subsea 7

Earnings Presentation
Second Quarter 2014

31 July 2014

12:00 noon UK time

Forward-looking statements

Certain statements made in this announcement may include ‘forward-looking statements’. These statements may be identified by the use of words like ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘forecast’, ‘intend’, ‘may’, ‘might’, ‘plan’, ‘predict’, ‘project’, ‘scheduled’, ‘seek’, ‘should’, ‘will’, and similar expressions. The forward-looking statements reflect our current views and are subject to risks, uncertainties and assumptions. The principal risks and uncertainties which could impact the Group and the factors which could affect the actual results are described but not limited to those in the ‘Risk Management’ section in the Group’s Annual Report and Consolidated Financial Statements for the year ended 31 December 2013. These factors, and others which are discussed in our public announcements, are among those that may cause actual and future results and trends to differ materially from our forward-looking statements: actions by regulatory authorities or other third parties; our ability to recover costs on significant projects; the general economic conditions and competition in the markets and businesses in which we operate; our relationship with significant clients; the outcome of legal and administrative proceedings or governmental enquiries; uncertainties inherent in operating internationally; the timely delivery of vessels on order and the timely completion of vessel conversion programmes; the impact of laws and regulations; and operating hazards, including spills and environmental damage. Many of these factors are beyond our ability to control or predict. Other unknown or unpredictable factors could also have material adverse effects on our future results. Given these factors, you should not place undue reliance on the forward-looking statements.

Strong second quarter both operationally and financially

FINANCIAL

- Revenue increased 13% from prior year second quarter
- 24% Adjusted EBITDA margin
- Brazil Territory’s financial recovery plan fully on track
- NOK 3.60 per share cash dividend approved; paid in July
- Share repurchases continued in Q2; $200m programme completed in July
- New $200m share repurchase programme announced 31 July

OPERATIONAL

- Good overall project execution
- Efficient offshore execution on CLOV allowed client to achieve first oil, ahead of schedule
- Key operational milestones achieved on Guará-Lula project; full-life project loss reduced by about $35m
- High level of Life-of-Field activity in the UK
- 91% Group vessel utilisation, up from 86% during Q2 2013

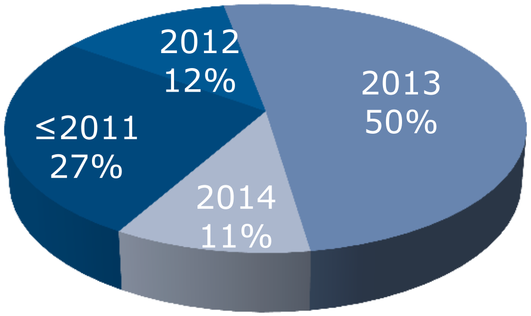
NEW BUILDS

- The *Seven Waves* built within cost estimates; started operations mid May, three months ahead of schedule
- Other new vessel construction projects on track, in line with cost estimates and schedule

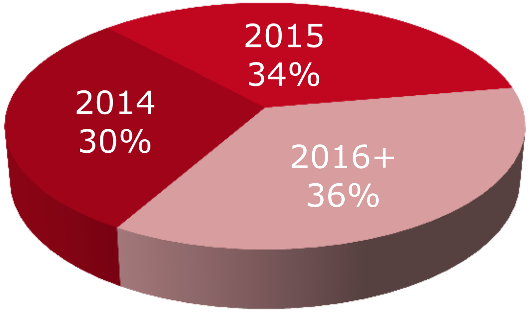
Backlog and order in-take

- Backlog ended Q2 at $11.2 billion, consistent with previous guidance
- Order intake in Q2: $1.6 billion, which included contracts below $50m value and escalations on existing contracts
- New awards announced:
  Catcher in the UK; IRM for BP and Holstein Deep in US GOM

