables put you at the upper end of the guidance range?

And then secondly, a quick one on order intake. So if you could just give an outlook on the shape of new awards for the remaining quarters, maybe how you see escalations. Thanks very much.

[00:57:29]

John Evans: Well, guidance is very much about we have the confidence, otherwise we wouldn't have upgraded today. I think I've touched on it before. It's all about performance. We have nine months ahead of us in terms of performance to achieve it. And any upside of that will come out of performance and how we settle with our clients over time. There's very fine margins now, I think, in terms of where we're at it. And all the pieces are all clear to us that we need to bring together, and we have them all together now to execute this year. So we're comfortable with the guidance, and it's all about performance and execution.

In terms of order intake, we are a very – sorry, go ahead.

[00:58:09]

Kate O'Sullivan: Sorry. My point on that is that you're confident that that guidance will get you through. You might not upgrade again because usually you do it later in the year. And would get you at the upper end versus it's still kind of a broad range.

[00:58:25]

John Evans: Our performance will get us to the higher end. And again, Stuart and Mark will come back to the market if they see fit to adjust and to change. But today, we've done that review and we're comfortable with where we're at here.

Order intake, we've discussed many times. We are very lumpy in terms of order intake. You'll see that Q2, of course, Sakarya will be a big part of Q2. We know the moving parts of this year in terms of order intake and how they fit together. So at the moment, we feel comfortable that we will have another productive and good year.

Stuart has touched on that Renewables will probably be the area where we are clear of what we want, but we won't have it in the backlog. But we feel comfortable that the oil and gas side of the business will give us a very good footing for having another successful year this year. So I think you can look at the map that we put on page 11 of the slide deck in terms of what projects are out there, and the timing of those are reasonably well known to the market.

So again, we're lumpy. I would again advise people not to try to model by quarter. If you're – we are pretty good at getting to where we want to be in the year. Quarters can vary quite a bit.

[00:59:44]

Kate O'Sullivan: Okay. Thank you. Appreciate the colour.

[00:59:46]

John Evans: Thank you. Well, thank you very much, everybody. That is the end of the questions today. Thank you very much over the years for all your challenge and support from myself and Subsea 7.

Next quarter, it'll be Stuart, Mark, and Katherine. They'll answer your questions. And I will have the luxury, hopefully, if the AGM approves, of sitting as a Director to ask some difficult

questions as well. But look forward to supporting Stuart in the transition, and I look forward to meeting you again in due course. Thank you very much. All the best. Bye.

[01:00:17]

Operator: Thank you for participating. You may now disconnect.

[END OF TRANSCRIPT]