# Subsea7 Investor Site Visit 2024

Tuesday, 18th June 2024

## Subsea7 Group

John Evans

*CEO, Subsea7*

Well, good morning, everybody and thank you very much for joining us here in Ålesund. The idea today is to walk you through Subsea7 from where we are strategically and a global level, working our way down then to the Subsea and Conventional business, which Olivier Blaringhem runs for us. Then we move on to Norway and we share with you what we've been doing here in Norway. And we're also joined here today by Knut from Aker BP, who'll also talk to you from a client's viewpoint about the relationship with Subsea7 over the years. And finally then, Phil Simons will share with you some information about the Vigra base and our technologies that we'll show you this afternoon for the people joining us for the visit.

**Our World**

So, let's start with something you saw on the video, which is this diagram called 'Our World'. I guess we're all very familiar with the fact that the world is trying to get its mind around the energy transition and how it fits together and how all the different components will come together, what energy sources will different countries need in the future and the timing of that transition.

The one thing I can tell you about our world is that it's wrong, right? We certainly know that it's wrong. Each country will have its own version of what this diagram will look like. But Subsea7 is very, very clear that a key part of this – the Oil and Gas business – will be here for decades to come. The world will need oil and gas in whichever configuration this energy transition takes place. But we do know that over the last 15 years we've built out a Wind business at scale and today we're back at profit in that business and we can see some good days ahead of us in that sector as well.

You'll hear a little bit today about new energy sectors, such as Hydrogen and Carbon Capture. The question is: what is the sizing of the different slices of this in each country that we work in? So that's the puzzle, but that's also the opportunity.

The way to think about what does Subsea7 do today: we put under water the infrastructure the world needs to move molecules and electricity. That's what we're doing here today and that's what we'll do in 30 years' time. The molecules today are methane, oil and water. The molecules in the future will be hydrogen, CO2, oil, water and methane.

So for us, we talk about our world, and our strategy is to adapt and change as time moves on, but we're very, very much locked into the Oil and Gas business and we intend to be here for many decades to come in that sector.

**At a Glance**

So, let's look at what this means for us as a business. It doesn't seem to want to move on. Here we go. So, in a nutshell, where are we as a company here today? So, we're just over 15,000 people. We're operating in 30-plus countries as we speak. We've delivered over 1,000 projects worldwide over the last decade, and in doing so, we've built a huge network of supply chain partners. So, we have over 8,000 partners around the globe that support us,

from building these huge jackets that you see for the Offshore Wind business to some of the components you'll see being welded on the pipelines here today at Vigra.

To underpin that, as you well know, we have a very large fleet of exceptionally competent and capable assets. And again, we're very proud of that fleet, because that fleet enables us to be able to offer to our clients what we need. And last but not least, you'll see today some of the technologies and support bases we have around the world to deliver that for our clients.

**Our Business Units**

As you are very familiar, we run our business through two profit and loss lines. Subsea7 is our Subsea Oil and Gas business, and we also do our Carbon Capture, and in future hydrocarbon – hydrogen-based work will be through that division.

Seaway7 – a standalone division in Fixed Wind today, but in future that will also do any Floating Wind that we'll take on board in due course.

**Our Vision and Values Framework**

So, let's have a look at the shape of this business and why we're doing it.

*Our vision*

So, our vision is very simple: we make possible the global delivery of the offshore energy that the world needs today and the world needs tomorrow. And we've kept it very simple over all the years.

*Our values*

We've had a set of values going right the way back from when I joined this company 38 years ago as a graduate and these have always been our core values. We added Sustainability in 2019, because in 1986 sustainability wasn't too much discussed. But those core values have kept us company on the straight and narrow for many, many years. We've been through good times and bad times by those values and we very much live the business day to day like that.