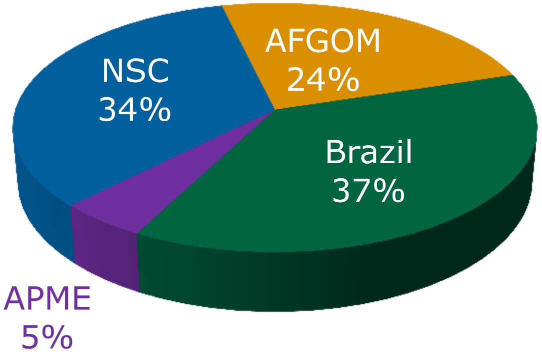
Backlog by Award Date



Backlog by Execution Date



Backlog by Territory

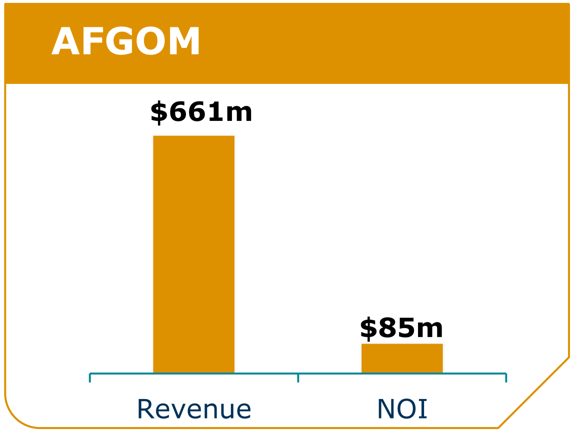


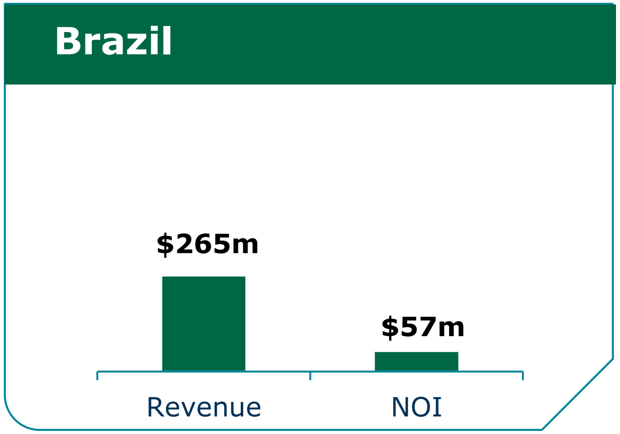
Income statement – key highlights

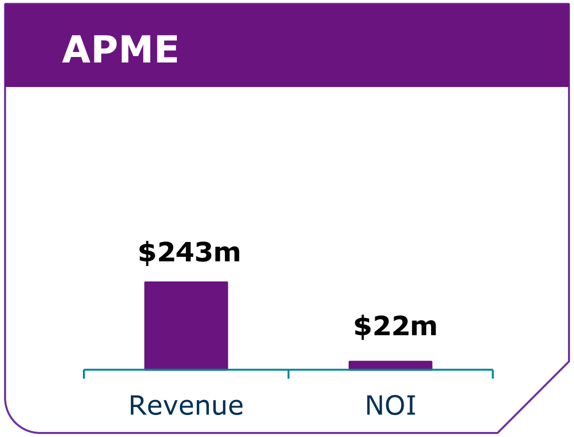
In $ millions, unless otherwise indicated	Three months ended 30 Jun 14	Three months ended 30 Jun 13
Revenue	1,905	1,681
Net operating income (NOI)	350	41
Income before taxes	362	20
Taxation	(98)	(33)
Net income/(loss)	265	(13)
Adjusted EBITDA[1]	452	139
Adjusted EBITDA margin	23.7%	8.3%
Diluted earning per share	$0.73	$(0.05)
Weighted average number of common shares[2]	373.1m	332.0m

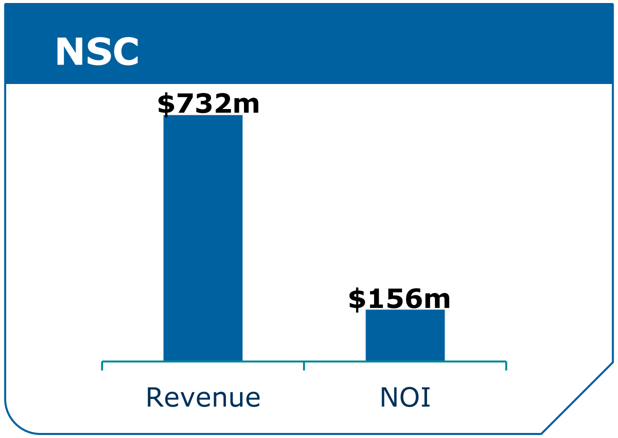
[1] Adjusted EBITDA defined in Appendix
[2] In Q2 2014, the 2014 and 2017 convertible bonds were dilutive

