Ladies and gentlemen, thank you for standing by and welcome to the Subsea 7 S.A. Fourth Quarter and Full Year 2011 Results conference call. At this time all participants are in a listen only mode. There will be a presentation followed by a question and answer session at which time, if you wish to ask a question, you would need to press *1 on your telephone. I must advise you that this conference is being recorded today, on Friday 16th March, 2012.

I would now like to hand the conference over to Karen Menzel; please go ahead.

Karen Menzel

Thank you and good afternoon. Joining us on the line today are Jean Cahuzac, our CEO, and Simon Crowe, our CFO. Today’s results are for the fourth quarter and 2011 period, which ended on December 31, 2011. This release can be found on our website along with the presentation slides we will be using during this call. Before we start may I remind you that certain statements made in the course of this conference call, which express the company’s intentions, beliefs and expectations, are forward-looking statements. Actual future results and trends could differ materially from those which are in such statements, due to various factors. Details of these can be obtained from time to time in the company’s filings, including the company’s annual report.

May I also draw your attention to the more detailed disclosure on forward-looking statements that appears in today’s announcement. We expect the call to run for about an hour today and with that I’ll hand over to Jean.

Jean Cahuzac

Thank you Karen and good afternoon to everybody. I would like to reflect briefly on the year and our achievements and then Simon will run through the financials. And before we take your questions I will make some observations on the market and our expectations for 2012.

So, reflecting on 2011, we have had a good year; we have delivered strong results in line with expectations. At this time last year we talked about the Board’s intention to return excess cash to shareholders and commented a few
weeks later that, post-merger, it was too soon to take a decision. In light of the 2011 performance and our confidence in the future the Board recommends to shareholders a special dividend, $0.60 per share, and has authorised a share buy-back programme of up to $200 million to be carried out over the next 12 months. The Board will continue to consider potential investment for growth opportunities and review a return of excess cash to shareholders, on an annual basis.

We have done more than deliver good results in 2011. We have also prepared for the future and are very well positioned for short- and long-term profitable growth. When I look at 2011, during the year we have achieved a lot. First, the combination is a success; we are getting very positive feedback from our people and our clients, and are ahead of our integration plans. The size, geographical spread and diversity of Subsea 7 today are clearly allowing us to accelerate our process optimisation plan and to improve efficiencies. Our approach has already and continues to deliver results and I’m comfortable that we will achieve at least the targeted synergies that we have announced.

With the combination, we have been able to continue to broaden and deepen our engineering and project management expertise worldwide. Our processes and the depth of expertise we have now allow us to optimise our resources on a global basis. This is clearly identified as a key differentiator by our clients; as their projects are becoming more and more technically complex, they are looking for services companies which have the right size and can deliver in a consistent and reliable manner. We were able to recruit talent from all around the world. It has been clear that following the combination, we are increasingly seen as an even more attractive place to work, as our people are looking for long-term career opportunities that we offer.

We have successfully grown our order book and backlog to a record high of $8.5 billion; this backlog is of good quality and is well-balanced with the right split between EPIC and day rate. It positions us well and provides a good visibility and strong foundation for growth. Another very important is that our fleet enhancement programme is also on track to meet our growth objectives in all business segments. Here, again, I’m very pleased with what has been achieved in 2011.

We continue to strengthen our enabler vessels for our SURF operations. The Seven Borealis shipyard has progressed well and on budget; she will be delivered on time for commencing operation in Q4 2012. As you know, this vessel has high specification S-Lay, J-Lay and heavy lift capabilities. We have also signed a three-year charter contract with option for the Normand Oceanic, a heavy concession vessel, which will join our fleet in April 2012. And we were awarded a five-year contract with Petrobras in Brazil, which led to a new-build flexible pipe-lay vessel. The vessel, built in Europe, is expected to start deepwater flex-lay operation in 2014.

We have also strengthened our fleet for conventional operation in West Africa. We acquired the Seven Inagha, a new-build lift barge, which is expected to commence operation on fixed platform conventional activities in Nigeria in Q2 2012. We were also successful to grow our fleet for Life-of-Field and diving operation. We took delivery of a sophisticated, new-build diving vessel for North Europe, the Seven Havila. Following the award of a five-year Life-of-Field frame agreement with Statoil we entered into an eight-year charter on the Seven Viking; she’s expected to
join the fleet in Q4 2012.

Meanwhile, *Havila Subsea* has been chartered to commence work with Statoil prior to delivery of the *Seven Viking*. Two vessels, *Grant Candies* and *Chloe Candies*, were chartered to support the newly awarded three-year contract from BP for Life-of-Field services in the US Gulf of Mexico and commenced operation during the summer. And finally, looking at our joint venture company fleet, we took delivery of the *Oleg Strashnov*, a second heavy lift vessel, for our Seaway Heavy Lifting joint venture. Our plan is to continue to look at opportunities to enhance our fleet but in a disciplined manner, in line with business growth opportunities.

A very important point in 2011 is that we continued with our plan to strengthen our local presence with the right set-up and the right industrial partners. We reached another key milestone in Nigeria. We have created *NigerStar 7*; this joint venture brings together the engineering, installation and project management expertise of *Subsea 7* with the fabrication capacity and capability of *Nigerdock*, our new partner. I met our clients in Lagos - *NNPC* and all IOCs’ feedback is very positive as they believe that this joint venture will allow us to deliver, in the most efficient manner, their projects, while meeting local government and content requirements, in the years to come.

Some of you are wondering where we stand in Brazil. So before I hand over to Simon I would like to give you an update on our *Guara Lula Project*. We have experienced the consequence of local challenges in 2011, which have impacted negatively the *Guara Lula Project*. You’ve seen that we have recognised a loss in Q4 in 2011; this loss, of approximately $50 million, represents, as per IFRS accounting rules, our estimate for the total loss of the lifetime of the project including additional contingencies that we have provided for. So what did happen in 2011? We progressed very well the engineering testing and procurement of the system. We are pleased that we are building what we set out at the tender stage, with full approval from our client.