*Our strategy*

So for us, coming back to our world, our strategy is the fact that in each country we work in, every one of our clients is trying to solve the puzzle: are they going to go all in to oil and gas, are they going to move into solar, are they going to move into hydrogen, and how do they do that? So for us, we're going to have two business lines that are very, very clear in expectation and capability. But the important thing to remember, the backbone of each of these is project management, engineering, supply chain and offshore execution.

So for Subsea7, that framework allows us to adapt and change as we see the future and as the world either speeds up or slows down with its energy transition.

**How we Make Possible**

So, in Olivier's presentation, he will detail out a bit more our differentiators that we touched on in the video. We'll talk to you about the six elements that we think make Subsea7 unique for our clients and why we keep building this company up and why we keep being successful with our clients on a global basis.

We will talk to you about the importance of early engagement and how working with clients in a different format really, really helps them and us. We'll talk about our offering in integrated services, where we can bring elements of our delivery into bigger packages. If we think about it 25 years ago, we went from transport install to EPCI, where we took on board more scope. And again, today we're now going from SURF to SURF and SPS on an integrated basis.

Digital is key these days. Our clients demand it. We have it available, and that also speeds up our delivery.

Collaboration and partnerships is something we've spent a lot of time and years developing with our clients. It's how do our clients want us to partner with them. And we are open to contract in many different ways. Whichever way suits our client, we will work with them.

Sustainable delivery – we know our biggest objective is to reduce the emissions from our fleet. That's the biggest source of our emissions for the company. And again, we have some clear plans as to how we're going to help deliver that over the next 15 or 20 years.

But last but not least, and what today is about, is showing you these enabling products – this capability that we have to solve our clients' challenges and their opportunities as they develop their fields for the future.

**Exposure to Two Growth Markets**

So, let's look at the markets and where we're at. It's wonderful to put two graphs that look like this up, because normally in this industry we don't get the ability to put both graphs up side by side.

*Subsea spending*

So as everybody in this room is very, very familiar, the Subsea spending is very much on the way up. We've had years of under-investment in our sector, but today we can see very, very clear paths for exceptionally strong growth in our market in Subsea.

*Offshore wind capacity*

The Wind graph then on the right-hand side is again – is about opportunities. The question with Wind is: can the politicians help us deliver it? This is the cumulative growth in Wind, but if you look at the size and scale of what politicians around the globe have committed to, it is huge. And for us, even if the world delivers one-third of what the politicians have committed to, there is a huge market out there for companies like Subsea7 and Seaway7 in Wind.

So for us, the two markets that we're in, both exceptionally strong, both exceptionally busy. You'll hear today about the size of our tendering pipelines and how busy we are in terms of opportunities.

So for us, it's then about which clients, which markets, which countries we want to work in to help us deliver this opportunity set that's ahead of us.

**Tier 1 Competitors in Subsea and Offshore Wind**

Let's also then set that growth market in context of where we are against our peers and our competitors.

I think in the Subsea business, the good thing is that over the years we've seen many young pretenders come and many young pretenders go in our business. I'm sure if we sat in this room 10 years ago, you've have a list of 10 companies you'd ask me my opinion on: SEACON,

Seaona, Petrofac, etc, etc, etc. And what is interesting, the same three guys are still here that when I joined in 1986 these were the same three guys that we needed to think about: Subsea7 in its predecessor formats, TechnipFMC in its predecessor formats and Saipem.

That's very important. All three players are acting rationally. All three players are acting very clearly here, that we need to realise that long-term success is about acting rationally and working well with our respective clients around the globe.

The Wind business, for anybody that's followed Subsea7's adventure in Wind, has been far more adventurous in terms of challenges for the industry, but the industry is now really starting to coalesce around three major players in the dredging world: DEME, Van Oord and Jan De Nul, and Seaway7, that deliver the big projects for the clients. So again, rationality, logic starting to come back into that sector as well.

So for us as a company, our opportunity set is the fact that we're in a market which is a very high barrier to entry on both sides. We're very clear here that the technology and capability that we have is not easily replicated, and we're in a world where we do know the actors on the stage on the other side for every time we put a bid in or start discussing with a client about an opportunity. So, a pretty stable market for us and certainly in Subsea, no signs of the young pretenders coming back into the market, or new young pretenders trying to give it another shot.

