



Kristian Siem
Chairman

POSITIONED TO CREATE LONG-TERM VALUE FOR OUR STAKEHOLDERS

Subsea 7 delivered an acceptable performance in 2021 that reflected the early stages of a recovery in the oil and gas industry and continued progress in the offshore wind sector, against a backdrop of challenges relating to the Covid-19 pandemic.

TO THE SHAREHOLDERS OF SUBSEA 7 S.A.

Group revenue increased 45% to \$5.0 billion due to higher activity in both the subsea and renewables businesses. Group Adjusted EBITDA of \$521 million resulted in a margin of 10%. Diluted earnings per share were \$0.11, an improvement from the loss of \$3.67 per share in 2020.

Order intake increased 39% to \$6.1 billion, compared with \$4.4 billion in 2020, with a strong contribution from Subsea and Conventional as the recovery in oil and gas prices supported decisions by our clients to increase offshore field developments.

ENTERING A LESS CAPITAL-INTENSIVE PHASE IN SUBSEA AND CONVENTIONAL

As the current early-stage recovery in the subsea market evolves we expect our existing backlog of work, plus anticipated new orders, to drive a recovery in our Subsea and Conventional business unit. In particular, higher levels of later-cycle offshore activity over the longer term should drive an expansion of margins. Subsea 7 is a global player and well represented in the improving markets of Norway, Brazil and Gulf of Mexico.

At the same time, we anticipate Subsea and Conventional will enter a phase with much-reduced requirement for capital investment. Following the delivery of *Seven Vega* in 2020, Subsea 7 has a comprehensive fleet of young vessels that will enable us to win market share and execute projects safely and efficiently without the need for incremental new build capacity.

While a focus on capital discipline by many of our clients may limit the upcycle in the subsea market, a more sustained and healthy level of industry activity, combined with an anticipated low level of investment in vessel capacity by the industry, suggests a positive long-term dynamic for the market.

We are confident that the favourable outlook for the subsea industry, combined with the strong competitive positioning of Subsea and Conventional, leaves us poised for a new phase of value creation for our shareholders.

UNLOCKING VALUE IN RENEWABLES

Subsea 7 made a step change in its energy transition strategy through the combination of its offshore wind farm construction business with OHT ASA to create Seaway 7 ASA, a market-leading, pure-play, renewables company. Its listing on the Euronext Growth market enables a standalone valuation for Subsea 7's Renewables business unit and gives it direct access to debt and equity markets to fund growth opportunities.

When appropriate, we expect Seaway 7 ASA to migrate to the main market in Oslo, with an associated increase in its free float. We intend to take advantage of opportunities for the further development of our renewable activities in an industry which is likely to experience strong growth for many years.

EXPANDING OUR COMMITMENT TO SUSTAINABILITY

Subsea 7 holds Sustainability as one of its core Values and during the year we made an important commitment to align with the UN Paris Agreement goal to target Net Zero emissions by 2050. With over 90% of our Scope 1 and 2 emissions coming from our vessels, a great deal of work was undertaken to identify the technologies that will help us decarbonise our operations. We have established a pathway to target Net Zero by 2050, with an interim goal of a 50% reduction in our carbon emissions by 2035. We will be reporting on our progress in the Sustainability Report each year.

The Company's third Sustainability Report is published concurrently with this Annual Report. We are proactively engaged in improving our position with key sustainability rankings through enhanced disclosures and we note recent progress made in this area, showing improvements each year since inception. In addition, we continue to make progress in aligning our disclosures with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

DEFINING OUR POLICY OF SHAREHOLDER RETURNS

2021 saw the capital requirements of our two business units diverge, with Subsea and Conventional entering a phase characterised by low reinvestment, while Renewables increased its commitment to new build installation capacity ahead of the anticipated growth in the fixed offshore wind market.

Listing the Renewables business as Seaway 7 ASA allows us to transition to an independent capital structure for this growth business. It also enables us to establish a policy regarding the allocation of free cash flow from the Subsea and Conventional business unit.

The Board recognises the merits of establishing a regular dividend at this point in the evolution of the Group and recommends that, at the AGM on 12 April 2022, shareholders approve a dividend of NOK 1.00 per share, equivalent to \$33 million. The return of excess cash in the form of a special dividend or share repurchase will continue to be assessed by the Board annually. In 2022, reflecting the current valuation of Subsea 7 shares, the Group intends to distribute approximately \$70 million through share repurchases.

MY THANKS

On behalf of the Board of Directors, I am grateful to all our teams at Subsea 7 for their contributions in the delivery of the Group's solid operational performance during another year in which we operated amid a global pandemic. Particular thanks go to our offshore crews, who have continued to contribute to the delivery of projects safely and efficiently despite challenging travel logistics and long periods away from their families. The pandemic has affected everyone, our operations more than many, and it has been costly for the Group. The 'can do' attitude of our people has been exemplary and crucial to the operating results.

I thank our shareholders for their ongoing support during a year of uncertainty and volatile equity markets, and for their confidence in our long-term strategy for value creation in both the subsea and renewable energy industries.

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OUR VALUES



SAFETY

Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.



INTEGRITY

We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.



SUSTAINABILITY

We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.



PERFORMANCE

We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance from every project.



COLLABORATION

We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.



INNOVATION

We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.