But we relied wrongly on the information we had from the authorities regarding the award of the environmental licence for Paraná spool and logistics base. You may remember that we got a preliminary licence late 2010; this should have led to an automatic award of the final licence; it didn’t happen. The spooling operation will now be performed on the Ubu base in 2012 and 13, but at a higher cost and with a negative impact on the Project schedule. All that has been included in the losses that we recognised in Q4 of $50 million.

The significant pressure on the supply chain in the country has also resulted in delays arising from delayed delivery and production, in particular in our Brazilian based manufacturers of connectors. These delays will impact the required Project management resources and have costs for this project. And these too are included within the Project revised position.

So where are we today with the *Guara Lula Project*? I’m not underestimating the fact that we are still at a relatively early stage of the Project and that some challenges could arise, in particular from supply chain. But I believe that the view that we have taken in Q4 to evaluate the lifetime resource of the Project takes into these remaining challenges. We have a good understanding of the situation and, post combination, the new company has even more than before the size and depth of knowledge to handle this large, EPIC project in an efficient manner.
We are working well with Petrobras to develop the best option. The new executive management of Petrobras, in a meeting we had in Rio two weeks ago, with Jose Formigli, made very clear that they consider Subsea 7 as one of the key solution providers for their ambitious subsoil development plans.

And with that I will hand over to Simon to run through the financials.

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**Simon Crowe**

Thank you, Jean. Good afternoon to you all. We have today published the results for the fourth quarter and full year 2011. As a result of the combination, which was completed on January 7th 2011, these results include the 13-month period from December 1st 2010 to December 31st 2011, for Subsea 7 S.A. and the result for Subsea 7 Inc, following the date of the combination. I shall refer to the 13-month period of 2011 or full year for the purposes of this announcement.

We have delivered a very robust set of numbers for Q4 and the full year 2011. I’m very pleased with the results. We continued to make considerable progress on our integration efforts and we’ve achieved many significant milestones. Overall, the company’s in good shape with a strong balance sheet, solid cash flow, and record backlog; we see good opportunities in all our markets, going forward. As usual, I'll comment on the P&L for Q4 11 and full year; talk a little about the quarterly results in the territories, and make some observations about the cash flow and the balance sheet. Finally, I'll give you some commentary on how you might think about the company’s financials, going forward.

Turning now to slide number six in the pack and the income statement highlights: revenue from continuing operations for the fourth quarter was $1,4 billion with a net operating income for the quarter of $137 million. We delivered an EBITDA of $227 million and a margin of 16%, which includes the Guara Lula loss taken in Q4. Vessel utilisation for the quarter was 88%, which compares favourably to prior periods. For the full year 11 we delivered revenue of $5.5 billion with net operating income of $641 million, and despite the setbacks in Brazil we delivered an EBITDA of just over the $1 billion mark with a margin of 18.3%. This is in line with expectations. Vessel utilisation for the full year was 79%.

Turning now to slide seven and the operational performance for quarter four. Revenue in the North Sea, Med and Canada, for the fourth quarter, was $586 million with net operating income of $97 million. This was primarily due to increased activity and the high number of vessel base utilised as well as the closeout of the Deep Panuke Project. The work performed in the quarter was impacted by the poor weather conditions and did reflect some of the work that was awarded at lower margins in a weaker market. Revenue for Africa and Gulf of Mexico for the fourth quarter was $605 million with net operating income of $112 million; PazFlor, Block 31, Angola LNG and Sonamet made good contributions, with PazFlor and Angola LNG achieving financial completion.
Revenue in Asia Pac for the fourth quarter was $38 million with a net operating loss of $7 million; this reflected a loss on Montara offset by the financial completion of the Woodside CWLH Project. SapuraAcergy also made a good contribution.

Revenue in Brazil was $186 million with a net operating loss of $11 million reflecting the loss of approximately $50 million on the Guara Lula Project, recognised during the quarter. i-Tech Superbid and our vessels on long-term charter to Petrobras performed well.

The net operating loss in the corporate sector for the quarter was $64 million. There were three main drivers: firstly, the additional depreciation and amortisation arising following the fair valuation of the assets and liabilities acquired in the combination. Secondly, the majority of integration costs for the period are shown in this segment. And thirdly, we had a reduced contribution from SHL and NKT Flexibles.

Turning now to the income statement overview for quarter four and the full period in slide number eight. Admin expenses were $103 million for the quarter with $22 million of integration costs included in this total. For the full year we recorded admin expenses of $404 million, which included $63 million of integration expenses. The contribution from JV for the quarter was $1 million and was down compared to previous quarters mainly due to SHL’s vessels being idle, as planned, during the quarter. For the full year we recorded a JV contribution of $103 million; NKTF and SHL showed marked increases compared to previous years and SapuraAcergy made a good contribution. We are still fully consolidating Sonamet and the precise timing of the sale remains unclear but obviously we would like to conclude on this matter.

Finance income was $6 million for the quarter and reflected interest received on our cash balances. For the full year we had $20 million of financial income, of finance income, which is derived from our multi-currency cash deposits. FX movements resulted in a favourable contribution of $9 million for the quarter, with the US dollar fluctuating against major currencies.

For the full year we showed a $7 million gain in spite of some of the considerable volatility in the FX market during the period. Finance costs in the quarter were $9 million, which was driven by the interest on the convertible bonds, the Havila facility and interest expenses on our loan and guarantee facilities. In accordance with accounting standards we did capitalise some interest to the ongoing construction of the Borealis. The finance costs for the full year was $40 million.

The tax charged for the quarter was $19 million giving a tax rate for the quarter of 15%; this showed a marked decrease as compared to previous quarters. Before one-offs the quarterly rate was 29%; Q4 rate benefited from certain one-off adjustments, mainly relating to the recognition of deferred tax assets and in particular, the recognition of historic losses in the US business, to which we’ve had greater access following the our post-merger restructuring. For the full year we have a tax charge of $176 million, giving an effective tax rate of 28%.