Territory performance – Q2 2014









Note: excludes contribution from Corporate segment

Income statement – supplementary details

In $ millions	Three months ended 30 Jun 14	Three months ended 30 Jun 13
Administrative expenses	(67)	(66)
Share of net income of associates and joint ventures	27	62
Net operating income	350	41
Net finance income/(costs)	2	(10)
Other gains and losses	10	(11)
Income before taxes	362	20
Taxation	(98)	(33)
Net income	**265**	**(13)**
Net income attributable to:		
Shareholders of the parent company	270	(17)
Non-controlling interests	(6)	4

Overview of 1H 2014 cash flow

	$ millions	
Cash and cash equivalents at **31 Dec 2013**	650	
Net cash generated from operating activities	716	*Includes decrease in net operating assets of $151m*
Net cash flow used in investing activities	(397)	*Includes capital expenditure of $428m mainly on new vessel construction programme*
Net cash flow used in financing activities	(106)	*Includes $93m on shares repurchased*
Other movements	(18)	
Cash and cash equivalents at **30 Jun 2014**	845	

Summary balance sheet

In $ millions	30 Jun 2014	31 Dec 2013
Assets		
Non-current assets		
Goodwill	2,649	2,585
Property, plant and equipment	4,375	4,098
Other non-current assets	558	538
Total non-current assets	**7,582**	**7,221**
Current assets		
Trade and other receivables	1,098	1,008
Assets classified as held for sale	387	395
Construction contracts - assets	487	575
Other accrued income and prepaid expenses	400	404
Cash and cash equivalents	845	650
Other current assets	106	104
Total current assets	**3,323**	**3,136**
Total assets	**10,905**	**10,357**

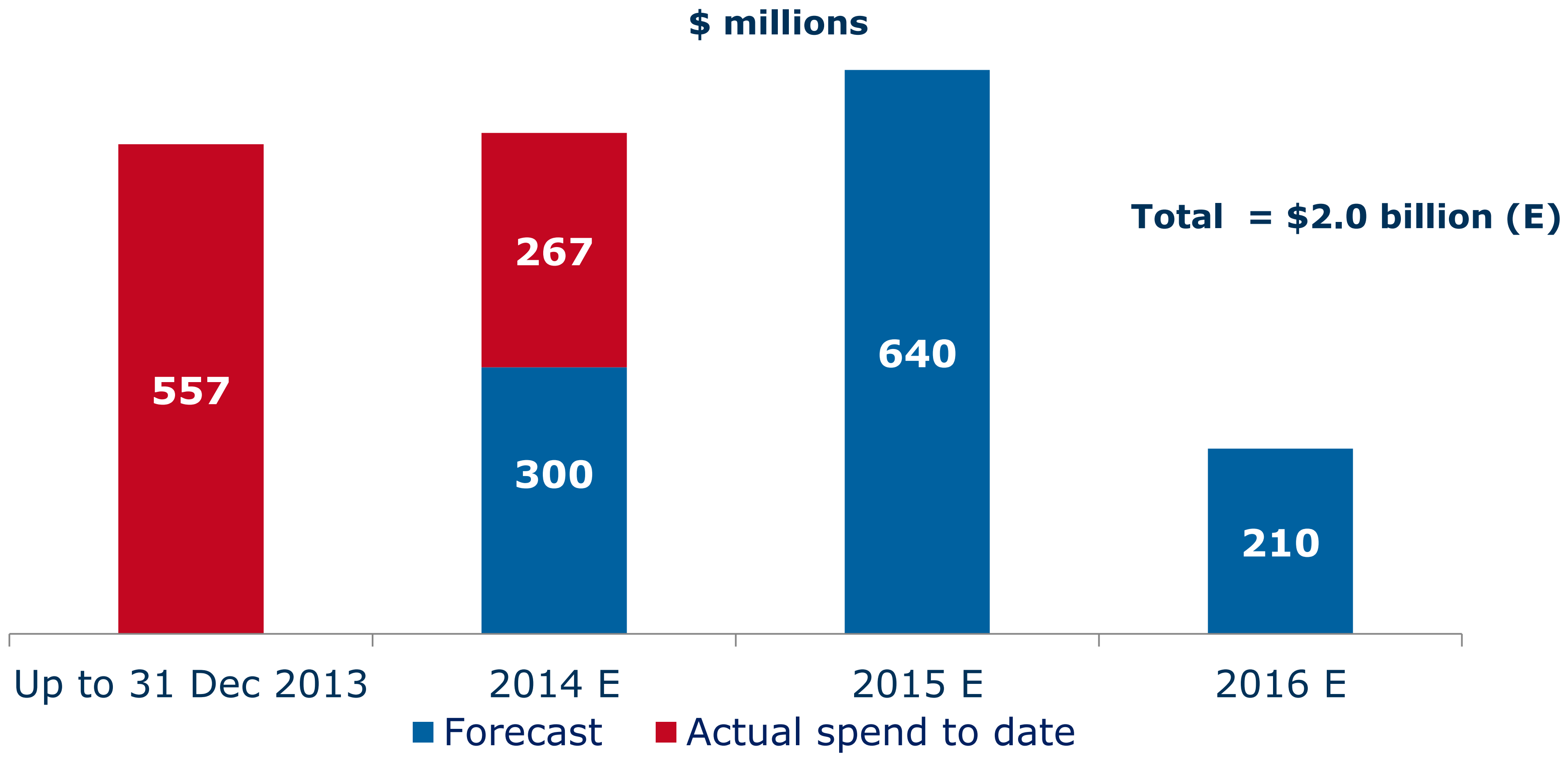
In $ millions	30 Jun 2014	31 Dec 2013
Equity & Liabilities		
Total equity	**6,843**	**6,612**
Non-current liabilities		
Non-current portion of borrowings	644	636
Other non-current liabilities	243	259
Total non-current liabilities	**887**	**895**
Current liabilities		
Trade and other liabilities	2,020	1,637
Current portion of borrowings	275	275
Liabilities associated with assets held for sale	205	195
Construction contracts - liabilities	477	601
Deferred revenue	5	3
Other current liabilities	193	139
Total current liabilities	**3,175**	**2,850**
Total liabilities	**4,062**	**3,745**
Total equity & liabilities	**10,905**	**10,357**