I always used to remind everybody in this room that buying one ship did not make you Subsea7. And the answer was it showed that if you did buy one ship you could not become Subsea7. So again, a good position in terms of competition and who's with us in the market today.

**Creating Shareholder Value**

So shareholder value – this is what it's all about. Ultimately for us, we have always taken our responsibility to our shareholders very, very seriously, and you are very familiar with the three sides of the triangle we discuss in Subsea7, about shareholder returns, looking after our balance sheet and maintaining investment grade on our balance sheet, and disciplined reinvestment.

So let's take each one of the sides of the triangle one by one.

Over the last 10-plus years, we've returned over $2 billion to our shareholders through share buybacks and dividends. Last year, we made a very clear commitment to deliver a plus-$1 billion back to our shareholders in the period of '24 to 2027. And as you will inevitably ask me today, 'But there may be some money left after that?', and the answer is yes. And every year management and the board sit down and we have a look to see what we will do with excess cash and how we choose to return that to our shareholders. So again, the commitment to $1 billion, the wording in there is very important. It's at least $1 billion, was the commitment we made. We felt it was very important for our shareholders to know that was our clean plan, and that's how we will deliver over the next few years.

*Balance sheet*

Balance sheet – people who've been at this industry know well enough that the only way you don't succeed in this business is you run out of cash. So for us, a strong balance sheet has always been something we've taken exceptional importance in maintaining, and it's kept us

through the good times and it's given us the opportunity set to grow and develop through the good times. So again, our balance sheet is very important for us and we look after it and we don't abuse it. And we have seen even the biggest players in our sector in the last two to three years wobble on their balance sheet. I unfortunately don't have a government behind me to help me, so it's my job to make sure that I look after your balance sheet and our balance sheet.

*Disciplined reinvestment*

Last but not least, disciplined reinvestment. You'll hear today about the size of our fleet and the importance of our fleet. Ultimately, you can bring project management, you can bring engineering, but you need the assets to deliver these projects. And how you get access to the assets is key. We've always had a clear model of owning the key enabling assets and chartering the other tonnage into the fleet. And Phil will spend time with you later on today going through in more detail about our logic there and why we still firmly believe that that is the right way for us as a company in the future.

But coming back to the Our World model, we're very clear here that oil and gas and building pipeline systems and putting power cables under water, the world will be doing that in 2030, 2040, 2050 and 2060. So at the right time, we will reinvest to make sure we're still there at the top, tier one, to make sure that we can deliver for our clients in the future. As I said, the molecules they may choose to move around under water may differ, but ultimately the energy transition is moving molecules and electricity. How they do that and how it all fits together, who knows? But certainly the capacity of the fleet that we need will be important to us.

**Clear Strategy to Deliver Returns**

Last but not least, as you know, any reinvestment we'll need to be sure that we are very, very clear that it meets our requirements for return on capital employed. So for Subsea7, these are the key areas that we are always looking at. These have not changed, for many of you that have followed us for many, many years. And again, we will keep these three sides of the triangle very clear to us in the future.

So, as we go into more detail about Subsea7 in the following presentations, let's just think about why we think we're very clearly differentiated with our clients and with the world that we work in.

*Differentiated offering*

First of all, you'll see we have a very differentiated offering. We have a complete set of products that enable the clients to put together their fields whichever way they want, whichever way suits them. We have a set of technologies, we have a set of contracting models and we have the fleet, which allows us to work in any configuration that we need.

*Proven track record of delivery*

This industry is also about a track record of delivering. When our clients sanction multi-billion-dollar CAPEX projects, they need to know their MPV is protected and their fields will be ready on time. So again, that proven track record of delivery is vital.