In addition to the benefit of the US tax losses mentioned above the full year rate benefited from the recognition of
other deferred tax assets brought onto the balance sheet at Q3 as well as the release of other provisions throughout the period. Backlog stood at $8.5 billion as at 31st December 2011 and reflects good order flow both announced and unannounced. Diluted EPS was 27¢ per share for the quarter based on a fully diluted share count of 379 million shares. For the full year we delivered a diluted EPS of $1.21.

Turning now to the cash flow and the balance sheet, on slide nine. During the year, we generated $579 million of cash from our operating activities, reflecting the closeout of several projects and good cash collection from customers. We remain very focused on managing our working capital efficiently. Net cash flows used in investing activities was approximately $125 million. Our cash CapEx for the year was about $672 million including the $190 million Havila purchase that was separately financed with the inflow of funds shown in the financing activities. This gives a net figure of $482 million; the Borealis, Antares and various dry-docks account for much of this spend. Cash used in investing activities also benefited from the inclusion of the cash acquired as a result of the combination. Net cash used in financing activities included the Havila financing, the redemption of our maturing convertible bond and the buy-back programme of approximately 2.5 million shares for $60 million. Our closing cash balance was $803 million.

Turning now to the balance sheet: we have set out today the fair value calculations in note 11 of today’s announcement. There have been adjustments made to those published at quarter three relating to foreign exchange and the final assessment of fair value of assets and liabilities at the time of the combination. Our final calculation of goodwill is $2.6 billion and that will sit on the balance sheet and be tested for impairment at each year-end.

Turning now to slide number ten, I'd like to give you some commentary on how you might think about 2012. As Jean has said, we have $8.5 billion of backlog extending over multiple years; we expect to deliver revenue and EBITDA ahead of 2011 numbers. So revenue ahead of the $5.5 billion and EBITDA ahead of the billion dollars. It's too early in the year to be more precise as much depends upon the timing of our portfolio of over a hundred projects around the world. We expect utilisation of our vessels to remain good in 2012.

Our JV contribution is likely to be low in 2012 compared to 2011 as we expect the sale of NKT Flexibles to complete in the first half. We’ve now classified our interest in NKT as an asset held for sale, as at 3rd February 2012. And in line with accounting standards we’ll not recognise our share of net income arising after this date within the 2012 income statement. We also expect lower contribution from SapuraAcergy as the summer ‘12 phase of Gumusut Project was pushed into 2013. SHL has solid plans for 2012 and we may see a better contribution from this business.

We have made very good progress on realising synergies in 2011 and we are on track to achieve our targets. The three key areas of synergy, vessel optimisation, cost optimisation, and supply chain savings, are all on track. We went live across the whole organisation on SAP on January 1st 2012.

For 2012 you can assume that the admin cost quarterly run rate should be about $85 million; you’ll need to add to
this $30 million for the full year for integration, with most of these costs appearing in the first half of the year. You can also expect our net financing costs to be in line with 2011; we’ll continue to rely on natural hedging of our FX positions and place specific market hedges where we deem it appropriate. We expect depreciation and amortisation to be about $380 million for the year and the quarterly profile will rise as we add vessels such as the Borealis in the back end of the year. So don’t divide by four and expect this to be the quarterly number.

We have a robust cash flow forecast for 12 and beyond and, as Jean has mentioned, the Board has recommended a special dividend of $200 million, which will be put to shareholders at the June AGM. We’ve also announced today a $200 million share buy-back programme. Our core banking facilities are in good shape and we continue to monitor our convertible bond maturity; we’ve added some uncommitted bilateral facilities during the year to complement the committed facilities. And these uncommitted lines will be used on a project by project basis for the issuance of guarantees.

For CapEx in 2012 we now anticipate a range of $750 - $850 million. This is built up as follows: firstly, our committed vessel programme accounts for about $450 million. This includes the new Brazilian PLSV, the completion of the Borealis, a new lift boat, the Seven Inagha, in Nigeria, and the Seven Viking, a new IMR vessel in the North Sea, which will work for Statoil. Secondly, we have dry-docks and repair CapEx of over 120 million forecast for 2012 and we have a number of vessels scheduled for dry-dock this year. Thirdly, in addition, we’ve a number of other organic growth opportunities totalling $150 - $250 million, and as we have more certainty we’ll communicate any changes to the plans.

We’ll continue to focus on optimising our tax rate. We were pleased to deliver an effective tax rate of 28% in 2011 but our underlying rate is between 32% and 35% when one-offs are excluded. I would use this range of rates for your forecasts.

Finally, I can report that we have filed our de-registration forms with the SEC and all our US reporting obligations were suspended as of March 8th. We expect the de-registration to be final 90 days post March 8th. In summary, we are pleased with our overall performance in 2011 and we are well positioned for all the challenges and opportunities that lie ahead.

I’ll now pass back to Jean.

Jean Cahuzac

Right, thank you, Simon. Turning now to the market, touching on some comments about 2011 together with the opportunities we see ahead, and what this means for Subsea 7 over the next year or so.

Despite ongoing macroeconomic turmoil, we continue to see growth opportunities in all of our markets, albeit at a different pace. These opportunities provide greater visibility today than we have had in recent years. In the North
Sea 2011 saw a strong pick up in client activity, initially reflected in a significant increase in tendering, which translated later in the year into increased contract awards. We also saw prices begin to improve. This year we should see phasing out of most of the projects signed late 2010 with lower margin and looking forward, we continue to see significant opportunities in all geographies of our NSMC territory. We expect tendering to remain high, order flow to remain strong with improved pricing, especially for those projects which are offshore beyond 2012.

As previously stated we expect 2012 to be somewhat of a transition year in Africa with large projects in the early stages. The territory will move through a period of lower offshore activity on those projects awarded over the last 18 months. Despite the difficulty to predict precise timing we expect to see a number of major SURF projects in West Africa to come to market during the year, with offshore execution in the second part of 2013 and 2014.

In the Gulf of Mexico the recommencement of the award of drilling permits should see an increase of activity with contract awards to the market in late 2012 and execution in late 2013 and 14 in a market which remains competitive.