Full year 2014 financial guidance

No change to previously communicated guidance for the year

- Group revenue expected to increase from 2013 level
- Adjusted EBITDA expected to increase moderately from that achieved in 2013 after adding back the $355 million full life loss recognised on the Guará-Lula NE project
- Capex: $900 million - $1.0 billion, comprising
  - $560-590 million for the six new-build vessel construction programme
  - $220-250 million for operating capex (existing fleet)
  - $120-160 million for vessel enhancements, i-Tech ROVs, offshore equipment and onshore facilities
- Other net income related guidance
  - Administrative expenses: $300-320 million
  - Net finance costs: less than $10 million
  - Depreciation and amortisation expense: $400-430 million
  - Full year effective tax rate: 27-29%

Capital expenditure for on-going vessel new-build programme[1]



Note:
1 Includes four PLSVs being constructed for long-term contracts with Petrobras (including the *Seven Waves*), and construction of the *Seven Arctic* and the *Seven Kestrel*. Amounts include an estimate for interest which will be capitalised during construction.
E = estimated

Fleet investments to meet growth objectives: vessels under construction

Ship	Vessel Type	Rationale	Operational
	***Seven Waves*** **Pipelay Support Vessel (PLSV)**	Under 5-year contract with Petrobras	2^{nd} Quarter 2014 *(commenced operations mid May)*
	***Seven Rio*** ***Seven Sun*** ***Seven Cruzeiro*** **(PLSVs 2, 3 & 4)**	Under 5-year contracts with Petrobras	4^{th} Quarter 2015 2^{nd} Quarter 2016 4^{th} Quarter 2016
	***Seven Kestrel*** **Diving Support Vessel (DSV)**	Fleet replacement investment for growing market	4^{th} Quarter 2015
	***Seven Arctic*** **Heavy Construction Vessel (HCV)** **900T crane**	Strategic investment; enabling for seabed compression/separation/ production module installation	1^{st} Quarter 2016

Market overview

SURF:

- Uncertainty on timing of SURF project awards remains a feature of the market as IOCs continue to focus on capex discipline

Life-of-Field:

- Demand for Life-of-Field remains strong, particularly in the UK sector of the North Sea, as operators' opex remains high on existing fields

Conventional:

- Timing uncertainty remains for Conventional project awards in Nigeria

Market outlook

Africa

SURF:

- Tendering in West and East Africa remains high but timing of market awards remains uncertain
- One large project in Egypt, which had been cancelled by the operator in 2013, may be awarded to market late 2014/early 2015

Conventional:

- Near-term outlook unclear with IOCs unwilling to commit currently to larger projects in Nigeria

Life-of-Field:

- More opportunities identified in West Africa

Gulf of Mexico

- Potential for small and medium-size SURF projects in the US Gulf but increased competition expected in the near term

Market outlook

APME

SURF:

- Emerging deep-water prospects in Asia with potential market awards for large projects in Indonesia and India
- Market award of large SURF projects unlikely near-term in Australia as local development costs remain a major challenge for our clients

