Subsea 7 S.A. Announces Fourth Quarter and Full Year 2023 Results

Luxembourg – 29 February 2024 – Subsea 7 S.A. (Oslo Børs: SUBC, ADR: SUBCY, ISIN: LU0075646355, the Company) announced today results of Subsea7 Group (the Group, Subsea7) for the fourth quarter and full year which ended 31 December 2023. Unless otherwise stated the comparative period is the full year which ended 31 December 2022.

Fourth quarter and full year highlights

- At least $1 billion of shareholder returns over four years through a combination of dividends and share repurchases
- Full year Adjusted EBITDA of $714 million, up 28% year-on-year, equating to a margin of 12%
- Fourth quarter Adjusted EBITDA of $245 million, a margin of 15%, up 45% on the prior year period
- Full year order intake of $7.4 billion resulted in a book-to-bill of 1.2 times and continued backlog growth to $10.6 billion
- Full year 2024 guidance reconfirmed: Adjusted EBITDA expected to be within a range from $950 million to $1.0 billion

	Fourth Quarter		Full Year	
For the period (in $ millions, except Adjusted EBITDA margin and per share data)	**Q4 2023 Unaudited**	Q4 2022 Unaudited	**2023 Audited**	2022 Audited
Revenue	**1,631**	1,291	**5,974**	5,136
Adjusted EBITDA[(a)]	**245**	169	**714**	559
Adjusted EBITDA margin[(a)]	**15%**	13%	**12%**	11%
Net operating income	**55**	109	**105**	149
Net (loss)/income	**(11)**	27	**10**	36
Earnings per share – in $ per share				
Basic	**(0.06)**	0.10	**0.05**	0.20
Diluted[(b)]	**(0.06)**	0.09	**0.05**	0.19

At (in $ millions)	**2023 31 Dec**	2022 31 Dec
Backlog[(a)]	**10,587**	9,008
Book-to-bill ratio[(a)]	**1.2x**	1.4x
Cash and cash equivalents	**751**	646
Borrowings	**(845)**	(356)
Net (debt)/cash excluding lease liabilities[(a)]	**(94)**	290
Net (debt)/cash including lease liabilities[(a)]	**(552)**	33

(a) For explanations and reconciliations of Adjusted EBITDA, Adjusted EBITDA margin, Backlog, Book-to-bill ratio and Net debt refer to the 'Alternative Performance Measures' section of the Condensed Consolidated Financial Statements.

(b) For the explanation and a reconciliation of diluted earnings per share refer to Note 7 'Earnings per share' to the Condensed Consolidated Financial Statements.

John Evans, Chief Executive Officer, said:

Subsea7 closed 2023 with a strong operational performance in the fourth quarter, resulting in Adjusted EBITDA of $714 million for the year, up 28% on the prior year. After another year of active tendering, the Group secured $7.4 billion of high quality contract awards, taking our backlog to $10.6 billion, a year end level last seen in 2013. With $5.7 billion of firm work for execution in the coming year, the Group has excellent visibility on 2024, and we expect to deliver Adjusted EBITDA growth of at least 33%. Confidence in the Group's outlook for cash generation in 2024 and beyond, combined with a sharp reduction in capital expenditure following the completion of our two newbuild wind vessels, supports the Board's recommendation for shareholder returns totalling at least $1 billion over the next four years. This extends Subsea7's track record of shareholder returns since 2011 to $3 billion and underscores the commitment of both management and the Board to strong capital stewardship.

Fourth quarter operational highlights

During the fourth quarter, Subsea7 made good progress on its portfolio of Subsea and Conventional projects. In Australia, where environmental permits for both Scarborough and Barossa have been obtained by our clients, we completed the fabrication of pipeline stalks at the Bintan spoolbase and *Seven Oceans* and *Seven Oceanic* commenced offshore operations. In Türkiye, we ramped up activity for Sakarya Phase 2a with the commencement of procurement. In Brazil, we progressed engineering on the combined Mero 3&4 while, on Bacalhau, *Seven Vega*, *Seven Pacific* and *Seven Cruzeiro* installed pipelines and umbilicals.

With the North Sea winter off-season underway for the offshore wind industry, *Seaway Strashnov* was deployed to the Sanha Lean Gas subsea project in Angola, and *Seaway Aimery* and *Seaway Moxie* underwent scheduled maintenance in the Netherlands. *Seaway Alfa Lift* continued to install transition pieces at Dogger Bank A. In Taiwan, *Seaway Phoenix* continued cable lay activities at Changfang and Xidao and, at Yunlin, one export cable and four inner-array cables were installed by *Maersk Connector*. The newbuild *Seaway Ventus* began its transit from the yard in China to Europe.

Fourth quarter financial review

Revenue of $1.6 billion increased 26% compared to the prior year period. Adjusted EBITDA of $245 million equated to an Adjusted EBITDA margin of 15%, up from 13% in Q4 2022. This reflected the third consecutive quarter of double-digit margins in Renewables and a strong performance in Subsea and Conventional across our portfolio of projects.

Depreciation and amortisation charges were $142 million. In addition, we recognised a net impairment charge of $48 million, including $74 million of impairment charges, relating to i) *Seaway Alfa Lift* monopile installation equipment, owing to a contractual dispute in relation to which Subsea7 intends to use all legal resources available to reach a satisfactory outcome, and ii) a loss on *Seaway Yudin* disposal. These were partly offset by impairment reversals of $26 million. Net operating income was $55 million compared to

$109 million in the prior year period. Net finance costs of $18 million and a net foreign exchange loss of $28 million, resulted in net loss for the quarter of $11 million compared with net income of $27 million in the prior year period.

Net cash generated from operating activities in the fourth quarter was $529 million, including a better than expected $306 million improvement in net working capital, equating to a cash conversion of 2.2 times. Net cash used in investing activities was $374 million mainly related to the final payments for *Seaway Ventus* and the first instalment of $153 million for the Group's investment in OneSubsea. Net cash generated from financing activities was $62 million with net proceeds from borrowings of $119 million partly offset by lease payments of $42 million. Overall, cash and cash equivalents increased by $221 million to $751 million at 31 December 2023 and net debt was $552 million, including lease liabilities of $458 million.

Fourth quarter order intake was $1.2 billion comprising new awards of $0.6 billion and escalations of $0.6 billion resulting in a book-to-bill ratio of 0.8 times. Backlog at the end of December was $10.6 billion, of which $5.7 billion is expected to be executed in 2024, $3.8 billion in 2025 and $1.1 billion in 2026 and beyond.

Commitment to shareholder returns

Reflecting its confidence in the outlook and the expected financial performance of Subsea7, the Board of Directors proposes that the Company returns at least $1 billion to shareholders over four years, from 2024 to 2027.

At the Annual General Meeting on 2 May 2024, the Board of Directors will propose that shareholders approve a cash dividend of NOK 6.00 per share, equating to approximately $170 million, payable in two equal instalments in May and November 2024. The Company's dividend policy will be revised to reflect an increase in the regular dividend to NOK 6.00 from NOK 1.00 per share to be paid in two equal instalments.

The Company has also committed to repurchase approximately $80 million of its own shares in 2024, resulting in shareholder returns of approximately $250 million.

Outlook

We anticipate that revenue in 2024 will be between $6.0 billion and $6.5 billion, while Adjusted EBITDA is expected to be within a range from $950 million to $1.0 billion. Our expectation for capital expenditure in 2024 has increased slightly to $300-320 million (from $280-300 million) driven by spend deferred from 2023 into 2024. As the mix of activity continues to shift to projects won in a favourable environment, our Adjusted EBITDA margin is expected to be within an 18-20% range in full year 2025.

Longer term, we continue to see a positive outlook for demand for our Subsea and Conventional business, supported by a tender pipeline of $21 billion. As a source of reliable energy, the hydrocarbon industry is likely to remain a key contributor to global production under plausible ranges of energy transition scenarios. We are confident that our focus on the deepwater subsea market, with attractive economics, will enable us to maximise the return on the significant historical investments made in our modern subsea fleet.

In Renewables, last year's project delays and cancellations put many countries' clean energy ambitions under pressure and prompted a swift response in countries such as the UK and US, with positive indications for our tender pipeline in 2024. While the growth trajectory for the offshore wind market may not be smooth it is certainly clear that long-term demand is set to significantly exceed the current fleet capacity of the industry. With a strong focus on achieving an equitable risk-return balance, we believe our offshore wind business will deliver sustainable value creation for shareholders.