And in the last eight years or so, you've also seen the integrated model that we have with SLB has also delivered a very strong track record there. You might have seen in the last few

days that Sangomar has reached its first oil, so again a big development there in West Africa for Woodside, which again we have delivered there with SLB as a fully integrated SURF and SBS project.

*Delivering in the energy transition*

We aren't shy about the energy transition, so we're going to deliver in the energy transition and we're going to deliver the energy transition, because the world will need service providers that can put into place the infrastructure the world needs. So, we're proactive that we're up for that discussion. We're not saying it will be oil and gas and we hope to God it'll be okay at the end. We're very clear that there is an opportunity for us to make good returns for our shareholders in the energy transition.

*Financial strength*

We've always had financial strength and we continue to make sure that we remain strong, because the strength has given us the ability to grow to the size of the business we are today, to work with the clients that we have today, and to allow us to take the opportunities that we have ahead of us today.

*Shareholder returns*

And last but not least shareholder returns, it all comes back to that. Throughout the good times and the bad times of this sector, we have always returned money to our shareholders. It varies at where we are in the cycle, but we are very, very clear here: we're here to service our clients and we're here to service our shareholders. You do know we like the big red ships and the big yellow things that go under water, but they're means to an end to make sure that we deliver to our shareholders.

So with that, I'm going to leave it here. I will come back at the end and we can take about 40 minutes of Q&A at the end of the session. And I will now hand it over to Olivier, that will give you a bit more detail on the Subsea and Conventional business.

Thank you.

## Subsea and Conventional

Olivier Blaringhem

*EVP, Subsea and Conventional, Subsea7*

Good morning, everyone. I am Olivier Blaringhem, Executive Vice President for Subsea and Conventional.

I've been in the industry for 29 years. That includes 22 years with Subsea7. I guess I've been the stereotype expat oil man, going from one country to the next, whether it was Nigeria, Aberdeen, Beijing, Kuala Lumpur, a little bit of time in Paris – very little time in Paris – and then back to London in 2019 in this present role.

This role is about leading 14,000 people together with Phil Simons to first win projects and then deliver these projects on time, safely and absolutely better than sold[?], if possible, if we can achieve that. All right? We're also extremely focused on positioning the business for the

future, so that yes, we will continue to move molecules of water, of oil, of methane, but also molecules of CO2 and hydrogen in the future.

**2023 Revenue $5 Billion 12% EBITDA**

So, when you look at Subsea7, Subsea and Conventional, you see a lot of red dots on the map. We are everywhere you can find hydrocarbon in the world. We have positioned strategic resources, people, engineering, fabrication facility, production facilities onshore in order to be able to support our fleet delivering our project offshore.

So, in 2023 we delivered $5 billion of revenue in Subsea and Conventional, which is about 80% of Subsea7, at an EBITDA of 12%. I am very confident that we're on track to deliver as per our guidance for 2024.

**Solutions that Optimise Lifecycle Economics**

This morning, I would like to talk to you about our value proposition and the key differentiators – our six key differentiators. When they are at play, they're making us able to shape up the market, secure our market share, deliver in an optimised way, in a predictable way, and then deliver returns to our shareholders.

Yes, this is very special. All right. So, okay, we're good. So, our value proposition; we're here to provide solutions to our clients that do optimise the lifecycle economics. So, the lifecycle for us starts with concept and design – early engagement, concept, design. Then we move on to the execution phase. The execution phase for us, it is detailed design, procurement and fabrication of the products, and then installation of these products. And then we move on to the life of field section of the cycle. Our objective here is to maintain production, extend production and decommission at the end of the life of the project. So, this is our lifecycle.

We have these six key differentiators and I'm going to develop each of them.