Turning now to Asia Pacific, this is, as you know, a diverse territory from a geographical perspective. It is a market which has had high expectations for many years and 2011 saw the award of the first of the of these large gas-driven projects in Australia. We were pleased to win two significant projects on Gorgon. Further awards to the market, especially in Australia and Malaysia, are expected in 2012 in a market which remains competitive. We will remain selective on the projects we tender to ensure that we achieve the right returns.

In Brazil we continue to see more opportunities ahead in traditional deepwater in the Campos Basin as well as with pre-salt developments. We expect to see further PLSV contract awards to the market, both for existing contracts renewal and new vessels to be built in Brazil. More large EPIC projects for pre-salt developments are likely to come to award - to the market in 2012 and beyond.

We have in house today the next pre-salt tender, which covers up to four fields. This is expected to be awarded to the industry in the second part of 2012 with operation in 2014 and 15 after which a further run of tenders for the next pre-salt development is expected to be issued by the client in late 2012. We believe that the buoys system that we have designed for Guara Lula and the experience acquired on this Project positions us well to submit competitive proposal with the right margin and acceptable risk level.

In summary, a robust oil price and rising tendering activity round the world underpins order book momentum, all of which reinforces our view that the outlook for the industry remains very competitive. We continue to see growth opportunity in all of our markets, albeit at a different pace. We are also seeing additional medium term prospects in more frontier areas, such as pre-salt in Angola, the opening of other parts of Africa such as Ghana and Mozambique, as well as deepwater provinces of Indonesia. We are one of only a few companies globally which has the required expertise and know-how to fulfil these client needs. We remain focused on building quality backlog, maintaining a disciplined approach from both risk and pricing perspectives, and that continues to be one of our main priorities.
In this context, what should you expect for 2012? Following our recent announcement to sell NKT Flexibles we are on track and we expect the sale to complete in the first half of 2012. As we said in November, 2012 will be a transition year but still a year of progress for Subsea 7. We expect to achieve progress on both revenue and adjusted EBITDA so, to be clear, we expect revenue and adjusted EBITDA for the 12 months of 12 to be ahead of what we delivered in the 2011 period.

With this we’ll be happy to answer your questions.

Operator

Thank you. We will now begin the question and answer session. If you wish to ask a question please press *1 on your telephone and wait for your name to be announced; to cancel your request please press the # key. Thank you. Your first question comes from the line of Mick Pickup from BarCap. Please go ahead.

Mick Pickup - BarCap

Yes, it’s BarCap for now, it’s One Barclays in a couple of weeks time. Thank you for taking my call. Couple of questions, if I may, on Brazil; firstly, obviously, you’ve made a loss of $50 million but I’ve got to assume you’re expecting to make a profit on that project. I’m wondering if you could give us a level of what the actual cost increase is; I’m assuming it’s more like $150 - $200 million. And within that, can you just talk to what level of contingency you can put within that, because obviously you’re going to be running this at zero margin, going forward? But this is a critical care patient now, so how can you put enough safeguards in there for the execution phase, in a couple of years time?

A follow-up on that on capacity. You mentioned that there are four big pre-salt bidding in Brazil at the moment, and more to come; without a new yard do you actually have the capacity to bid on that? And within that framework, you talked about the buoys system; it’s only a year ago you were talking about how much technically better the riser tower was. Have we given up on riser towers in Brazil at the moment?

Jean Cahuzac

Thank you Mick. First comment, I mean, regarding Guara Lula. We’ve made very good progress on Guara Lula with the engineering, testing and procurement of the buoy system. So it’s been accepted by Petrobras as planned and we are really on track on that. We have had a number of reviews of this Project over the last couple of months and the loss that we recognised in Q4 takes into account the problems that we have experienced as well as contingencies that we have added to execute the Project in 2012 and 2013. So in terms of additional cost that we
have experienced, you know what they relate to the licence on the Paraná base, the impact of the less efficiency of
the Ubu base and the impact on the schedule. It also includes the impact that we've seen from some of the
providers, equipment providers, in particular the provider of the connectors, provided from Brazil.

We've made good progress on the supply chain; we have finalised the plans, the detailed plans for the operation
and installation. And it's on this basis we have added contingencies, which led to this forecast for the lifetime of the
Project in Q4 - for the loss in Q4. So I'm comfortable of what we have put in the Project when we reviewed the
financials over the last couple of weeks.

Regarding our capacity to or our ability to bid the future fields: It's very clear that one contractor will not be able to
execute all the work which is today in front of us, provided, and proposed by Petrobras. So, based on the Guara
Lula experience, we have now a very good evaluation and estimate of the resources which are required and what
can or cannot the supply chain provide. And therefore we will be selective in the field that we bid, and make sure
that we include the right risk factor and the right margin on these projects.

Regarding the yard, we, our plan is not to bid in Brazil with a yard which wouldn’t have a full licence delivered. I
mean, we’ve learnt from our mistakes on the Paraná base so we will not take a risk associated with licences for this
project. And regarding the riser tower and the buoy: we have the two capabilities in-house. From a schedule
perspective we have to select the one which can be delivered the soonest for Petrobras to meet their very tight
schedule. But, on the medium long-term, obviously we can propose both solutions and we have this expertise.

All this kind of discussion regarding resources, risk associated with the project, the risk associated with the supply
chain, are things which are being discussed with Petrobras. And I must say we had a very good meeting with the
executive management of Petrobras a couple of weeks ago, with Jose Formigli and his team, to actually see how
we could define solutions which would be, which would align more with the objectives of both sides.

Mick Pickup - BarCap

Okay, thank you. And could I just ask one very quick follow-up: I know Technip announced the other week a
contract for gas injection pipes on Guara Lula. It looked to me as if that was part of your scope on those; has part of
the scope been removed from you or am I getting this wrong?

Jean Cahuzac

Yes, I heard the same comments from Technip. Just to give you some insight on that: I think it’s a good example of
how we work with Petrobras. What happened is that Petrobras has changed, had to change the characteristics of
the fluids coming from the reservoir, based on their latest information that they had or data that they had. So the
rigid gas line design has to be modified. Petrobras has asked us to develop a long-term technical solution with the
design of the buoy and while we perform this additional engineering work they have moved forward with a
temporary, short life fix and have bought some flexible gas risers from Technip. All that is obviously covered by a
variation order on our side. And when this new design is finalised we will reinstall rigid line on the system at a later
stage.