Conference Call Information

Date: 29 February 2024
Time: 11:00 UK Time, 12:00 CET
Access the webcast at subsea7.com or https://edge.media-server.com/mmc/p/n24x2p3g/
Register for the conference call at https://register.vevent.com/register/BI0cebba0bd6bc487695d2e8a1c4b53bd8

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Special Note Regarding Forward-Looking Statements

This document may contain 'forward-looking statements' (within the meaning of the safe harbour provisions of the U.S. Private Securities Litigation Reform Act of 1995). These statements relate to our current expectations, beliefs, intentions, assumptions or strategies regarding the future and are subject to known and unknown risks that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements may be identified by the use of words such as 'anticipate', 'believe', 'estimate', 'expect', 'future', 'goal', 'intend', 'likely' 'may', 'plan', 'project', 'seek', 'should', 'strategy' 'will', and similar expressions. The principal risks which could affect future operations of the Group are described in the 'Risk Management' section of the Group's Annual Report. Factors that may cause actual and future results and trends to differ materially from our forward-looking statements include (but are not limited to): (i) our ability to deliver fixed price projects in accordance with client expectations and within the parameters of our bids, and to avoid cost overruns; (ii) our ability to collect receivables, negotiate variation orders and collect the related revenue; (iii) our ability to recover costs on significant projects; (iv) capital expenditure by oil and gas companies, which is affected by fluctuations in the price of, and demand for, crude oil and natural gas; (v) unanticipated delays or cancellation of projects included in our backlog; (vi) competition and price fluctuations in the markets and businesses in which we operate; (vii) the loss of, or deterioration in our relationship with, any significant clients; (viii) the outcome of legal proceedings or governmental inquiries; (ix) uncertainties inherent in operating internationally, including economic, political and social instability, boycotts or embargoes, labour unrest, changes in foreign governmental regulations, corruption and currency fluctuations; (x) the effects of a pandemic or epidemic or a natural disaster; (xi) liability to Fourth parties for the failure of our joint venture partners to fulfil their obligations; (xii) changes in, or our failure to comply with, applicable laws and regulations (including regulatory measures addressing climate change); (xiii) operating hazards, including spills, environmental damage, personal or property damage and business interruptions caused by adverse weather; (xiv) equipment or mechanical failures, which could increase costs, impair revenue and result in penalties for failure to meet project completion requirements; (xv) the timely delivery of vessels on order and the timely completion of ship conversion programmes; (xvi) our ability to keep pace with technological changes and the impact of potential information technology, cyber security or data security breaches; (xvii) global availability at scale and commercially viability of suitable alternative vessel fuels; and, (xviii) the effectiveness of our disclosure controls and procedures and internal control over financial reporting. Many of these factors are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. Each forward-looking statement speaks only as of the date of this document. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation and is subject to the disclosure requirements pursuant to Section 5-12 the Norwegian Securities Trading Act.

This stock exchange release was published by Katherine Tonks, Investor Relations, Subsea7, on 29 February 2024 08:00 CET.

Fourth Quarter 2023

Income Statement

Revenue

Revenue for the fourth quarter was $1.6 billion, an increase of $340 million or 26% compared to Q4 2022. The increase was due to significantly increased activity in the Subsea and Conventional business unit with strong demand for the Group's services within the offshore oil and gas sector.

Adjusted EBITDA

Adjusted EBITDA was $245 million, an increase of $76 million or 45% compared to Q4 2022, resulting in an Adjusted EBITDA margin of 15% compared to 13% in the prior year period. The year-on-year increase was driven by higher Adjusted EBITDA in the Subsea and Conventional business unit reflecting high activity levels and the execution of projects awarded at improved margins.

Net operating income

Net operating income was $55 million compared to $109 million in Q4 2022.

Net operating income in the quarter was mainly driven by:

- net operating income of $128 million in the Subsea and Conventional business unit compared to $111 million in Q4 2022. The year-on-year increase in profitability was mainly driven by higher activity levels and the execution of projects awarded at improved margins. A non-cash impairment reversal of $26 million was recognised in Q4 2023, compared to a non-cash net impairment reversal of $54 million in Q4 2022

partly offset by:

- net operating loss of $69 million in the Renewables business unit, which included non-cash impairment charges of $73 mainly related to *Seaway Alfa Lift's* monopile installation equipment, owing to a contractual dispute, and a non-core vessel which was held as an asset held for sale at year end, compared to net operating income of $6 million in Q4 2022.

Net income/(loss)

Net loss was $11 million in the fourth quarter, compared to net income of $27 million in Q4 2022. The year-on-year movement was mainly driven by:

- a decrease in net operating income of $54 million;
- a year-on-year increase in finance costs of $18 million reflecting anticipated higher borrowings and increased interest rates

partly offset by:

- a reduction in taxation, which was $20 million in the fourth quarter, compared to $52 million in Q4 2022.

Earnings per share

Diluted loss per share was $0.06 compared to diluted earnings per share of $0.09 in Q4 2022, calculated using a weighted average number of shares of 300 million and 291 million, respectively.

Business Unit Highlights

Subsea and Conventional

Revenue for the fourth quarter was $1.4 billion, an increase of $344 million or 33% compared to Q4 2022.

During the quarter work progressed on Sangomar (Senegal); Sanha Lean Gas, CLOV 3 and Agogo (Angola); Marjan 2 (Saudi Arabia); Sakarya Phase 2a (Türkiye); Barossa and Scarborough (Australia); Cypre, Shenandoah and Guyana G2E (Gulf of Mexico); and, Skarv Satellites and Yggdrasil (Norway).

In Brazil, there were high levels of utilisation of the PLSVs, work progressed on Bacalhau, Mero 3&4 and Búzios 8 and work commenced on BJP Salema.

Net operating income was $128 million in the fourth quarter compared to $111 million in Q4 2022. Results in the fourth quarter of 2023 reflected anticipated higher activity levels and a $26 million non-cash impairment reversal. The prior year's results benefitted from a $54 million non-cash net impairment reversal.

Renewables

Revenue for the fourth quarter was $218 million which was in line with the prior year period.

During the quarter work progressed on Dogger Bank A&B, Moray West Offshore and East Anglia THREE (UK); and, Yunlin and Hai Long (Taiwan).

Net operating loss was $69 million in Q4 2023 compared to net operating income of $6 million in the prior year. Net operating loss in Q4 2023 included non-cash impairment charges of $73 million mainly related to *Seaway Alfa Lift's* monopile installation equipment, owing to a contractual dispute, and a non-core vessel which was disposed in early 2024.

Corporate

Revenue, which was mainly driven by the Group's autonomous wholly-owned subsidiaries Xodus and 4Subsea, was $19 million, compared to $24 million in the prior year period. Net operating loss was $4 million compared to net operating loss of $8 million in Q4 2022.

Vessel utilisation and fleet

Vessel utilisation for the fourth quarter was 70% compared with 78% in Q4 2022.

At 31 December 2023 there were 38 vessels in the Group's fleet, including ten chartered vessels, with 37 active vessels and one vessel under construction.

Cash flow

Cash flow statement

Cash and cash equivalents were $751 million at 31 December 2023, an increase of $221 million in the quarter. The movement in cash and cash equivalents during the quarter was mainly attributable to:

- net cash generated from operating activities of $529 million, which included a favourable movement of $306 million in net working capital; and
- net cash generated from financing activities of $62 million, which included:
    - $150 million drawn under the 2023 UK Export Finance facility;
    - payments related to lease liabilities of $42 million; and
    - scheduled repayments of borrowings of $31 million

partly offset by:

- net cash used in investing activities of $374 million, which included the first instalment of $153 million related to the Group's 10% investment in OneSubsea, and purchases of property, plant and equipment and intangible assets of $226 million mainly related to milestone payments for *Seaway Ventus*.

Free cash flow
During the fourth quarter, the Group generated free cash flow of $303 million (Q4 2022: $95 million) which is defined as cash generated from operating activities of $529 million (Q4 2022: $143 million) less purchases of property, plant and equipment and intangible assets of $226 million (Q4 2022: $48 million).

Full Year 2023

Income Statement

Revenue
Revenue for the year ended 31 December 2023 was $6.0 billion, an increase of $838 million or 16% compared to the prior year. The increase was due to significantly increased activity in the Subsea and Conventional business unit which reflected increased demand for the Group's services in the offshore oil and gas sector, partly offset by lower revenue in the Renewables business unit due to the phasing of large fixed-price projects in the UK.

Adjusted EBITDA
Adjusted EBITDA was $714 million resulting in an Adjusted EBITDA margin of 12%, an increase of $155 million or 28% compared to the year ended 31 December 2022. The increase was driven by higher Adjusted EBITDA in both the Subsea and Conventional business unit, with the execution of projects awarded at improved margins, and double-digit Adjusted EBITDA margin in the Renewables business unit where the prior year was adversely impacted by additional costs incurred on certain projects.

Net operating income
Net operating income was $105 million for the year ended 31 December 2023 compared to $149 million in 2022.

