EBITDA increased 55% to $521 million.

Taiwan. Overall, the Group's Adjusted EBITDA margin fell to 13% from the prior year. Significant new awards included the major Bacalhau and Mero-3 projects in Brazil, and the fast-track development of the large Sakarya gas field in Turkey. These were supplemented by the conversion to full EPCI of the Scarborough project in Australia and several awards in Norway where tax incentives are beginning to yield higher activity. Furthermore, in Brazil, we were awarded new three-year contracts for our pipelay support vessels (PLSVs), enhancing our long-term revenue visibility.

Cash generated by the Group was adversely affected by an increased investment in working capital of $202 million driven mainly by extended payment terms in certain regions. The build in working capital is a planned and temporary phenomenon which we are confident will fully reverse as these projects progress.

Subsea and Conventional business units. Revenues in Subsea and Conventional increased 33% but the Adjusted EBITDA margin fell to 13% from 15% in 2020, reflecting the shift in mix towards earlier-stage activities. Revenues in Renewables doubled as activity on the major Seagreen project increased but margins remained low due to challenges in Taiwan. Overall, the Group’s Adjusted EBITDA increased 55% to $521 million.

Following the recovery in tendering activity, new order intake was strong in 2021 at $6.1 billion, up 39% compared with the prior year. Significant new awards included the major Bacalhau and Mero-3 projects in Brazil, and the fast-track development of the large Sakarya gas field in Turkey. These were supplemented by the conversion to full EPCI of the Scarborough project in Australia and several awards in Norway where tax incentives are beginning to yield higher activity. Furthermore, in Brazil, we were awarded new three-year contracts for our pipelay support vessels (PLSVs), enhancing our long-term revenue visibility.

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Challenges posed by the Covid-19 pandemic.

Our Subsea and Conventional business experienced an increase in activities associated with the early stages of a recovery in the oil and gas industry, including a sharp uptick in tendering activity and greater demand for our engineering services. Our Renewables business, which had proved somewhat more resilient during the global economic downturn of 2020, continued to make good progress although issues largely related to Covid-19 delayed certain projects in Taiwan.

A SOLID PERFORMANCE AMID A GLOBAL ECONOMIC RECOVERY

Overall Group revenue increased 45% to $5.0 billion driven by growth in both business units. Revenues in Subsea and Conventional increased 33% but the Adjusted EBITDA margin fell to 13% from 15% in 2020, reflecting the shift in mix towards earlier-stage activities. Revenues in Renewables doubled as activity on the major Seagreen project increased but margins remained low due to challenges in Taiwan. Overall, the Group’s Adjusted EBITDA increased 55% to $521 million.

These statistics support our view that by working closely with our clients from concept through to commissioning we can deliver optimised subsea solutions that maximise clients’ returns, while reducing emissions.

In energy transition, we made significant progress in both the established renewables market and emerging energy sectors. The formation of Seaway 7 ASA created a market leader in fixed offshore wind with a comprehensive fleet and experienced management team. With two high specification new builds scheduled for delivery in 2023, Seaway 7 ASA is well-positioned to capture an enhanced share of this high-growth market. Although it will be largely financially independent, Seaway 7 ASA will retain a close relationship with Subsea 7, which will retain majority ownership and will support the new business as it makes progress on the pathway to delivering sustainable, profitable growth.

Our strategy in emerging energies was also reinforced in 2021 through a step up in our participation in floating wind and our first award in carbon capture. Our acquisition of a majority stake in Nautilus Floating Solutions has given us direct involvement in the development of floating wind technology, positioning us well for this high-potential market. During the year, we won our first carbon capture contract, part of the Northern Lights project in Norway. The total offshore carbon capture market is expected to surpass $5 billion per annum by 2025, with strong growth thereafter, making it an important part of Subsea 7's strategy to be a proactive participant in the energy transition.

A POSITIVE OUTLOOK FOR OUR SERVICES ACROSS THE ENERGY LANDSCAPE

Through the implementation of its strategy for the subsea field of the future, alongside its proactive participation in energy transition, Subsea 7 is well-positioned for both near-term and long-term growth across the spectrum of energy markets. The Subsea and Conventional business unit will leverage a young fleet that is capable of harvesting opportunities as the recovery in oil and gas markets evolves, with reduced requirements for reinvestment. The Renewables business unit, through Seaway 7 ASA, is poised to benefit from accelerating growth in the fixed offshore wind market that will see it deploy its new build installation vessels in 2023. Meanwhile, Subsea 7 will continue to nurture its emerging businesses in floating wind, carbon capture and other emerging energy markets as these mature.
Within Subsea and Conventional, Brazil will remain a strong focus following the award of Bacalhau, Mero-3 and the PLSV contracts in 2021. With a promising tendering pipeline of major greenfield projects, the region is likely to be a key driver of long-term growth. Norway will also continue to be a core market, as the significant increase in early-stage engineering activity that it experienced in 2021 is expected to translate into EPCI contract awards during 2022. Our strong position in the Norwegian market, including through our alliance with Aker BP, leaves us well-placed to capture a meaningful share of this important market. Finally, we anticipate continued demand for our cost-efficient, fast-payback subsea tieback solutions in the active Gulf of Mexico market.

After a hiatus in major awards for Subsea 7 and the industry in fixed offshore wind in 2021, we expect the high level of tendering in the Renewables business unit to yield major awards from 2022 onward. Europe is likely to remain a key market, with the next wave of projects expected to be awarded in the UK in July. The US is an exciting new market for fixed offshore wind, where the scale of the projects is pushing new boundaries that play into our strength and track record in executing large, complex projects. Several ongoing US wind tenders are due for award to the industry in 2022 and beyond. Further afield, we will take a cautious approach to near-term opportunities in Taiwan given the operating challenges experienced in 2021.

In conclusion, Subsea 7 is well-positioned for long-term growth in its services as we deliver the infrastructure required to move molecules and electrons across the energy landscape.

John Evans
Chief Executive Officer

BOOK-TO-BILL

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with $6.1 billion of new orders in 2021