Mick Pickup - BarCap

Okay, magic thank you, very clear.

Jean Cahuzac

It’s been a very, I would say, a very good joint approach with Petrobras which has led to the best solution for them.

Mick Pickup - BarCap

Okay, magic, cheers.

Operator

Thank you. Your next question comes from Fiona MacLean of Merrill Lynch. Please go ahead.

Fiona MacLean - Merrill Lynch

Yes, thank you. it’s Fiona at Merrill Lynch. I have two questions. Firstly, on the share buy-back, can you confirm
when you did the buy-back back in 2007 and 2008, because it was quite a few hundreds or millions of dollars. Did
you cancel those shares or they are still sitting on your balance sheet? And how often do you expect to be
cancelling the shares that you have proposed to buy back in today’s announcement?

Then secondly, with the CapEx number that you have in for 2012 as the guidance and you have some kind of
optionality in there as well, can you maybe try and break down that optionality and explain to us whether you are
looking at additional vessels here, or is it some of new requirements for local content that you’re wishing to invest
in? Thank you.

Jean Cahuzac
Thank you Fiona. Your question regarding the share, it was a 300 million share buyback and at the time.

Simon Crowe

Yes, we kept the shares and used them to satisfy the converts and support share options, so as we buy in the $200m, we’ll keep those shares. We have obviously our two bonds that potentially could convert in 13 and 14 and we’ll take a view. We are holding about 3% at the moment of our share capital so we’ll continue to do that and review it.

Jean Cahuzac

Regarding the CapEx and the $150 - $250 million optional investment: the reason why we mentioned that in addition to what we mentioned in November last year is that in this growing market we may have some opportunities to invest on some vessels and/or on some local content investment. Will it happen? I think it’s possible, but we are going to remain very disciplined and if it was to happen it’s because we have evaluated each opportunity on merit and concluded that it makes sense with good returns. So, in this growing market, it’s probably wise to assume that it will happen, future will tell.

Fiona MacLean - Merrill Lynch

Okay, and just a follow-up on the buy back: given your policy on your buy back is pretty restrictive on when you can actually be active in the market. Do you expect to make an additional dividend payment this time next year if you don't complete the $200 million of buy back?

Simon Crowe

We've announced, what we've announced today, we'll continue to go into the market and start our buyback programme, and we'll periodically review it. And then, as we said in our announcement, the Board will continue to look at ways of returning any excess cash to shareholders. So it's an ongoing review. As you know, we've got some restrictions and clear guidelines on executing the share buyback.

Jean Cahuzac

Yes. It's not our policy but basically it's good practice I would say.
Simon Crowe

Safe harbour.

Jean Cahuzac

It’s a safe harbour condition.

Fiona MacLean - Merrill Lynch

Okay, thank you.

Jean Cahuzac

But the goal - the intention is to return to shareholder around the $400 million that we announced.

Fiona MacLean - Merrill Lynch

Okay, perfect, thanks.

Operator

Thank you, your next question comes from the line of Phil Lindsay of HSBC; please ask your question.

Phil Lindsay - HSBC

Yes, hi there, Phil Lindsay from HSBC. A couple of questions please. First of all, just on the rationale for doing the special divi. I mean, would you consider instating an ordinary dividend or are the returns always are likely to be, you know, ad hoc, depending upon your results at any given year and/or investment opportunities? And then the second question is just can you talk generically about the bid pipeline you see globally, just perhaps how it looks versus this time a year ago, you know, in terms of overall size, so a percentage steer would be helpful there? Thanks.
Simon Crowe

So, just to clarify, that’s the bid pipeline, the awards coming up.

Phil Lindsay - HSBC

Yes.

Simon Crowe

Your question.

Phil Lindsay - HSBC

Okay.

Jean Cahuzac

Regarding your first question, We have announced or proposed to the shareholder a special dividend and a programme of share buyback. I would say today the thinking of the Board would be that after reviewing the opportunities for investments, if they want to consider a return of excess capital to shareholders, share buyback is a good way to continue on a continuous basis.

Regarding the bid and the market and how we see it, if I go around the world, I mean, briefly: starting with Africa, we believe or I believe that there will be a number of large projects awarded to the market in 2012. Some of them likely to be awarded in the market in the first part of 2012 or early summer. To give you some example, Chevron Lianzi, which is north of $500 million in Angola, Erha North in Nigeria for Exxon, which is probably in the range of $700 - $800 million.

There is another project in Angola, which is Congo River Crossing, between Congo and Angola, in the $300 - $400 million range. And then the additional work in conventional with EPC4A Exxon, which should be awarded to the market late Q2, Q3. There are some other larger projects in Africa, like Total Egina; I believe that this Project should be awarded late 2012, maybe early 2013 and there are a couple of projects in Ghana which also should be
awarded late 2012. So, we're talking about a number of large projects being awarded in Africa in a reasonably near future. As you know, in Africa, things can always change but there seems to be a momentum nowadays in the right direction.

When you look at the North Sea a lot of small projects, as I mentioned in my comments, both in the UK and Norway. But one of the things that we are seeing in the North Sea is also some larger projects, some of them being EPIC projects, coming to the market. If you take BG Knarr, more than $500 million in Norway, and there are also a couple of projects north of $200, $300 million in Norway and the UK. So all that, we see a continuous flow of award to the market of projects in 2012 as we've seen late 2011.

In Brazil, we mentioned the PLSVs, that's renewal of existing contract where we do intend to, I mean, we do intend to participate to this renewal of existing contracts with existing PLSVs. And then there is up to seven PLSVs to be built in Brazil. I think I have the same approach on these vessels built in Brazil that we had in 2011; we are disciplined; we are going to look at what can be done with local shipyards. And if we can convince ourselves that we can do it in a safe manner within budget and schedule it's something that we'll do at this stage. If not, we'll continue to work to find the best solution to answer to these needs.