**Early Engagement and Systems Innovation**

So, let's start with early engagement and system innovation. Here our objective is to bring to our clients supplier-led solutions as early as possible during the phase – the early phase of development of the project. What we bring to our clients is the latest state-of-the-art in terms of technology, in terms of innovation, and this allows them to make the best decision in terms of architecture for the field. Then we work with the supply chain in order to secure fabrication slot, as an example, production slots, in order to guarantee that the project will happen on time. We also secure our vessels, our assets, early, very early. So overall, we have a very good understanding of the risk very early on in the project cycle together with our clients, and we are able to mitigate these risks. Another impact of that is that as we reduce the volume of steel on the seabed, we also reduce the carbon footprint, the carbon emission, for our clients and for ourselves. So, it's an extremely important development in the industry that has really gained momentum for almost ten years now. It really helps our clients to reduce their CAPEX, reduce their OPEX and make investment decisions in order to meet, for example, a target of $40 per barrel or less. So, this has been really a game-changer in the industry.

How do we do that? We have developed a team of about 200 people. We call them the Field Development Group. About 80 front-end engineers, working with 120 people who have

experience in different domains, like procurement. So, this is really how we make it happen in terms of early engagement.

We have another Ace in our game, which is Xodus. Xodus is an independent, fully-owned company by Subsea7 which provides consultation services to our clients, independently from Subsea7. But us in Subsea7, we use Xodus to provide us with the expertise that we don't necessarily have when we are involved very early with our clients, for example, in electrification, in environment. And this helps us to understand the decision-making process of our clients. And I can say here that Bacalhau, Sangomar would have not been secured without Xodus providing us some bits and pieces, for example, about process safety that we don't necessarily have in Subsea7. So, this is how we do early engagement and system innovation.

**Collaboration and Partnerships**

Collaboration and partnerships – a very successful story for us. We have Aker BP, with Knut Sandvik here. We could talk about BP. We could talk about Equinor. I would like to focus this morning on Chevron and Shell. Chevron and Shell are very traditional in their approach to the market. Generally, they go to three bidders and they have one buy, and they move ahead. A trend that is very interesting that we've seen for the last few quarters is that now they are coming to us directly on some particular projects and they say, 'Let's go together.' It's not necessarily early engagement, it could be just the execution phase, but they say 'Let's go together. Let's make this project happen together.' So, I'm very confident that in the coming quarters we're going to be able to announce some success in direct negotiation with Chevron and Shell.

OKEA is an interesting client as well – so a small independent in Norway. We have just secured our third project with OKEA in direct negotiation. It's a lot of early engagement as well. And that reminds me of the beginning of the story with Aker BP eight years ago, when we were working with a growing company and we contributed together to a huge success. So, this is the OKEA story potentially for us.

**Enabling Products**

Let's talk now about our enabling products. Phil will develop this part in much more detail than I'm going to do, but we have the flowlines, which are the pipelines on the seabed, we have the risers, which are the vertical flowlines lifting the oil and the gas from the seabed to the surface, and we have the pipeline structures, which are connecting everything together.

I would like to focus here on the flowlines. And what you see on the screen actually is a bundle. The bundle is a technology that is absolutely unique to Subsea7. We have one site in Scotland which is pre-fabricating these bundles on shore. So, in these bundles you can see you have all the pipelines for production, for water injection, for gas injection. You have also I would say the umbilical that is generally a separate product. It is integrated into the pipeline. So, we go directly to the supplier or the suppliers of the umbilical manufacturers and we purchase all the product directly from them – the power, the fibre optic, the hydraulic, and we include that ourselves into the carrier pipe of the bundle. The major advantage of this technology – which does apply to short pipelines, all right? Less than 30 kilometres, I would say. So, the major advantage is that you fabricate on shore and you just need a towing vessel to pull the pipeline offshore and then go and install it. You don't need a global enabler,

so you're much less dependent on the weather, as an example. So, we have had a lot of success in the North Sea with this technology. We have completed 89 of these projects, UK and Norway.

And I think there is something interesting today, which is that we are in discussion with a number of clients to bring this technology to the Caspian Sea. Caspian is a closed sea. You have a very limited number of pipe vessels in Caspian. It's a closed sea. And this technology could be a game-changer for some of our clients, to make their project to happen in Caspian, but also to reduce the cost and the carbon footprint of their project with this technology.