Net operating income was driven by:

- net operating income of $196 million in the Subsea and Conventional business unit, compared to $229 million in the prior year, which benefitted from a $54 million non-cash net impairment reversal

partly offset by:

- net operating loss of $74 million in the Renewables business unit, which included a non-cash impairment charge of $73 million mainly related to *Seaway Alfa Lift's* monopile installation equipment, owing to a contractual dispute, and a non-core vessel which was disposed in early 2024, compared to net operating loss of $85 million in 2022, with the prior year being impacted by costs incurred on certain projects; and
- net operating loss of $18 million in the Corporate business unit compared to net operating income of $5 million in the prior year.

Net income
Net income was $10 million for the year ended 31 December 2023, compared to net income of $36 million in 2022.

The movement was primarily due to:

- a decrease of $44 million in net operating income;
- finance costs of $71 million in 2023 compared to $23 million in the prior year. The year-on-year increase was driven by expected higher borrowings and higher interest rates in 2023 compared to 2022

partly offset by:

- finance income of $25 million compared to finance income of $9 million in the prior year driven by higher interest rates; and
- a net gain of $20 million driven by foreign exchange gains, within other gains and losses, compared to a net loss of $7 million in the prior year.

Taxation was $70 million, representing an effective tax rate of 88%, compared to $100 million in 2022, equivalent to an effective tax rate of 73%.

Earnings per share
Diluted earnings per share was $0.05 compared to $0.19 in 2022, calculated using a weighted average number of shares of 299 million and 293 million, respectively.

Business Unit Highlights

Subsea and Conventional
Revenue in the year ended 31 December 2023 was $4.9 billion, an increase of $1.0 billion or 26% compared to the prior year. The year-on-year increase reflected a strong demand for the Group's services within the offshore oil and gas sector with high activity levels in Brazil in particular.

During the year, Sakarya Phase 1 (Türkiye) was substantially completed. Work progressed on Sangomar (Senegal); Sanha Lean Gas and CLOV 3 (Angola); Marjan 2 (Saudi Arabia); and, Skarv Satellites and Yggdrasil (Norway).

In Brazil, there were high levels of utilisation of the PLSVs and work progressed on Bacalhau, Mero 3&4 and Búzios 8. Net operating income was $196 million compared to $229 million in the prior year which benefitted from a $54 million non-cash net impairment reversal.

Renewables

Revenue was $955 million compared to $1.1 billion in the prior year. During the year, Hollandse Kust Zuid and Seagreen, in the Netherlands and UK respectively, were completed. Work progressed on Dogger Bank A&B (UK).

Net operating loss was $74 million compared to net operating loss of $85 million in the prior year, which reflected costs incurred on certain projects. In 2023, non-cash impairment charges of $73 million were recognised mainly related to *Seaway Alfa Lift's* monopile installation equipment, owing to a contractual dispute, and a non-core vessel which was disposed in early 2024.

Corporate

Revenue, which was mainly driven by the Group's autonomous wholly-owned subsidiaries Xodus and 4Subsea and the Group's floating wind activities, was $100 million, a decrease of $16 million compared to the prior year.

Net operating loss was $18 million compared to net operating income of $5 million in the prior year.

Vessel utilisation and fleet

Vessel utilisation in 2023 was 77% compared with 78% in 2022.

At 31 December 2023 there were 38 vessels in the Group's fleet, including ten chartered vessels, with 37 active vessels and one vessel under construction.

Cash flow

Cash flow statement

Cash and cash equivalents were $751 million at 31 December 2023, an increase of $105 million in the year. The increase was mainly attributable to:

- net cash generated from operating activities of $660 million, which included a favourable movement in net working capital of $4 million; and
- net cash generated from financing activities of $151 million, which included:
    - $300 million drawn under the 2021 UK Export Finance facility and $292 million drawn under the 2023 UK Export Finance facility, partly offset by;
    - scheduled repayments of borrowings of $100 million, related to the 2021 UK Export Finance facility and South Korean Export Credit Agency (ECA) facility;
    - payments related to lease liabilities of $165 million; and
    - dividends paid to shareholders of $112 million

partly offset by:

- net cash used in investing activities of $710 million, which included the first instalment of the Group's 10% investment in OneSubsea of $153 million and purchases of property, plant and equipment and intangible assets of $581 million, mainly related to the newbuild vessels *Seaway Alfa Lift* and *Seaway Ventus*.

Free cash flow

During the year, the Group generated free cash flow of $79 million (2022: $255 million) which is defined as cash generated from operating activities of $660 million (2022: $486 million) less purchases of property, plant and equipment and intangible assets of $581 million (2022: $231 million).

Balance Sheet

Non-current assets

At 31 December 2023, non-current assets were $5.2 billion (31 December 2022: $4.5 billion). The movement of $708 million was largely driven by an increase in interests in associates and joint ventures of $317 million, mainly related to the Group's acquisition of a 10% ownership interest in OneSubsea, an increase in right-of-use assets of $177 million, mainly related to four long-term vessel leases with associated options, and an increase in property, plant and equipment of $148 million.

Non-current liabilities

At 31 December 2023, total non-current liabilities were $1.1 billion (31 December 2022: $609 million). The increase of $513 million was largely driven by:

- drawdowns of $300 million under the 2021 UK Export Finance facility and $292 million under the 2023 UK Export Finance facility, of which $532 million was recognised as non-current liabilities;
- increase of $129 million in lease liabilities

partly offset by:

- $110 million reclassified to current borrowings in line with repayment schedules.

Net current assets

At 31 December 2023, current assets were $2.9 billion (31 December 2022: $2.4 billion) and current liabilities were $2.6 billion (31 December 2022: $1.9 billion), resulting in net current assets of $249 million (31 December 2022: $537 million). The decrease of $288 million in the year was largely driven by:

- increase in trade and other liabilities of $414 million;
- increase in borrowings of $70 million mainly driven by the drawdown of $300 million under the 2021 UK Export Finance facility, of which $60 million was recognised as current liabilities;
- increase in construction contracts liabilities of $105 million; and

- decrease in construction contracts assets of $116 million

partly offset by:

- increase in trade and other receivables of $336 million; and
- increase in cash and cash equivalents of $105 million.

Equity
At 31 December 2023, total equity was $4.4 billion (31 December 2022: $4.5 billion). The decrease of $94 million in the period was driven by dividends paid of $112 million partly offset by net foreign currency translation gains of $22 million and net income of $10 million.

Borrowings, lease liabilities, net cash/(debt) and liquidity

Borrowings
At 31 December 2023, total borrowings were $845 million (31 December 2022: $356 million). The increase of $489 million was mainly driven by drawdowns of $300 million under the 2021 UK Export Finance facility and $292 million under the 2023 UK Export Finance facility. During the year, the Group borrowed and fully repaid $469 million from the multi-currency revolving credit and guarantee facility. The increase in the Group's total borrowings was partly offset by scheduled repayments.

A summary of the borrowing facilities available at 31 December 2023 is as follows:

(in $ millions)	Total facility	Drawn[(a)]	Undrawn	Maturity Date
Multi-currency revolving credit and guarantee facility	700.0	–	700.0	June 2028[(b)]
2021 UK Export Finance (UKEF 2021) facility	425.0	(425.0)	–	February 2028
2023 UK Export Finance (UKEF 2023) facility	450.0	(292.4)	157.6	July 2030
South Korean Export Credit Agency (ECA) facility	135.2	(135.2)	–	January 2027[(c)]
Total	**1,710.2**	**(852.6)**	**857.6**	

(a) Borrowings presented in the Condensed Consolidated Balance Sheet are shown net of capitalised fees of $8.0 million, which are amortised over the period of the facility.
(b) The Group's multi-currency revolving credit and guarantee facility will mature in June 2028. The facility size will reduce from $700 million to $600 million in June 2027 until maturity in June 2028.
(c) 90% of the facility is provided by an Export Credit Agency (ECA) and 10% by commercial banks. The maturity of the ECA tranche is January 2029 and the maturity of the commercial tranche is January 2027.

Lease liabilities
At 31 December 2023 lease liabilities were $458 million, an increase of $201 million compared with 31 December 2022. The increase was mainly driven by leases, including options, related to vessels on long-term charters.

Net cash/(debt)
At 31 December 2023:

- net debt (excluding lease liabilities) was $94 million compared to net cash of $290 million at 31 December 2022; and
- net debt (including lease liabilities) was $552 million, compared to net cash of $33 million at 31 December 2022.

Gearing
At 31 December 2023, gross gearing (borrowings divided by total equity) was 19.4% (31 December 2022: 8.0%).

Liquidity
At 31 December 2023, the Group's liquidity, represented by cash and cash equivalents and undrawn borrowing facilities was $1.6 billion (31 December 2022: $1.6 billion).

Backlog

At 31 December 2023 backlog was $10.6 billion compared to $10.8 billion at 30 September 2023. Order intake in the fourth quarter was $1.2 billion representing a book-to-bill ratio of 0.8 times. Order intake included new awards of $640 million, including the Baltyk II and III offshore wind project, Poland and a project related to the decommissioning of subsea infrastructure associated with the FPSO Fluminense in the Bijupirá and Salema fields, Brazil. Escalations of approximately $600 million and favourable foreign exchange impact of approximately $200 million were recognised during the quarter.