On the pre-salt, I mentioned four fields to be awarded probably early summer, mid-summer of 2012. It may be two of these four, it maybe four, we don't know, and there are other five – five other fields to come to bid in late 2012. As I said, before there is no way that one contractor would be able to do all this work, so we'll be selective on these projects, taking into account the internal resources that we have.

I mentioned the opportunity of the new company regarding resources to manage its EPIC projects. We've been able to transfer expertise from different parts of the world. To give you some example, today, on the Guara Lula Project, we have been able to mobilize people from the PazFlor Project to help our teams there to execute what remains to be done. So that's also quite positive.

Regarding Asia, Australia is really the hotspot. One large project is Browse for Woodside, but very late in 2012, and a couple of other projects outside Australia. I consider this market as a remaining quite competitive. So we will remain selective in the sense that we will bid jobs with the right margin and see what happens. There is a lot of work in other places in the world to use our fleet and our resources with the right margin. So, we will be selective.

And, you know, maybe one comment on the quality backlog. I'm very pleased with our backlog which has been increasing, as you've seen, without huge project award. I mean, we lost Ichthys but we lost Ichthys because we didn't, we wouldn't have made, at the price where it was awarded, the right margins. In spite of that the backlog is growing, so it's good.

Phil Lindsay - HSBC
Excellent, thanks very much.

Simon Crowe

Hello, next question.

Karen Menzel

Moving on to the next question.

Operator

Thank you. Your next question comes from the line of Pål Dahl from Swedbank First Securities. Please ask your question.

Pål Dahl - Swedbank First Securities

Hi, two questions from me please.

Karen Menzel

Sorry, Pål, just before you start...

Simon Crowe

Can you speak up.

Karen Menzel

You’re very faint, we’re going to miss your question.

Pål Dahl - Swedbank First Securities
Can you hear me now?

Karen Menzel

It's a bit better.

Pål Dahl - Swedbank First Securities

Okay, let's try. Two questions please: first, typically at this time of year, you know, and fourth quarter, your backlog typically covers 65% of next year's revenues, so 33% of your revenues in two years time. Is there or are there any factors that would make these different this time around that I should think about?

Jean Cahuzac

When you look at our backlog today, we have 50% which will be executed in 12, 33% in 13, 17% in 14; that's at the end of 2011. When I look at the market, it's more or less what we expect, some of these backlog timing execution will be impacted by the timing of the awards in Africa. But nothing unusual there; I think it reflects the growing market and the activity picking up.

Pål Dahl - Swedbank First Securities

Okay. Thanks. So I can I expect more this is a usual and a growing market?

Jean Cahuzac

We believe so.

Pål Dahl - Swedbank First Securities

My second question, I guess, is a direct question, but on the Guara Lula project, which is still in an early stage, and you take a write-down today of $50 million. Of course, there is probability that things could be better and worse; what is the probability that you would end up taking let's say another write down of $100 million or $200 million on this Project?
You know, I mean, when we do this review, I mean, we, as per accounting rules, we have to recognise the loss on the whole life of the project when we identify it. As you can imagine we have done a very thorough review of this Project and what was still in front of us, but also taking into account what we had achieved and we have achieved a lot in engineering, in the mobilisation of the Ubu base. So today I am comfortable that the number that we publish in Q4 reflects what we think is going to be today's life of the Project. As you mentioned things can change either way with good or bad news, but that's - I am comfortable where we are with the numbers in Q4.

Okay, thank you very much.

Thank you. Your next question comes from the line of Kristian Diesen of Pareto Securities. Please go ahead.

Good afternoon. Back to Brazil, your underlying contribution from that region, adjusting for those $50 million on Guara, was near record highs; is that a level that we could expect into 2012 or are there any one-offs in there?

I think what I would assume for 2012, regarding Guara Lula, there will be – about one-third of the Project revenue which remains to be executed in 12, two-thirds in 2013, with no margins, should not be changing what we have assumed in Q4. On the positive contribution of Guara Lula there is a GSNC project, which will be offshore, the P55 project, which we completed before the mid-year, and obviously the PLSV ships, which are still continuing to deliver.

Okay. And then on your 2012 indications; it is still early days but five months ago you said that 2012 expectations
were somewhat too high and they are down, say, 6 - 7% on the EBITDA, level, still up 20% or near 20% year-on-year for 2012. Can you give some more colour on how do you see current expectations?

Jean Cahuzac

Well I think, you know, we said that we expect 2012 to be ahead of 11 with the comment that we made. We obviously, I mean, we've said that also it is a bit early in the year to conclude definitely but if we saw that consensus levels were materially different from our view, I mean, obviously we will amend our comments and we are not.

Simon Crowe

As we did in Q3, we made some comments and then the market adjusted and now we are…

Jean Cahuzac

But we will keep the market advised or aware of change when that comes, if that comes.

Kristian Diesen - Pareto Securities

That's very good, thank you very much.

Operator

Thank you. Your next question comes from the line of James Evans from Collins Stewart. Please go ahead.

James Evans - Collins Stewart

Hi, three questions if I may. Firstly, could you just give a bit more detail around the loss on Montara in the quarter? Secondly, obviously it's not your first issue in Brazil this year, obviously very different to the pipe coating problems you had, but can you talk about any more strategic decisions you've been taking on Brazilian subcontractors? And how you're going to manage that risk going forward, seeing that the supply chain looks set to remain tight for some time yet?
And thirdly, sorry if this is a bit of a detailed question, but it'll be very useful if you could give a breakdown of the backlog by award date, on slide 15 of your presentation: does the North Sea region differ materially from that in award date, given that the market, obviously with pricing changing probably the quickest over the last couple of years? Thanks.

Jean Cahuzac

Yes, okay, regarding the Montara Project, it's a project which is being executed by our joint venture, SapuraAcergy. All the operations, the pipe laying operation has been completed by the joint venture, and it's based on the review of this operation that we recognise the loss in Q4, which was a small loss. The Project is ongoing with I would say more bread and butter operations with the Rockwater 2, and that will be with positive margin, although it's not a very large project. So altogether I'm not concerned with the future of this Project and the impact that it will have.