Life-of–Field:

- Further opportunities identified in Australia

Market outlook

Brazil

Territory financial turn-around on track

- Good operational progress on the Guará-Lula NE project since the beginning of the year; all four buoys fully commissioned and completion of riser installation expected by year end
- Renewal of our PLSV contracts completed and the new-build the *Seven Waves* has successfully started operations
- Cost reduction plans and new organisational structure implemented

No change in our strategy of not bidding for pre-salt EPIC projects until an acceptable project risk profile can be agreed with our client

- Our objective is still to achieve an acceptable contracting structure in the future

Market outlook

North Sea and Canada

SURF:

- Good level of tendering activity in the UK
- Statoil expected to postpone capex projects in Norway until 2015
- Our technology remains a key differentiator
  - Strong interest from operators for our Bundle solution

Life-of-Field:

- Continuing strong demand for our Life-of-Field solutions, driven by our extensive fleet and engineering resources

Joint Ventures

- Contribution from Seaway Heavy Lifting and SapuraAcergy joint ventures expected to diminish compared to record high 2013 levels

Addressing clients’ needs in a capex-constrained environment

Our approach:

- Engage early with our clients to design cost-effective solutions
  - Focus on “fit-for-purpose” engineering without compromising risk profile
  - Our engineering capabilities and our fleet operational capability covers the whole range of applicable technologies
- Technology-driven approach can lower costs and enhance reliability
- Integrated project teams of Subsea 7 and client personnel
- Optimised commercial and risk-sharing model

Summary

- A strong quarter both operationally and financially
  - 24% Adjusted EBITDA margin
  - Good overall project execution and significant progress on the Guará-Lula project in Brazil
  - High Group vessel utilisation at 91%
- High order backlog at $11.2 billion; we continue to focus on building quality backlog with the right risk profile
- Tendering remains active in most areas of activity; short-term uncertainty remains on the timing of market awards for some SURF and Conventional projects
- Demand for Life-of-Field is strong and growing
- Full year 2014 guidance reaffirmed
- Medium- and long-term market fundamentals remain strong