**Digitalisation**

So, let's move on now. Digitalisation. Everybody has been talking about digitalisation, maybe a little bit less now, but we are extremely active in digitalisation.

*Early engagement*

Starting with early engagement, what is OceanPlan? It's a proprietary platform that we have built internally in Subsea7 and that helps our clients to make the best decisions, because we have a catalogue of products available and live online. We can pick these products based on the seabed conditions, based on the quality of the oil and the gas, and we can build live the architecture and we build a number of scenarios for our clients to choose from. And in these scenarios, the clients can play with the cost of – the CAPEX cost, the production cost, the operational cost. We are able to provide what will be the carbon footprint of each scenario. So, we can provide a lot of information to the client, and the client will choose the best combination for him to go with one scenario against any other. It's quite unique to Subsea7.

*Project delivery*

During the project delivery phase, it's all about how we want to handle the huge amount of data that we create and develop during the project in a digital manner. So, we have a project lifecycle management platform and I can tell you that in the coming two years, we will progressively move all our projects to this digital platform.

*Life of field*

And at the end of the project, we will be able to therefore deliver a digital twin to our clients. It's happening already, but it will take us two years to move all the projects into that system. So, this is really helping us to make better decisions at Subsea7 in terms of optimising our productivity. So, it's another game-changer. And you can see that there is a loop back to the beginning. A very interesting thing has just happened here in Norway for us, together with Aker BP. Aker BP gave us the digital twins that they have on an existing field. We took it. It's a digital product. And we use our OceanPlan and other digital products to look at the scenario for a tie-back to this field. So you can see our world is becoming now completely digitalised. We received digitalised information from our client, we used digitalised tools in order to create scenarios and to define the architecture of the next tie-back to this project. This is where this is – this is where our industry is going. We are at the forefront of this change and it will bring a lot of upside for Subsea7 in the future. It is already.

**Sustainable Delivery**

Sustainable delivery – in a way this is our license to operate. So, we have these very clear six priorities. For each priority we have very clear targets, and we do communicate once a

year through our Sustainability Report, so you can have access to that and measure the progress we are making on each of these six priorities. It was released in April for the last one – for the fourth one.

**Integrated Services**

Integrated services. So, this is our alliance between Subsea7 and SLB, OneSubsea, that is called Subsea Integration Alliance. That's a huge success. So, you can see these are the values that we have been able to deliver to so many clients – majors, IOCs, NOCs, independents. Since its inception in 2015, it's been $8 billion of awards through SIA. So today, depending on the year but it's more than 25% of the revenue of Subsea7, so a huge success, a game-changer also for the market.

I would like to talk in more details about Pore to Process integration, which is a trademark developed by SIA and SLB. Our project Sakarya in Turkey is the first example of this approach. It's a very differentiated approach, unique to us and SLB. So, the idea is to provide to one client under one contract the reservoir well completion, this is SLB's scope; the SPS and the SURF, this is the SIS scope; and then the onshore receiving terminal for the products, and this is SLB's scope again. So one contract, we deal with the reservoir, we provide the solutions for the wellhead, for the transportation of the product, and we provide a solution for the receiving terminal before the oil or the gas goes into the network, okay, or goes offshore. Absolutely unique to us. We are involved in a number of discussions with various clients to provide in direct negotiation this full concept of Pore to Process.

Even more interesting, when you look at carbon capture offshore, carbon capture and storage, the idea we are considering and promoting already, pushing to clients, is to do this Pore to Process in reverse. SLB and Aker Carbon Capture have just closed their joint venture, which is about how to capture carbon onshore. So if we reverse the Pore to Process, SLB, Aker Carbon Capture will build the receiving facility, they will capture the carbon from industries onshore, they will build a terminal onshore; us, SIA, we will transport the CO2 offshore, and SLB will then store the CO2 in reservoirs offshore. So, that's a new perspective that we are developing together with SLB right now, and I think there will be some impact in the future.