Regarding Brazil, again we've been disappointed with the local problem we had in Brazil and the impact it had on the schedule. I think one other thing to see for the future work is first, we are going to be disciplined in the number of jobs that we're going to bid. And that will be based on our human resources and vessel availability. And we have also been able today, post merger, to look at these jobs in a different way by using resources from other parts of the world and, in particular, our Paris organization, for the EPIC contract. So I'm comfortable that we have what we need to bid these projects, with an acceptable risk level.

Regarding the supply chain: the supply chain is very tight worldwide and it's going to be - it's one of the challenges with the lack of resources of the industry. I believe that, again because of the size and the process we put in place, we are maybe better positioned than some others. But in Brazil there is an additional constraint, which is the local content and the need to meet certain level of local content and therefore fabricate in Brazil.

And it's one of the problem that one of our suppliers had in Brazil. It's something that we are discussing with Petrobras; I mentioned the meeting I had with the senior management of Petrobras a couple of weeks ago. And the topic was exactly that, it's how can we jointly manage this risk and take this risk into account in the contractual approach that we have for this complex project of sub-salt. So it's not easy but I think we have learnt and I think we have decided as company to work together with Petrobras to find something which is acceptable, with the right level of risk and the right profitability.

Regarding the North Sea backlog... I am looking at my paper. It is very similar to previous, yes, go ahead

Simon Crowe

It's very similar to the previous years, there's nothing unusual about it. I think that was your question. So we are in a good place and, as we've said, we have got some positive views on the North Sea for 2012; activity there’s
picking up and bidding is... We're very busy, and the nature of the work is changing a little to more large-scale and EPIC-type projects, both in the UK and Norway.

Jean Cahuzac

Another difference for the North Sea in 12 and even more in 13 is that we are phasing out of our backlog the projects which were won before 2011 at lower margins, and so there are less and less of this project and they will be mainly phased out in 2012.

James Evans - Collins Stewart

Okay, thanks.

Operator

Thank you. Your next question comes from the line of Henry Tarr from Goldman Sachs. Please go ahead.

Henry Tarr - Goldman Sachs

HI, it’s Henry Tarr from Goldman. Just a follow-on from that last question: you know, margins in the North Sea were very strong in the quarter; 4Q is generally seasonally weak. There were contingencies clearly from Deep Panuke. But is this level, you know, a sensible run rate for 2012? And then, you know, just more broadly on the pricing environment there, utilisation is improving, we’re seeing a better mix of EPIC projects, etc. Are we moving back to the kind of tightness pricing in margins we saw in 2006-7 in the North Sea?

Jean Cahuzac

To answer your question on the last point, yes, we see an improvement on the margin in the North Sea to a level that we’ve seen in the past in the good times. The reason of the results of the North Sea was driven by the completion of the Deep Panuke Project in Canada, which has been a good project, but also because of the utilisation of the vessel because of waiting on weather. And that may look a bit paradoxical but we had a lot of waiting on weather in Q4. We had vessels – most of our fleet in the North Sea have been waiting on weather in Q4. We are well protected by contracts. So we were paid during this waiting on weather and that has increased utilisation and recovery on the vessels, leading to better result in Q4 from that perspective.
One other point to highlight on that, at the same time it has delayed the execution of the project and therefore the progress has been slowed down for this work, which will be executed a bit later. And while we are waiting on weather, it is good for the utilisation of the vessel because we are paid for the waiting on weather but we don't have the added value of the project, so that has to come a bit later too. So it's a combination of Deep Panuke and very good utilisation of the vessels, being well protected by our contracts, during the winter period in the North Sea.

Simon Crowe

And the run rate assumption is not a bad place to start.

Henry Tarr - Goldman Sachs

Okay, thanks very much. Could I just add very quickly; you mentioned higher dry-docking this year; are there any major vessels out for dry-docking and what sort of impact could that have?

Jean Cahuzac

Well, we have more dry-docking in 2012 than 2011. In terms of the major vessels the Polaris is going to have a dry-dock in South Africa for, almost three months, and then it's a combination of different vessels around the world, in particular in Brazil, which obviously has an impact on the PLSV activity.

Henry Tarr - Goldman Sachs

Great, thank you.

Operator

Thank you. Your next question comes from the line of Andrew Dobbing from JP Morgan. Please go ahead.

Andrew Dobbing - JP Morgan Cazenove

Yes, good afternoon. Can you confirm that you will still be using a reel-lay solution on Guara Lula or are you considering a more conventional J-Lay approach, which I guess wouldn't require a spoolbase at all? Thank you.
Jean Cahuzac

No, we, on Guara Lula, we’re going to use the Ubu spoolbase in reeled operation. And that has been mobilised; it has additional costs compared with the tendering cost, but we know where we are and things are under control.

Andrew Dobbing - JP Morgan Cazenove

I mean would you consider, I mean. Is it more likely you will be using a conventional J-Lay approach going forward because of... Because you haven't got the spoolbase capacity that you were perhaps originally anticipating? Is that a way to get around the problem?

Jean Cahuzac

Not necessarily. I'm not going to tell you our bid strategy because I am sure our competitors would love it. But we can do both; we can do reeled, we can J-Lay. So still open.

Andrew Dobbing - JP Morgan Cazenove

But I guess that is a way, I guess, on way to get around that problem if it is a problem going forward?

Jean Cahuzac

It's a problem it's not a... It's a, sorry, it's a solution; it's not necessarily the most efficient solution from a cost perspective. And then it depends also on vessel availability and opportunities that you have with the vessel because when we bid. In today's markets, when we bid projects, we also look at what other opportunity we have on other projects and try to optimise the use of the assets on the highest margin projects.

Andrew Dobbing - JP Morgan Cazenove

Thanks. Could you also tell us little bit about how you think your clients are kind of thinking at the moment in terms of vessel availability? Are they getting a little bit more nervous about access to vessels? Is there an opportunity for you guys, you know, or are you seeing perhaps oil companies trying to book vessels further ahead of time, you know, just because they are nervous about getting access to them?
Jean Cahuzac

Yes, I think the answer is, yes and yes to your two questions. I think looking at the growth of the market, I think the clients and ourselves see for some – for the high-end side of the vessels a shortage of vessels in the year to come.