$8.6 billion of the backlog at 31 December 2023 related to the Subsea and Conventional business unit (which included $0.3 billion related to long-term day-rate contracts for PLSVs in Brazil) and $2.0 billion related to the Renewables business unit. $5.7 billion of the backlog is expected to be executed in 2024, $3.8 billion in 2025 and $1.1 billion in 2026 and thereafter. Backlog related to associates and joint ventures is excluded from these amounts.

Risks and uncertainties
The principal risks and uncertainties which could materially adversely impact the Group's reputation, operations and/or financial performance and position are noted on pages 26 to 42 of Subsea 7 S.A.'s 2022 Annual Report. Management has considered these principal risks and uncertainties and concluded that these have not changed significantly in the year ended 31 December 2023. The principal risks within health, safety, security, environmental and quality include the risk of a pandemic virus. The principal risks within the business environment include risks related to civil or political unrest, including war.

Responsibility statement
We confirm that, to the best of our knowledge, the financial statements for the year 1 January 2023 to 31 December 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, this report together with the Subsea 7 S.A. 2022 Annual Report include a fair review of the development and performance of the business and the position of the Group, including a description of the principal risks and uncertainties facing the Group.

Kristian Siem
Chairman

John Evans
Chief Executive Officer

Subsea 7 S.A.
Condensed Consolidated Income Statement

(in $ millions)	Three Months Ended 31 Dec 2023 Unaudited	Three Months Ended 31 Dec 2022 Unaudited	Year Ended 31 Dec 2023 Audited	Year Ended 31 Dec 2022 Audited
Revenue	**1,631.3**	1,291.1	**5,973.7**	5,135.8
Operating expenses	**(1,517.9)**	(1,120.4)	**(5,610.9)**	(4,738.8)
Gross profit	**113.4**	170.7	**362.8**	397.0
Administrative expenses	**(66.8)**	(60.8)	**(266.3)**	(245.2)
Share of net income/(loss) of associates and joint ventures	**8.1**	(1.4)	**8.2**	(3.0)
Net operating income	**54.7**	108.5	**104.7**	148.8
Finance income	**5.7**	4.5	**25.2**	9.0
Other gains and losses	**(28.2)**	(28.8)	**21.3**	1.9
Finance costs	**(23.9)**	(5.7)	**(71.2)**	(23.4)
Income before taxes	**8.3**	78.5	**80.0**	136.3
Taxation	**(19.6)**	(51.8)	**(70.0)**	(99.9)
Net (loss)/income	**(11.3)**	26.7	**10.0**	36.4
Net (loss)/income attributable to:				
Shareholders of the parent company	**(17.3)**	27.6	**15.4**	57.1
Non-controlling interests	**6.0**	(0.9)	**(5.4)**	(20.7)
	(11.3)	26.7	**10.0**	36.4

Earnings per share	**$ per share**	$ per share	**$ per share**	$ per share
Basic	**(0.06)**	0.10	**0.05**	0.20
Diluted[a]	**(0.06)**	0.09	**0.05**	0.19

(a) For the explanation and a reconciliation of diluted earnings per share refer to Note 7 'Earnings per share' to the Condensed Consolidated Financial Statements.

Subsea 7 S.A.
Condensed Consolidated Statement of Comprehensive Income

	Three Months Ended		Year Ended	
(in $ millions)	**31 Dec 2023 Unaudited**	31 Dec 2022 Unaudited	**31 Dec 2023 Audited**	31 Dec 2022 Audited
Net (loss)/income	**(11.3)**	26.7	**10.0**	36.4
Items that may be reclassified to the income statement in subsequent periods:				
Net foreign currency translation gains/(losses)	**30.2**	79.8	**21.7**	(50.9)
Net commodity cash flow hedge (losses)/gains	**(4.5)**	0.3	**(4.6)**	(9.0)
Share of other comprehensive income of associates and joint ventures	**2.5**	–	**2.5**	–
Tax relating to components of other comprehensive income	**(1.1)**	(1.2)	**(0.7)**	5.1
Items that will not be reclassified to the income statement in subsequent periods:				
Remeasurement (loss)/gain on defined benefit pension schemes	**(1.0)**	3.1	**(1.0)**	3.1
Tax relating to remeasurement on defined benefit pension schemes	**0.3**	(0.7)	**0.3**	(0.7)
Other comprehensive income/(loss)	**26.4**	81.3	**18.2**	(52.4)
Total comprehensive income/(loss)	**15.1**	108.0	**28.2**	(16.0)
Total comprehensive income/(loss) attributable to:				
Shareholders of the parent company	**8.7**	106.6	**33.4**	7.4
Non-controlling interests	**6.4**	1.4	**(5.2)**	(23.4)
	15.1	108.0	**28.2**	(16.0)

Subsea 7 S.A.
Condensed Consolidated Balance Sheet

(in $ millions)	31 Dec 2023 Audited	31 Dec 2022 Audited
Assets		
Non-current assets		
Goodwill	**192.2**	191.3
Intangible assets	**58.5**	31.1
Property, plant and equipment	**4,070.0**	3,922.0
Right-of-use assets	**419.4**	242.0
Interest in associates and joint ventures	**342.0**	25.5
Advances and receivables	**67.0**	65.9
Derivative financial instruments	**29.5**	5.3
Other financial assets	**1.1**	1.1
Deferred tax assets	**50.9**	38.7
	5,230.6	4,522.9
Current assets		
Inventories	**60.1**	49.5
Trade and other receivables	**921.8**	586.2
Current tax assets	**100.5**	61.1
Derivative financial instruments	**31.4**	16.7
Assets classified as held for sale	**57.0**	45.5
Construction contracts – assets	**691.8**	807.7
Other accrued income and prepaid expenses	**244.0**	204.6
Restricted cash	**7.4**	4.4
Cash and cash equivalents	**750.9**	645.6
	2,864.9	2,421.3
Total assets	**8,095.5**	6,944.2
Equity		
Issued share capital	**608.6**	600.0
Treasury shares	**(31.1)**	(75.0)
Paid in surplus	**2,579.7**	2,503.2
Translation reserve	**(607.2)**	(628.0)
Other reserves	**(7.3)**	(18.4)
Retained earnings	**1,780.3**	1,739.8
Equity attributable to shareholders of the parent company	**4,323.0**	4,121.6
Non-controlling interests	**34.1**	329.1
Total equity	**4,357.1**	4,450.7
Liabilities		
Non-current liabilities		
Borrowings	**721.4**	302.2
Lease Liabilities	**290.5**	161.2
Retirement benefit obligations	**8.4**	9.2
Deferred tax liabilities	**43.2**	54.4
Provisions	**24.6**	47.7
Contingent liabilities recognised	**0.5**	0.4
Derivative financial instruments	**32.6**	28.7
Other non-current liabilities	**1.1**	5.3
	1,122.3	609.1
Current liabilities		
Trade and other liabilities	**1,683.9**	1,270.4
Derivative financial instruments	**35.3**	7.2
Tax liabilities	**76.4**	49.3
Borrowings	**123.5**	53.8
Lease liabilities	**167.8**	95.8
Provisions	**100.5**	87.0
Construction contracts – liabilities	**424.8**	319.4
Deferred revenue	**3.9**	1.5
	2,616.1	1,884.4
Total liabilities	**3,738.4**	2,493.5
Total equity and liabilities	**8,095.5**	6,944.2

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	**600.0**	**(75.0)**	**2,503.2**	**(628.0)**	**(18.4)**	**1,739.8**	**4,121.6**	**329.1**	**4,450.7**
Comprehensive income/(loss)									
Net income/(loss)	–	–	–	–	–	15.4	15.4	(5.4)	10.0
Net foreign currency translation gains	–	–	–	21.5	–	–	21.5	0.2	21.7
Commodity cash flow hedges	–	–	–	–	(4.6)	–	(4.6)	–	(4.6)
Remeasurement loss on defined benefit pension schemes	–	–	–	–	(1.0)	–	(1.0)	–	(1.0)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	2.5	–	2.5	–	2.5
Tax relating to components of other comprehensive income	–	–	–	(0.7)	0.3	–	(0.4)	–	(0.4)
Total comprehensive income/(loss)	**–**	**–**	**–**	**20.8**	**(2.8)**	**15.4**	**33.4**	**(5.2)**	**28.2**
Transactions with owners									
Dividends paid	–	–	–	–	–	(112.1)	(112.1)	–	(112.1)
Share issuance	20.0	–	107.0	–	–	–	127.0	(127.0)	–
Transaction costs	–	–	(0.5)	–	–	–	(0.5)	–	(0.5)
Share cancellation	(11.4)	41.6	(30.2)	–	–	–	–	–	–
Share-based payments	–	–	4.9	–	–	–	4.9	–	4.9
Vesting of share-based payments	–	–	(4.8)	–	–	4.8	–	–	–
Tax effects on share-based payments	–	–	0.1	–	–	–	0.1	–	0.1
Shares reallocated relating to share-based payments	–	2.3	–	–	–	(2.3)	–	–	–
Reclassification adjustment relating to ownership interests	–	–	–	–	–	150.2	150.2	(150.2)	–
Reclassification of remeasurement loss on defined benefit pension scheme	–	–	–	–	13.9	(13.9)	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	(1.6)	(1.6)	(12.6)	(14.2)
Total transactions with owners	**8.6**	**43.9**	**76.5**	**–**	**13.9**	**25.1**	**168.0**	**(289.8)**	**(121.8)**
Balance at 31 December 2023	**608.6**	**(31.1)**	**2,579.7**	**(607.2)**	**(7.3)**	**1,780.3**	**4,323.0**	**34.1**	**4,357.1**