Appendix

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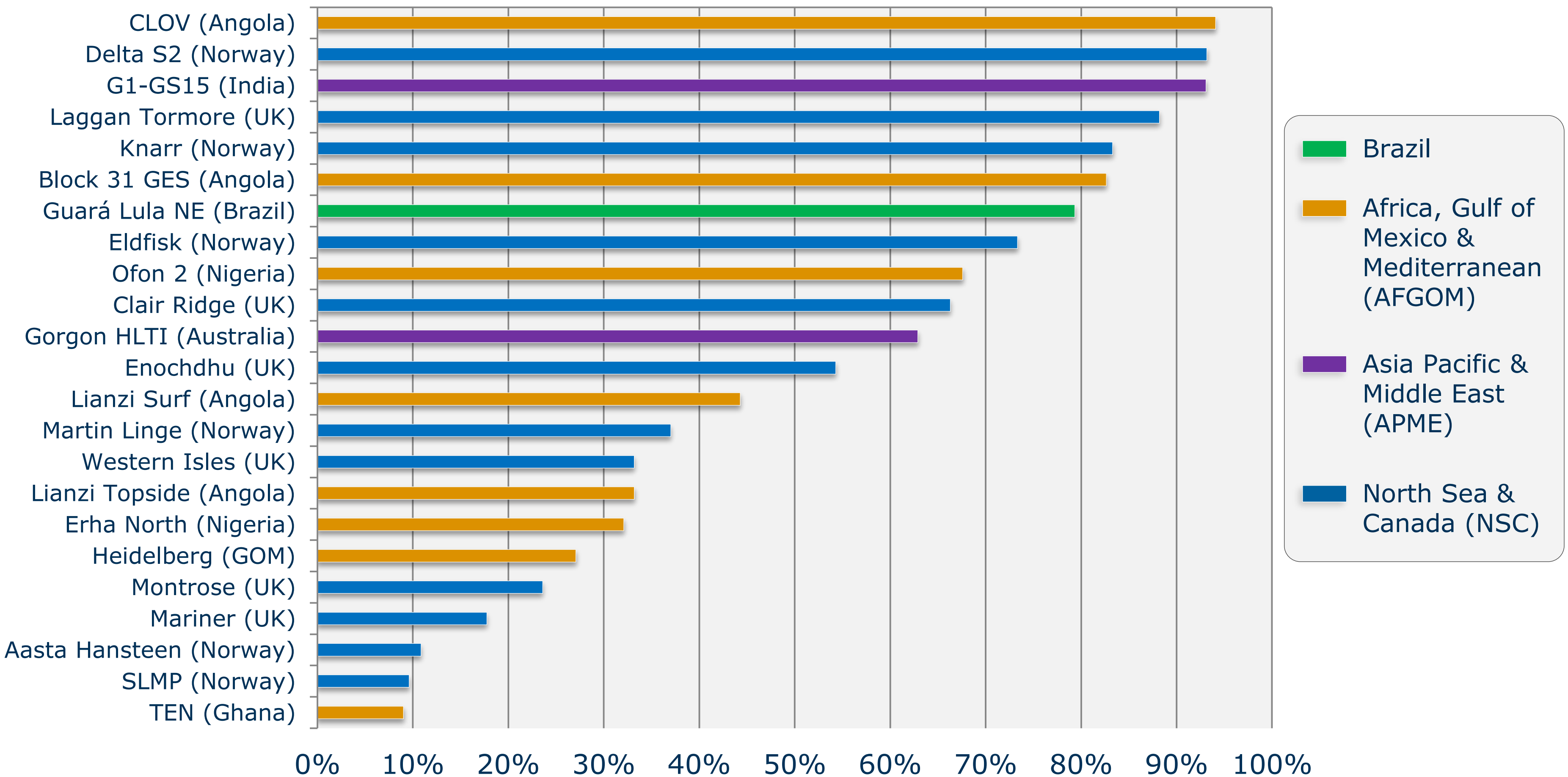
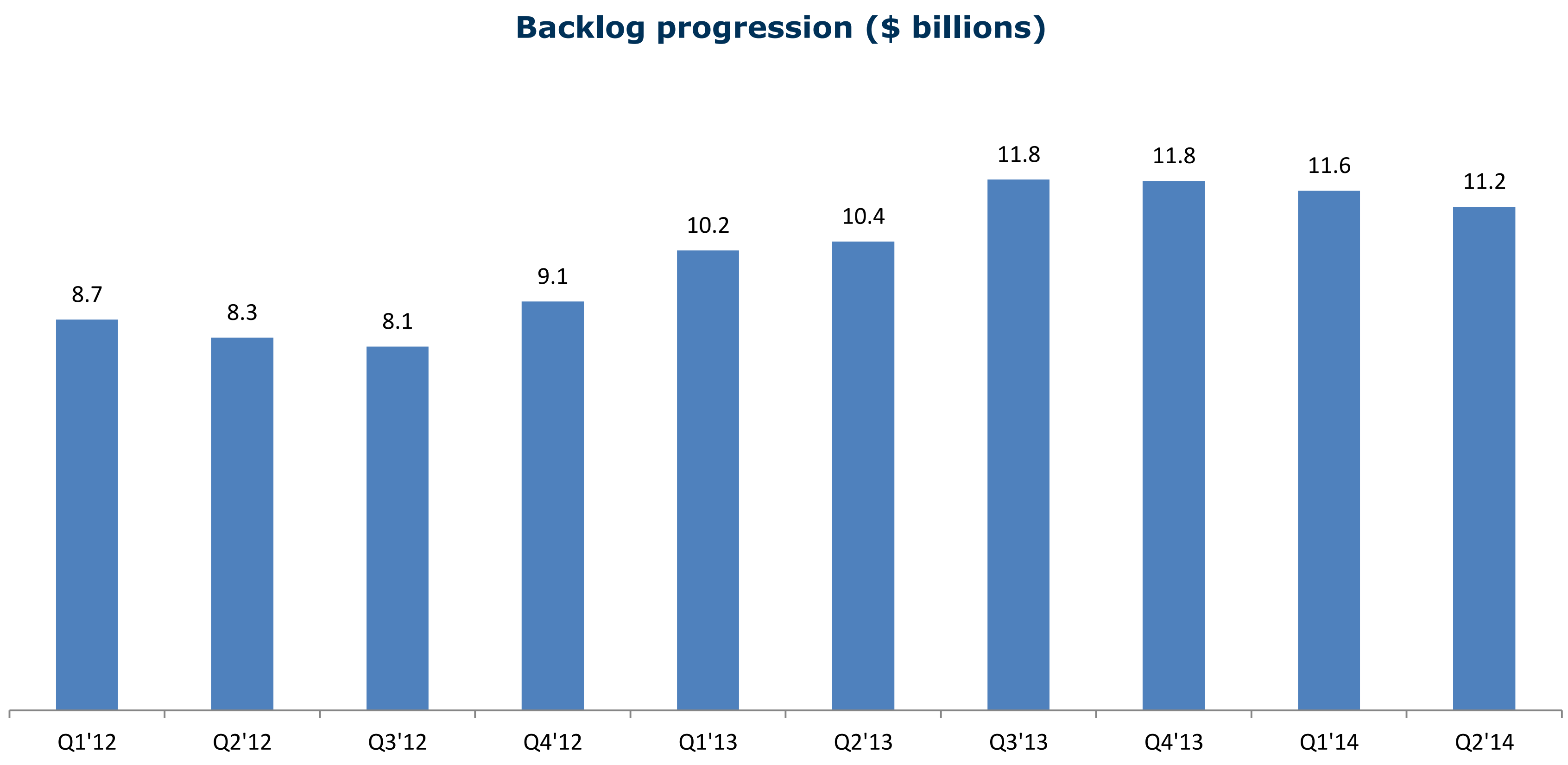
Major project progression