Andrew Dobbing - JP Morgan Cazenove

Thank you very much.

Jean Cahuzac

I think we have time to take two more questions.

Operator

Thank you. Your next question comes from the line of Frederik Lunde from Carnegie. Please go ahead.

Frederik Lunde - Carnegie

Thank you. First question is on the Barents Sea: there have been some big discoveries in Norway and there are talks of building a new trunk line connecting the Barents Sea to the pipelines in the North Sea [and as a result, a pipe]. Do you still see potential for you to take part in a potential contract in that region?

Jean Cahuzac

No. while we can run trunklines with some of our vessels we don't have the fleet to focus on the trunkline business. So we can do it on a case by case basis but it's not a business that we are focusing on. I'm talking about the large trunklines.

Frederik Lunde - Carnegie

Okay. But you would be able to target so the Barents Sea SURF work still, with the existing fleet?
Jean Cahuzac

On yes, absolutely, with a number of vessels including the Borealis, you may remember is Norwegian class.

Frederik Lunde - Carnegie

Yes, just a final question on pricing power. You compared the North Sea market through 2007 and 2008. Did that go both with regards to the competitive environment and also demand and pricing power, or have there been big changes with new players or less competition even with the merger of Subsea and Acergy?

Jean Cahuzac

No I think. there is still plenty of competition in this market in all the area of the world including the North Sea, and we have seen a couple of young players coming in. We believe that what the clients are looking for is a company like ourselves for the more complex projects, the larger projects, and then maybe some of the competition will be on the lower spec vessel activity and some smaller projects. So I'm not, I don't see that as a big threat in today's environment. We are well-positioned in the market we are in and there is a market with lower specification for some others.

Frederik Lunde - Carnegie

Thanks. Final question just very quickly, you warned about one and half year ago about selling Sonamet or reducing exposure, what's the status there?

Jean Cahuzac

Well, it's an agreement that we signed five years ago, which was to transfer local content ownership as part of the localisation of the increase of the local content of the Sonamet. Just to clarify your point: I mean, we keep the management of the operation in Sonamet and that's particularly important for us, to execute within budget in a timely manner, the Project. So the way the Sonamet is operated doesn't change, we still do it.

Regarding the decrease of ownership: it's more, it's an administrative problem and every time we seem to be close to be signing the final documents there is a change of law or something else, which delay by a couple of months. We would like to close it more because it's a burden on administration, additional administration work. It's not a problem as such so...
Simon Crowe

No, but I mean, we are very pleased with Sonamet and its performance. I was down there a couple of weeks ago; it’s a very impressive set-up, so it's a pain but we will get there.

Jean Cahuzac

But going from 55% to 36%, we still see Sonamet being an enabler for our SURF projects by allowing to have local content and a very good quality in the fabrication side. So Sonamet is and will remain a big plus for the Company in the years to come.

Simon Crowe

Absolutely.

Frederik Lunde - Carnegie

Thanks.

Jean Cahuzac

I think we have time for one more question.

Operator

Thank you. Your next question. The last question comes from Ryan Kauppila of Citigroup. Please ask your question.

Ryan Kauppila - Citigroup

Good afternoon. Looking like a pretty great time to be a Subsea engineer. I was wondering if you could give any colour from an industry perspective on what you're seeing in wages and attrition, and maybe a little bit of
geographical scope as well? And then you keep referencing, you know, the merger successes around attracting personnel. Is there any way that you can quantify that? And, I guess, are you tracking attrition rates across old Aerty and old Subsea 7 in personnel?

Jean Cahuzac

Yes, and I would say the shortage of resources for the industry is one of the main challenge in the years to come and that's true for all operators, it's true for the service industry, and it's true for Subsea 7, like for all our competitors. I think we are maybe better positioned than most our competitors in this area but it doesn't mean that it's not a challenge.

I must say, when I look at the results, there are some geographical areas where the shortage of people is more acute. One is Brazil, because it's not only the Subsea which is picking up but it's also the whole industry. Our answer to that is actually to engineer and fabricate engineering and manage the package of the project from outside of Brazil. So, to give you an example, if we were to be successful on the next phase of the sub-salt, a significant part of this package, engineering and project management of this package, will be done from our EPIC base in Paris, and that's fully accepted and supported by Petrobras, taking into account the shortage of resources. So we have a way to work around that.

If you look at... Another place which is pretty hot on the market is Aberdeen where, with the increase of activity, we've seen an increase of attrition in 2011. We've been able to recruit the people that we needed for the growth and not only the replacement of the people who had left, but the growth of activity.

But, and we've seen a decrease of attrition over the last three months in North Europe for us. It's a bit too early to see how it's going to be in the future. This decrease of attrition, which still remain at high levels, is driven by a number of reasons. I think the main reason is the career prospect that the engineers have in Subsea 7; we have a very well organised and very efficient and well recognised training program and that's one of the elements that the people are considering. So a challenge but it's under control.

What we've done also is that we have opened all the facilities. We've opened an office, a new office in Oslo acknowledging that Stavanger was a bit of a bottleneck today in terms of people. So we had this office opened a couple of months ago. And to give you an example we had more than 450 qualified engineers from the industry and other industries who applied for the job. We have not hired 450 people but we have this level of thing. So the company is very attractive for the talent.

We're not trying to compete on compensation with the newcomers in the industry. They obviously are attracting some of our people and some people of our competitors with significantly higher compensation, but it's not our approach to match that. I mean, we are interested to be competitive with people who want to have a long-term career and we seem to be reasonably successful with this approach.
Ryan Kauppila - Citigroup

Okay, thanks.

Jean Cahuzac

Thanks. So I would like. I think we have to stop here. I would like to thank everybody for your questions and look forward for the next earnings call in May. Thank you.

Simon Crewe

Thank you.

Operator

Ladies and gentlemen, that does conclude our conference for today. Thank you for participating. You many now disconnect.