Subsea 7 S.A.
Condensed Consolidated Statement of Changes in Equity
For the year ended 31 December 2022

(in $ millions)	Issued share capital	Treasury shares	Paid in surplus	Translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	**600.0**	**(32.9)**	**2,503.9**	**(582.5)**	**(14.2)**	**1,709.5**	**4,183.8**	**304.5**	**4,488.3**
Comprehensive (loss)/income									
Net income/(loss)	–	–	–	–	–	57.1	57.1	(20.7)	36.4
Net foreign currency translation losses	–	–	–	(48.2)	–	–	(48.2)	(2.7)	(50.9)
Commodity cash flow hedges	–	–	–	–	(9.0)	–	(9.0)	–	(9.0)
Remeasurement gains on defined benefit pension schemes	–	–	–	–	3.1	–	3.1	–	3.1
Tax relating to components of other comprehensive income	–	–	–	2.7	1.7	–	4.4	–	4.4
Total comprehensive (loss)/income	**–**	**–**	**–**	**(45.5)**	**(4.2)**	**57.1**	**7.4**	**(23.4)**	**(16.0)**
Transactions with owners									
Shares repurchased	–	(46.0)	–	–	–	–	(46.0)	–	(46.0)
Dividends paid	–	–	–	–	–	(33.6)	(33.6)	–	(33.6)
Share-based payments	–	–	3.5	–	–	–	3.5	–	3.5
Vesting of share-based payments	–	–	(4.4)	–	–	4.4	–	–	–
Tax effects on share-based payments	–	–	0.2	–	–	–	0.2	–	0.2
Shares reallocated relating to share-based payments	–	3.9	–	–	–	(3.9)	–	–	–
Reclassification adjustment relating to ownership interests	–	–	–	–	–	6.3	6.3	(6.3)	–
Non-controlling interest share issuance	–	–	–	–	–	–	–	54.3	54.3
Total transactions with owners	**–**	**(42.1)**	**(0.7)**	**–**	**–**	**(26.8)**	**(69.6)**	**48.0**	**(21.6)**
Balance at 31 December 2022	**600.0**	**(75.0)**	**2,503.2**	**(628.0)**	**(18.4)**	**1,739.8**	**4,121.6**	**329.1**	**4,450.7**

Subsea 7 S.A.

Condensed Consolidated Cash Flow Statement

(in $ millions)	Year Ended 31 Dec 2023 Audited	31 Dec 2022 Audited
Operating activities		
Income before taxes	**80.0**	136.3
Adjustments for non-cash items:		
Depreciation and amortisation charges	**538.0**	467.6
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	**96.8**	2.3
Reversal of impairment of property, plant and equipment and right-of-use assets	**(25.9)**	(59.3)
Credit impairment	**19.0**	–
(Increase)/decrease in foreign exchange embedded derivatives	**(11.8)**	35.6
Adjustments for investing and financing items:		
Share of (income)/loss of associates and joint ventures	**(8.2)**	3.0
Net loss/(gain) on disposal of property, plant and equipment	**2.0**	(0.3)
Net gain on maturity of lease liabilities	**(1.2)**	(2.2)
Release of contingent consideration post measurement period	**(0.5)**	(3.8)
Finance income	**(25.2)**	(9.0)
Finance costs	**71.2**	23.4
Adjustments for equity items:		
Share-based payments	**4.9**	3.5
	739.1	597.1
Changes in working capital:		
Increase in inventories	**(10.0)**	(9.7)
Increase in trade and other receivables	**(367.8)**	(20.7)
Decrease/(increase) in construction contract – assets	**152.4**	(14.5)
Increase in other working capital assets	**(43.8)**	(22.7)
Increase/(decrease) in trade and other liabilities	**221.3**	(26.3)
Increase in construction contract – liabilities	**69.2**	144.6
Decrease in other working capital liabilities	**(16.9)**	(58.8)
Net movement in working capital	**4.4**	(8.1)
Income taxes paid	**(83.5)**	(103.2)
Net cash generated from operating activities	**660.0**	485.8
Cash flows used in investing activities		
(Cost)/proceeds from disposal of property, plant and equipment	**(0.6)**	0.8
Purchases of property, plant and equipment and intangible assets	**(581.2)**	(231.0)
Investment in associates and joint ventures	**(154.6)**	–
Repayment of loan to joint venture	**1.0**	1.1
Interest received	**25.2**	9.0
Net cash used in investing activities	**(710.2)**	(220.1)
Cash flows generated from/(used in) financing activities		
Interest paid	**(52.1)**	(15.8)
Repayment of borrowings	**(568.1)**	(61.6)
Proceeds from borrowings	**1,060.9**	–
Proceeds from rights issue in non-wholly-owned subsidiary	**–**	54.6
Acquisition of shares in non-wholly-owned subsidiary	**(12.6)**	–
Cost of share repurchases	**–**	(46.0)
Payments related to lease liabilities – principal	**(134.8)**	(99.4)
Payments related to lease liabilities – interest	**(30.1)**	(11.3)
Dividends paid to shareholders of the parent company	**(112.1)**	(31.7)
Net cash generated from/(used in) financing activities	**151.1**	(211.2)
Net increase in cash and cash equivalents	**100.9**	54.5
Cash and cash equivalents at beginning of year	**645.6**	597.6
(Increase)/decrease in restricted cash	**(3.0)**	1.3
Effect of foreign exchange rate movements on cash and cash equivalents	**7.4**	(7.8)
Cash and cash equivalents at end of year	**750.9**	645.6

(a) Re-presented to remove embedded foreign currency derivative movements from net working capital.

1. General information

Subsea 7 S.A. is a company registered in Luxembourg whose common shares trade on the Oslo Børs and over-the-counter as American Depositary Receipts (ADRs) in the US. The address of the registered office is 412F, route d'Esch, L-1471 Luxembourg. The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 15 November 2023.

2. Basis of preparation

The Condensed Consolidated Financial Statements for the year from 1 January 2023 to 31 December 2023 for Subsea 7 S.A. have been prepared on a going concern basis and in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU).

The Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended 31 December 2022 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Condensed Consolidated Financial Statements are unaudited.

3. Accounting policies

Basis of accounting

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with the Consolidated Financial Statements for the year ended 31 December 2022.

The Group adopted IFRS 17 'Insurance Contracts' for the year beginning 1 January 2023. Several amendments to existing IFRS were also applied for the first time in 2023. There was no material impact on the Consolidated Financial Statements of the Group as a result. Amendments to existing IFRSs, issued with an effective date of 1 January 2023 but not yet endorsed by the EU, will be adopted by the Group following their adoption by the EU.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in the Consolidated Financial Statements for the year ended 31 December 2022, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other assumptions that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management makes accounting judgements on the following aspects of the business as described in full in the Annual Report for the year ended 31 December 2022:

- Revenue recognition on long-term construction contracts
- Revenue recognition on variable consideration
- Goodwill carrying amount
- Property, plant and equipment
- Recognition of provisions and disclosure of contingent liabilities
- Measurement of onerous fixed-price contract provisions in business combinations
- Taxation

5. Seasonality

A significant portion of the Group's revenue is generated from work performed offshore. During certain periods of the year, the Group may be affected by adverse weather conditions such as hurricanes, tropical storms and rough seas, which may cause delays. In the Northern Hemisphere seasonally adverse weather occurs typically during the period from October to March, whereas in the Southern Hemisphere it typically occurs during the period from May to September. Depending on project execution, each can affect the Group's offshore operations. Periods of adverse weather conditions usually result in low levels of activity.

6. Segment information

For management and reporting purposes, the Group is organised into three business units; Subsea and Conventional, Renewables and Corporate. These business units represent the Group's operating segments and are defined as follows:

Subsea and Conventional

The Subsea and Conventional business unit includes:

- Subsea Umbilicals, Risers and Flowlines (SURF) activities related to the engineering, procurement, installation and commissioning of highly complex subsea oil and gas systems in deep waters, including the long-term contracts for PLSVs in Brazil;
- Conventional services including the fabrication, installation, extension and refurbishment of fixed and floating platforms and associated pipelines in shallow water environments;
- Activities associated with the provision of inspection, repair and maintenance (IRM) services, integrity management of subsea infrastructure and remote intervention support;
- Activities associated with heavy lifting operations and decommissioning of redundant offshore structures;
- Activities associated with carbon capture, utilisation and storage (CCUS); and
- Share of net income of the Group's associate, OneSubsea.