Continuing projects >$100m between 5% and 95% complete as at 30 June 2014 excl. PLSVs and Life-of-Field day-rate contracts



 www.subsea7.com seabed-to-surface

Backlog progression



Segmental analysis

For the three months ended 30 June 2014

In $ millions	AFGOM	APME	BRAZIL	NSC	CORP	TOTAL
Revenue	661	243	265	732	4	1,905
Net operating income from ops	85	22	57	156	30	350
Finance income						9
Other gains and losses						10
Finance costs						(7)
Income before taxes						**362**

For the three months ended 30 June 2013

In $ millions	AFGOM	APME	BRAZIL	NSC	CORP	TOTAL
Revenue	669	142	159	705	6	1,681
Net operating income/(loss) from ops	133	33	(294)	136	32	41
Finance income						7
Other gains and losses						(11)
Finance costs						(17)
Income before taxes						**20**

Adjusted EBITDA

- Adjusted earnings before interest, taxation, depreciation and amortisation ('Adjusted EBITDA') is a non-IFRS measure that represents net income before additional specific items that are considered to impact the comparison of the Group's performance either year-on-year or with other businesses. The Group calculates Adjusted EBITDA as net income plus finance costs, taxation, depreciation, amortisation and mobilisation and adjusted to exclude finance income, other gains and losses and impairment charges or reversals. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage .
- The items excluded from Adjusted EBITDA represent items which are individually or collectively material but which are not considered representative of the performance of the business during the periods presented. Other gains and losses principally relate to disposals of investments, property, plant and equipment and net foreign exchange gains or losses. Impairments of assets represent the excess of the assets' carrying amount over the amount that is expected to be recovered from their use in the future or their sale.
- Adjusted EBITDA and Adjusted EBITDA margin have not been prepared in accordance with IFRS as issued by the IASB as adopted for use in the EU. These measures exclude items that can have a significant effect on the Group's income or loss and therefore should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with IFRS) as a measure of the Group's operating results or cash flows from operations (as determined in accordance with IFRS) as a measure of the Group's liquidity.
- Management believes that Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the business. These non-IFRS measures provide management with a meaningful comparative for its various Territories, as they eliminate the effects of financing, depreciation and taxation. Management believes that the presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea 7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Subsea 7's industry. Adjusted EBITDA margin may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group's performance. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.

Reconciliation of Adjusted EBITDA

Net operating income to Adjusted EBITDA For the period (in $millions)	Three Months Ended 30 Jun 2014	Three Months Ended 30 Jun 2013
Net operating income	350	41
Depreciation, amortisation and mobilisation	98	87
Impairment	4	11
Adjusted EBITDA	452	139
Revenue	1,905	1,681
Adjusted EBITDA %	**23.7%**	**8.3%**

Net income to Adjusted EBITDA For the period (in $millions)	Three Months Ended 30 Jun 2014	Three Months Ended 30 Jun 2013
Net income/(loss)	265	(13)
Depreciation, amortisation and mobilisation	98	87
Impairment	4	11
Finance income	(9)	(7)
Other gains and losses	(11)	11
Finance costs	7	17
Taxation	98	33
Adjusted EBITDA	452	139
Revenue	1,905	1,681
Adjusted EBITDA %	**23.7%**	**8.3%**

Gorgon heavy lift and umbilicals - Australia

- Located 130km off the northwest coast of Western Australia
- The Gorgon project is one of the world's largest natural gas projects
- Heaviest and deepest subsea lifts in the history of Subsea 7
  - 20 subsea structures and foundations (up to circa 1,000Te), 15 heavy spools (up to circa 200Te), in water depths up to 1,300m
- Installation of the Gorgon (59km) and Jansz (136km) umbilicals