This segment includes costs, including depreciation, amortisation and impairment charges, related to owned and long-term leased vessels, equipment and offshore personnel deployed in Subsea and Conventional activities.

Renewables

The Renewables business unit comprises activities related to the delivery of fixed offshore wind farm projects. Activities include the procurement and installation of offshore wind turbine foundations and inner-array cables as well as heavy lifting operations and heavy transportation services for renewables structures. This segment includes costs, including depreciation, amortisation and impairment charges, related to owned and long-term leased vessels, equipment and offshore personnel deployed in Renewables activities.

Effective from 1 October 2023, the Renewables business unit includes activities related to the Group's floating wind activities, including its non-wholly-owned subsidiary Nautilus Floating Solutions. No prior period restatement was required of the summarised segmental financial information as a result of this amendment.

Corporate

The Corporate business unit includes group-wide activities, and associated costs, including captive insurance activities, operational support, corporate services and costs associated with discrete events such as restructuring. The Corporate business unit also includes the results of the Group's autonomous subsidiaries, Xodus and 4Subsea, and its non-wholly-owned subsidiary Nautilus Floating Solutions, and its activities in emerging energies such as hydrogen. A significant portion of the Corporate business unit's costs are allocated to the Subsea and Conventional business unit based on a percentage of external revenue.

For the period to 30 September 2023, activities related to the Group's floating wind activities, including its non-wholly-owned subsidiary Nautilus Floating Solutions, were recognised within the Corporate business unit.

Summarised financial information relating to each operating segment is as follows:

For the three months ended 31 December 2023

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	**1,214.5**	**216.5**	**3.7**	**1,434.7**
Day-rate contracts	**180.1**	**1.3**	**15.2**	**196.6**
	1,394.6	**217.8**	**18.9**	**1,631.3**
Net operating income/(loss)	**127.8**	**(69.3)**	**(3.8)**	**54.7**
Finance income				**5.7**
Other gains and losses				**(28.2)**
Finance costs				**(23.9)**
Income before taxes				**8.3**
Adjusted EBITDA[(a)]	***212.5***	***30.9***	***1.2***	***244.6***
Adjusted EBITDA margin[(a)]	***15.2%***	***14.2%***	***6.3%***	***15.0%***

For the three months ended 31 December 2022

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	881.2	216.6	9.1	1,106.9
Day-rate contracts	169.0	0.3	14.9	184.2
	1,050.2	216.9	24.0	1,291.1
Net operating income/(loss)	111.2	5.5	(8.2)	108.5
Finance income				4.5
Other gains and losses				(28.8)
Finance costs				(5.7)
Income before taxes				78.5
Adjusted EBITDA[(a)]	*143.6*	*27.9*	*(2.6)*	*168.9*
Adjusted EBITDA margin[(a)]	*13.7%*	*12.9%*	*(10.8%)*	*13.1%*

6. Segment information continued

For the year ended 31 December 2023

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	**4,171.1**	**951.6**	**16.7**	**5,139.4**
Day-rate contracts	**748.0**	**3.5**	**82.8**	**834.3**
	4,919.1	**955.1**	**99.5**	**5,973.7**
Net operating income/(loss)	**196.2**	**(73.9)**	**(17.6)**	**104.7**
Finance income				**25.2**
Other gains and losses				**21.3**
Finance costs				**(71.2)**
Income before taxes				**80.0**
Adjusted EBITDA[(a)]	***612.4***	***102.5***	***(0.5)***	***714.4***
Adjusted EBITDA margin[(a)]	***12.4%***	***10.7%***	***(0.5%)***	***12.0%***

For the year ended 31 December 2022

(in $ millions) Unaudited	Subsea and Conventional	Renewables	Corporate	Total
Revenue				
Fixed-price contracts	3,210.3	1,093.0	38.7	4,342.0
Day-rate contracts	693.0	23.9	76.9	793.8
	3,903.3	1,116.9	115.6	5,135.8
Net operating income/(loss)	229.2	(85.3)	4.9	148.8
Finance income				9.0
Other gains and losses				1.9
Finance costs				(23.4)
Income before taxes				136.3
Adjusted EBITDA[(a)]	*531.6*	*4.8*	*23.0*	*559.4*
Adjusted EBITDA margin[(a)]	*13.6%*	*0.4%*	*19.9%*	*10.9%*

(a) Adjusted EBITDA and Adjusted EBITDA margin are non-IFRS measures. For explanations and reconciliations of Adjusted EBITDA and Adjusted EBITDA margin refer to the 'Alternative Performance Measures' section of the Condensed Consolidated Financial Statements.

7. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the parent company by the weighted average number of common shares in issue during the period, excluding common shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive common shares. The net income and share data used in the calculation of basic and diluted earnings per share were as follows:

	Three Months Ended		Year Ended	
For the period (in $ millions)	**Q4 2023 Unaudited**	Q4 2022 Unaudited	**31 Dec 2023 Audited**	31 Dec 2022 Audited
Net (loss)/income attributable to shareholders of the parent company	**(17.3)**	27.6	**15.4**	57.1
(Loss)/earnings used in the calculation of diluted earnings per share	**(17.3)**	27.6	**15.4**	57.1

	Three Months Ended		Year Ended	
For the period (number of shares)	**Q4 2023 Unaudited**	Q4 2022 Unaudited	**31 Dec 2023 Audited**	31 Dec 2022 Audited
Weighted average number of common shares used in the calculation of basic (loss)/earnings per share	**300,451,683**	290,190,006	**298,159,734**	291,955,196
Performance shares	**–**	862,545	**997,942**	1,037,990
Weighted average number of common shares used in the calculation of diluted (loss)/earnings per share	**300,451,683**	291,052,551	**299,157,676**	292,993,186

	Three Months Ended		Year Ended	
For the period (in $ per share)	**Q4 2023 Unaudited**	Q4 2022 Unaudited	**31 Dec 2023 Audited**	31 Dec 2022 Audited
Basic (loss)/earnings per share	**(0.06)**	0.10	**0.05**	0.20
Diluted (loss)/earnings per share	**(0.06)**	0.09	**0.05**	0.19

The following shares that could potentially dilute earnings per share were excluded from the calculation of diluted earnings per share due to being anti-dilutive:

	Three Months Ended		Year Ended	
For the period (number of shares)	**Q4 2023 Unaudited**	Q4 2022 Unaudited	**31 Dec 2023 Audited**	31 Dec 2022 Audited
Performance shares	**2,115,159**	926,210	**674,688**	609,004

8. Goodwill

The movement in goodwill during the year was as follows:

(in $ millions)	**31 Dec 2023 Audited**	31 Dec 2022 Audited
At year beginning	**191.3**	197.2
Exchange differences	**0.9**	(5.9)
At year end	**192.2**	191.3

9. Assets classified as held for sale

During the quarter the Group entered into an agreement to dispose of an asset which has been classified as held for sale at 31 December 2023. The disposal was completed during early 2024.

10. Impairment of property, plant and equipment and intangible assets

During the quarter impairment charges of $72.7 million related to property, plant and equipment (Q4 2022: $2.3 million) and $0.9 million related to intangible assets (Q4 2022: $nil) were recognised in the Consolidated Income Statement within operating expenses.

An impairment reversal of $25.9 million was recognised related to property, plant and equipment (Q4 2022: $55.6 million) due to an upward revision in forecast utilisation of certain assets. The impairment reversal was recognised in the Consolidated Income Statement within operating expenses.

11. Treasury shares

At 31 December 2023, the Company directly held 3,839,804 shares (Q3 2023: 4,093,264) as treasury shares, representing 1.26% (Q3 2023: 1.35%) of the total number of issued shares.

The movement in treasury shares during the year was as follows:

	31 Dec 2023 Number of shares Audited	**31 Dec 2023 in $ millions Audited**	31 Dec 2022 Number of shares Audited	31 Dec 2022 in $ millions Audited
At year beginning	**9,794,267**	**75.0**	4,534,107	32.9
Shares repurchased	**–**	**–**	5,648,072	46.0
Shares reallocated relating to share-based payments	**(272,496)**	**(2.3)**	(387,912)	(3.9)
Shares cancelled	**(5,681,967)**	**(41.6)**	–	–
At year end	**3,839,804**	**31.1**	9,794,267	75.0

12. Share repurchase programme

During the fourth quarter, no shares were repurchased under the Group's $200 million share repurchase programme authorised by the Board of Directors on 24 July 2019. On 19 April 2023, the Board of Directors authorised a 24-month extension to this programme which will now expire on 18 April 2025.

At 31 December 2023, the Group had cumulatively repurchased 10,000,212 shares for a total consideration of $76.8 million under this programme.

13. Commitments and contingent liabilities

Commitments

At 31 December 2023, the Group had contractual capital commitments totalling $204.4 million (31 December 2022: $402.4 million).

Contingent liabilities not recognised in the Consolidated Balance Sheet

The Group is subject to tax audits and receives tax assessments in a number of jurisdictions where it has, or has had, operations. The estimation of the ultimate outcome of these audits and disputed tax assessments is complex and subjective. The likely outcome of the audits and associated cash outflow, if any, may be impacted by technical uncertainty and the availability of supporting documentation.

Between 2009 and 2023, the Group's Brazilian businesses were audited and formally assessed for ICMS and federal taxes (including import duty) by the Brazilian state and federal tax authorities. The amount assessed, including penalties and interest, at 31 December 2023 amounted to BRL 956.3 million, equivalent to $196.6 million (31 December 2022: BRL 908.8 million, equivalent to $174.7 million). The Group has challenged these assessments. A contingent liability has been disclosed for the total amounts assessed as the disclosure criteria have been met however management believes that the likelihood of payment is not probable.

During 2018, 2019 and 2020, the Group's Brazilian business received several labour claims. The amount assessed at 31 December 2023 amounted to BRL 191.8 million, equivalent to $39.4 million (31 December 2022: BRL 205.1 million, equivalent to $39.4 million). The Group has challenged these claims. A contingent liability has been disclosed for BRL 137.2 million, equivalent to $28.2 million as the disclosure criteria have been met (31 December 2022: BRL 138.6 million, equivalent to $26.6 million), however, management believes that the likelihood of payment is not probable. At 31 December 2023, a provision of BRL 54.6 million, equivalent to $11.2 million was recognised within the Consolidated Balance Sheet (31 December 2022: BRL 66.5 million, equivalent to $12.8 million), as the IAS 37 'Provisions, contingent liabilities and contingent assets' recognition criteria were met.

Contingent liabilities recognised in the Consolidated Balance Sheet

As part of the accounting for the business combination of Pioneer Lining Technology Limited, IFRS 3 required the Group to recognise a provision in respect of contingent consideration payable to a third party following the acquisition of intangible assets in 2009. The value of the provision recognised within the Consolidated Balance Sheet at 31 December 2023 was $0.5 million (31 December 2022: $0.4 million). While complying with the requirements of IFRS 3, management continues to believe that payment relating to the remaining recognised contingent liabilities is not probable.

14. Fair value and financial instruments

The carrying values of the Group's financial assets and financial liabilities recorded at amortised cost in the Condensed Consolidated Financial Statements approximate their fair values.

Borrowings

Fair value is determined by matching the maturity profile of amounts utilised under each facility to market interest rates available to the Group for borrowings with similar security, maturity and repayment profiles. At 31 December 2023, interest charged under each facility is representative of market rates currently available to the Group and therefore the carrying amount approximates fair value.

Fair value measurements

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recurring and non-recurring fair value measurements

Recurring fair value measurements are those that IFRS require at the end of each reporting period and non-recurring fair value measurements are those that IFRS require or permit in particular circumstances.

Assets and liabilities which are measured at fair value in the Consolidated Balance Sheet and their level in the fair value hierarchy were as follows:

At (in $ millions)	**2023 31 Dec Level 1**	**2023 31 Dec Level 2**	**2023 31 Dec Level 3**	2022 31 Dec Level 1	2022 31 Dec Level 2	2022 31 Dec Level 3
Recurring fair value measurements						
Financial assets:						
Financial assets measured at fair value through profit and loss – embedded derivatives	**–**	**58.5**	**–**	–	16.7	–
Financial assets measured at fair value through profit and loss – forward foreign exchange contracts	**–**	**0.8**	**–**	–	1.1	–
Financial assets measured at fair value through other comprehensive income – commodity derivatives	**–**	**1.6**	**–**	–	4.2	–
Financial liabilities:						
Financial liabilities measured at fair value through profit and loss – embedded derivatives	**–**	**(64.2)**	**–**	–	(34.3)	–
Financial liabilities measured at fair value through profit and loss – forward foreign exchange contracts	**–**	**(1.2)**	**–**	–	(1.1)	–
Financial liabilities measured at fair value through profit and loss – commodity derivatives	**–**	**(0.1)**	**–**	–	(0.2)	–
Financial liabilities measured at fair value through other comprehensive income – commodity derivatives	**–**	**(2.4)**	**–**	–	(0.3)	–
Contingent consideration	**–**	**–**	**(1.2)**	–	–	(1.6)

During the year ended 31 December 2023 there were no transfers between levels of the fair value hierarchy. The Group accounts for transfers between levels of the fair value hierarchy from the date of the event or change in circumstance that caused the transfer.

Non-recurring fair value measurements

During the quarter, in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations', an impairment charge of $20.5 million was recognised to reduce the carrying amount of an asset within property, plant and equipment to fair value less costs to sell. The asset was measured within Level 3 of the fair value hierarchy. Further details are disclosed in Note 9 'Assets classified as held for sale'.

14. Fair value and financial instruments continued

Fair value techniques and inputs

Financial assets and liabilities mandatorily measured at fair value through profit or loss

The Group's financial assets and liabilities measured at fair value through profit or loss comprised:

- Forward foreign exchange contracts and embedded derivatives
  The fair value of outstanding forward foreign exchange contracts and embedded derivatives were calculated using quoted foreign exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- Contingent consideration
  The fair value of contingent consideration is determined based on current expectations of the achievement of specific targets and milestones and calculated using the discounted cash flow method and unobservable inputs.

Financial assets and liabilities measured at fair value through other comprehensive income

The Group's financial assets and liabilities measured at fair value through other comprehensive income comprised:

- Commodity derivatives in designed hedge accounting relationships
  The fair value of outstanding commodity contracts were calculated using quoted commodity rates matching maturities of the contracts.

Financial assets measured at fair value through other comprehensive income and designated as such at initial recognition

The Group's financial assets measured at fair value through other comprehensive income and designated as such at initial recognition comprised:

- Other financial assets
  Strategic financial investments in unlisted companies are disclosed as other financial assets within non-current assets on the Consolidated Balance Sheet. Management concluded that due to the nature of these investments, there are a wide range of possible fair value measurements and in some cases, there may be insufficient recent information available to enable the Group to accurately measure fair value. Management review investments annually to ensure the carrying amount can be supported by expected future cash flows and have concluded cost is considered to represent the best estimate of fair value of each investment within a range of possible outcomes.

15. Events after the reporting period

Dividends and share repurchases

At the Annual General Meeting on 2 May 2024, the Board of Directors will propose that shareholders approve a cash dividend of NOK 6.00 per share, equating to approximately $170 million, payable in two equal instalments in May and November 2024. The Company has also committed to repurchase approximately $80 million of its own shares in 2024, resulting in shareholder returns of approximately $250 million.

Alternative Performance Measures (APMs) - definitions

The Group uses Alternative Performance Measures (APMs) when evaluating financial performance, financial position and cash flows which are not defined or specified under International Financial Reporting Standards (IFRS), as adopted by the EU. Management considers that these non-IFRS measures, which are not a substitute for nor superior to IFRS measures, provide stakeholders with additional information to further understand the Group's financial performance, financial position and cash flows.

APM	Description	Closest equivalent IFRS measure	Adjustments to reconcile to primary financial statements	Rationale for utilising APM
Income Statement APMs				
Adjusted EBITDA and Adjusted EBITDA margin	Adjusted earnings before interest, taxation, depreciation and amortisation represents net income/(loss) before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.	Net income/(loss)	Net income/(loss) adjusted to exclude depreciation and amortisation costs, including amortisation of prepaid mobilisation expenses and amortisation of intangible assets, impairment charges or impairment reversals, gains and losses on disposal of property, plant and equipment and maturity of lease liabilities, finance income, remeasurement gains and losses on business combinations, other gains and losses (including foreign exchange gains and losses, gains on disposal of subsidiaries, gains and losses resulting from remeasurement of contingent consideration, gains on distributions and bargain purchase gains on business combinations), finance costs and taxation.	Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the Group and provide a meaningful comparative for its business units. The presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea7's peer group. Adjusted EBITDA margin may also be a useful ratio to compare performance to the Group's competitors and is widely used by shareholders and analysts. 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.
Effective tax rate (ETR)	The effective tax rate is expressed as a percentage, calculated as the taxation expense/(credit) divided by the income/(loss) before taxes.	Taxation	n/a	Provides a useful and relevant measure of the effectiveness of the Group's tax strategy and tax planning.
Balance Sheet APM				
Net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities	Net cash/(debt) is defined as cash and cash equivalents less borrowings. The Group utilises both net cash/(debt) excluding lease liabilities and net cash/(debt) including lease liabilities as financial position measures.	No direct equivalent	Calculated as cash and cash equivalent less borrowings (current and non-current). The measure may exclude lease liabilities (current and non-current) or include them.	Net cash/(debt) provides a meaningful and reliable basis to evaluate financial strength and liquidity of the Group.