CLOV Block 17 - Angola

- Technology-rich SURF project
- High local content with Sonamet fabrication facility
- Successful deployment of the *Seven Borealis* to install
  - 40km of pipe-in-pipe production, 60km of water injection, 32km of gas export, and 37 spools and 15 jumpers
- Two Hybrid Riser Towers and a Single Hybrid Riser at the end of the gas export line using proprietary bundle/riser technology

Aasta Hansteen gas field - Norway

- Technology-rich SURF project
- 1,200m water depth, deepest in North Sea
- 300km off northern Norway, harsh environment
- First SCRs (x4) in the Norwegian Sea, manufactured at Vigra spoolbase
- First installation of BUTTING Bubi® mechanically lined pipe by reeling in the North Sea – using the *Seven Oceans*
- New permanent office set up in Tromsø, Northern Norway

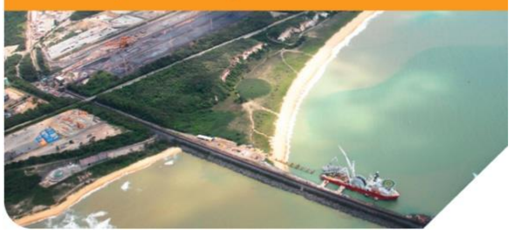
Our operational facilities

Spoolbases

Luanda Spoolbase, Angola

Port Isabel Spoolbase, USA

Ubu Spoolbase, Brazil



Vigra Spoolbase, Norway

Leith Spoolbase, UK

Fabrication Yards

Sonamet Lobito, Angola

Warri, Nigeria

Wick Fabrication Site, UK

Rigid pipelay/heavy lift assets

Seven Borealis

Seven Oceans

Seven Navica

Seven Polaris

Seven Antares

Sapura 3000 [1]

Oleg Strashnov [1]

Stanislav Yudin [1]

1 Owned and operated by a joint venture

Diving Support Vessels

Seven Falcon [1]

Seven Atlantic

Seven Pelican

Seven Discovery

Seven Osprey

Rockwater 1

Rockwater 2

1 Formerly *Seven Havila*

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Construction/vertical flex-lay assets

Seven Seas

Seven Pacific

Seven Eagle

Seven Mar

Seven Phoenix

Skandi Neptune [1]

Skandi Seven [1]

Normand Oceanic [2]

Skandi Acergy [1]

Seven Waves

1 Long-term charter
2 Long-term charter from a vessel-owning joint venture

subsea 7

Construction/horizontal flex-lay assets

Seven Condor

Simar Esperança [1]

Normand Seven [2]

Kommandor 3000

Subsea Viking [2]

1 Formerly the *Seven Sisters*
2 Long-term charter

Life-of-Field/Light Construction Vessels

Seven Viking [1]

Seven Petrel

Acergy Viking [2]

Havila Subsea [2]

Normand Subsea [2]

Grant Candies [3]

1 Long-term charter from a vessel-owning joint venture
2 Long-term charter
3 Call-out contract

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Other assets

Jack-up vessel

Seven Inagha

Trenching vessel

Skandi Skansen [1]

… and over 175 ROVs

Work class ROVs

Observation class ROVs

Drilling rig ROVs

1 Long-term charter

Under construction

Construction/vertical Flex-lay Vessels

Seven Arctic

Seven Cruzeiro

Seven Rio

Seven Sun

Diving Support Vessel

Seven Kestrel

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Vessel Divestments from 2011 to the end of Q2 2014

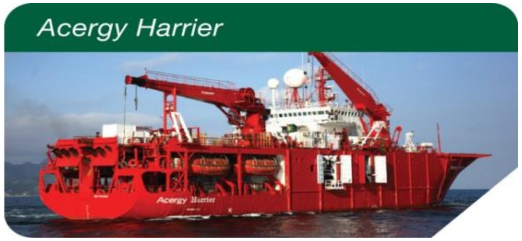
Rigid Pipelay / Construction:

Jun 2011

Sep 2011

Jan 2013

DSV:



Jan 2013

Construction / Horizontal Flex-lay:

Aug 2013

LOF / Light Construction:

Aug 2011

Feb 2013

Terminated Long-Term Vessel Charters from 2011 to the end of Q2 2014

DSV:

May 2011

LOF / Light Construction:

Dec 2012

Jan 2014

Jan 2014

Mar 2014

seabed-to-surface

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