Cash flow APMs				
Cash conversion	Cash conversion is defined as net cash generated from/(used in) operating activities, add back income taxes paid, divided by Adjusted EBITDA, expressed as a percentage.	No direct equivalent	Calculated as net cash generated from/(used in) operating activities in the Group's Consolidated Cash Flow Statement, add back income taxes paid and divided by Adjusted EBITDA.	Cash conversion is a financial management tool to determine the efficiency of the Group's ability to generate cash from its operating activities.
Free cash flow	Free cash flow is defined as net cash generated from/(used in) operating activities less purchases of property, plant and equipment and intangible assets.	No direct equivalent	Calculated as net cash generated from/(used in) operating activities from the Group's Consolidated Cash Flow Statement less purchases of property, plant and equipment and intangible assets.	Free cash flow is a relevant metric for shareholders and analysts when determining cash available to the Group to invest or potentially distribute.
Other APMs				
Backlog	Backlog represents expected future revenue from projects. Awards to associates and joint ventures are excluded from backlog figures, unless otherwise stated. Despite being a non-IFRS term, the Group recognises backlog in accordance with the requirements of IFRS 15, 'Revenue from Contracts with Customers', which represents revenue expected to be recognised in the future related to performance obligations which are unsatisfied, or partially unsatisfied, at the reporting date.	Transaction price allocated to the remaining performance obligations	n/a	Utilising the term backlog is in accordance with expected industry-wide terminology. It is similarly used by companies within Subsea7's peer group and is a helpful term for those evaluating companies within Subsea7's industry. Backlog may also be useful to compare performance with competitors and is widely used by shareholders and analysts. Notwithstanding this, backlog presented by the Group may not be comparable to similarly titled measures reported by other companies.
Book-to-bill ratio	Book-to-bill ratio represents total order intake divided by revenue for the reporting period.	No direct equivalent	n/a	The book-to-bill metric is widely used in the energy sector by shareholders and analysts and is a helpful term for those evaluating companies within Subsea7's industry. Notwithstanding this, the book-to-bill ratio presented by the Group may not be comparable to similarly titled measures reported by other companies.
Order intake	Order intake represents new project awards plus variation orders on existing projects.	No direct equivalent	n/a	Order intake is in accordance with expected industry-wide terminology and primarily enables the book-to-bill APM to be calculated.

Alternative Performance Measures - calculations

1a. Reconciliation of net operating income to Adjusted EBITDA and Adjusted EBITDA margin

For the period (in $ millions)	Three Month Ended Q4 2023 Unaudited	Q4 2022 Unaudited	Year Ended 31 Dec 2023 Unaudited	31 Dec 2022 Unaudited
Net operating income	**54.7**	108.5	**104.7**	148.8
Depreciation, amortisation and mobilisation	**141.7**	117.4	**538.0**	467.6
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	**73.6**	2.3	**96.8**	2.3
Impairment reversal of property, plant and equipment	**(25.9)**	(55.6)	**(25.9)**	(55.6)
Net Impairment reversal of right-of-use assets	**–**	(3.7)	**–**	(3.7)
Net loss on disposal of property, plant and equipment and maturity of lease liabilities	**0.5**	–	**0.8**	–
Adjusted EBITDA	**244.6**	168.9	**714.4**	559.4
Revenue	**1,631.3**	1,291.1	**5,973.7**	5,135.8
Adjusted EBITDA margin	**15.0%**	13.1%	**12.0%**	10.9%

1b. Reconciliation of net (loss)/income to Adjusted EBITDA and Adjusted EBITDA margin

For the period (in $ millions)	Three Months Ended Q4 2023 Unaudited	Q4 2022 Unaudited	Year Ended 31 Dec 2023 Unaudited	31 Dec 2022 Unaudited
Net (loss)/income	**(11.3)**	26.7	**10.0**	36.4
Depreciation, amortisation and mobilisation	**141.7**	117.4	**538.0**	467.6
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	**73.6**	2.3	**96.8**	2.3
Impairment reversal of property, plant and equipment	**(25.9)**	(55.6)	**(25.9)**	(55.6)
Net impairment reversal of right-of-use assets	**–**	(3.7)	**–**	(3.7)
Net loss on disposal of property, plant and equipment and maturity of lease liabilities	**0.5**	–	**0.8**	–
Finance income	**(5.7)**	(4.5)	**(25.2)**	(9.0)
Other gains and losses	**28.2**	28.8	**(21.3)**	(1.9)
Finance costs	**23.9**	5.7	**71.2**	23.4
Taxation	**19.6**	51.8	**70.0**	99.9
Adjusted EBITDA	**244.6**	168.9	**714.4**	559.4
Revenue	**1,631.3**	1,291.1	**5,973.7**	5,135.8
Adjusted EBITDA margin	**15.0%**	13.1%	**12.0%**	10.9%

2. Effective tax rate

For the period (in $ millions)	Three Months Ended Q4 2023 Unaudited	Q4 2022 Unaudited	Year Ended 31 Dec 2023 Unaudited	31 Dec 2022 Unaudited
Taxation	**(19.6)**	(51.8)	**(70.0)**	(99.9)
Income before taxation	**8.3**	78.5	**80.0**	136.3
Effective tax rate (percentage)	**236.1%**	66.0%	**87.5%**	73.3%

3. Net (debt)/cash excluding lease liabilities and net debt including lease liabilities

At (in $ millions)	31 Dec 2023 Unaudited	31 Dec 2022 Unaudited
Cash and cash equivalents	**750.9**	645.6
Total borrowings	**(844.9)**	(356.0)
Net (debt)/cash excluding lease liabilities	**(94.0)**	289.6
Total lease liabilities	**(458.3)**	(257.0)
Net debt including lease liabilities	**(552.3)**	32.6

4. Cash conversion

For the period (in $ millions)	Three Months Ended Q4 2023 Unaudited	Three Months Ended Q4 2022 Unaudited	Year Ended 31 Dec 2023 Unaudited	Year Ended 31 Dec 2022 Unaudited
Cash generated from operating activities	**528.6**	142.9	**660.0**	485.8
Income taxes paid	**7.2**	36.8	**83.5**	103.2
	535.8	179.7	**743.5**	589.0
Adjusted EBITDA	**244.6**	168.9	**714.4**	559.4
Cash conversion	**2.2x**	1.1x	**1.0x**	1.1x

5. Free cash flow

For the period (in $ millions)	Three Months Ended Q4 2023 Unaudited	Three Months Ended Q4 2022 Unaudited	Year Ended 31 Dec 2023 Unaudited	Year Ended 31 Dec 2022 Unaudited
Cash generated from operating activities	**528.6**	142.9	**660.0**	485.8
Purchases of property, plant and equipment and intangible assets	**(225.8)**	(47.7)	**(581.2)**	(231.0)
Free cash flow	**302.8**	95.2	**78.8**	254.8

6. Backlog

IFRS 15 'Revenue from Contracts with Customers' disclosure in relation to remaining performance obligations is contained in the 'Construction contracts' note, in the Group's Annual Report. Unless otherwise stated, backlog and remaining performance obligations, as required by IFRS 15, will be the same number. Backlog by year of execution is as follows:

At (in $ millions)	31 Dec 2023 Unaudited	31 Dec 2022 Unaudited
Total backlog	**10,586.8**	9,007.6
Expected year of execution:		
2023	**–**	4,204.0
2024	**5,702.7**	2,959.5
2025	**3,764.2**	1,262.8
2026	**1,030.3**	581.3
2027 and thereafter	**89.6**	–

7. Book-to-bill ratio

For the period (in $ millions)	Three Months Ended Q4 2023 Unaudited	Three Months Ended Q4 2022 Unaudited	Year Ended 31 Dec 2023 Unaudited	Year Ended 31 Dec 2022 Unaudited
Order intake	**1,224.8**	2,969.1	**7,443.7**	7,096.1
Revenue	**1,631.3**	1,291.1	**5,973.7**	5,135.8
Book-to-bill ratio	**0.8x**	2.3x	**1.2x**	1.4x

8. Order intake

For the period (in $ millions)	Three Months Ended Q4 2023 Unaudited	Three Months Ended Q4 2022 Unaudited	Year Ended 31 Dec 2023 Unaudited	Year Ended 31 Dec 2022 Unaudited
New project awards	**640.3**	2,337.3	**4,824.6**	5,251.5
Escalations on existing projects	**584.5**	631.8	**2,619.1**	1,844.6
Order intake	**1,224.8**	2,969.1	**7,443.7**	7,096.1