**Delivering Market Leadership in Brazil**

So, now I would like to go with a number of examples to illustrate that our strategy is successful, our differentiators are delivering value to Subsea7 and its shareholders.

So, I want to start with Brazil. In Brazil we deliver the full lifecycle: the early phase, the execution and the life of field. So, let's start with Equinor and Bacalhau. We were selected at design – at pre-fit stage by Equinor to develop Bacalhau. We are now at the execution phase. It is integrated with SIA. There was early engagement, and of course there were enabling products. Risers and flowlines are involved in this project. So, a confirmation of our approach, a confirmation that it is successful.

Petrobras have a very different approach – Mero 3, Mero 4, Búzios 8, Búzios 9. They don't come to us for the early phase. They go directly to us for the execution phase. And it's all about our enabling products; our flowlines and our risers.

Shell – Bijupirá Salema is an interesting one. It's about life of field. It's about decommissioning an FPSO that actually some of us in this room contributed to install 20 years ago and now it's about removing the FPSO from the site. So, we have very good progress there. It's about life of field and the Fluminense FPSO has been decommissioned now and is on its way to Denmark to final decommissioning.

Finally, our four PLSVs. This has been the bedrock of our business in Brazil since 1999. Extremely successful business. We have just renegotiated the extension of – some new contracts actually for our four PLSVs, improving the rates by about 50%. So, a huge success for us in Brazil.

In 2026, based on this success, we see Brazil at $2 billion in terms of revenue per year for Subsea7, from 2026 onwards.

**Delivering Long-Term Value Through True Partnerships**

Another example is about delivering long-term value through true partnerships.

So, here it's mainly about concept and design and execution in the lifecycle. Equinor has recently selected SIA, so Subsea7 and OneSubsea, to unlock Wisting in Norway and Bay du Nord in Canada. And this is under a strategic collaboration agreement that will be valid for eight years plus two plus two, where Equinor have made the choice to pick who they consider the best contractors in order to find the solution at concept stage, pre-fit stage, FEED stage in order to make this two developments, Wisting and Bay due Nord, possible. If you remember, we've been bidding these two projects in 2022, 2023, and Equinor and their partners gave up because the economics were not working. So now they have decided to go with SIA in order to give themselves the best chance to make it happen. So, the idea is to have an FID in 2026 and then go into execution, which will take us into the next decade, okay, into the early 2030s. So here Equinor is coming to us for early engagement, for integrated services and for digital solutions.

I will not give too much details about Aker BP. Monica and Knut will do that later.

Then we have the BP exclusive alliance, which is for certain geographies. We announced this collaboration in October last year. It's not the first exclusive collaboration we've had with BP. We did that in the early 90s. But I would say as a preferred partner of BP's for many, many years, and in the context of the market, which is very busy today, we've been able to work together with BP and conclude this alliance. So, we have teams at work already in UK and in Trinidad and Tobago on some opportunities, and I'm very confident that in the coming quarters we will be able to announce some projects here.

So, when I look at these three true partnerships, I think that if we are successful with Equinor in particular, with Wisting and Bay du Nord, from 2027 through these three partnerships we will have $1 billion of revenue every year secured with these clients. It's a good backlog, long-term visibility, incentive mechanisms to benefit from good performance that – and we're going to share the profit, if any, together with our partners. So, having $1 billion of revenue secured already from 2027 that will continue into the early 2030s is extremely important for us, and it's helping us to optimise our delivery.

**Delivering Industry Record for Greenfield – Sakarya**

Let's talk about Sakarya – an industry record in greenfield. So, it's a project in Turkey – the first Pore to Process development that we have delivered together with SLB. A very important project for Turkey's energy independence. The industry record here is about delivering in April 2023 first gas, 30 months after the gas was discovered. Generally, it's more five years, ten years. 30 months between discovery of the gas and first gas. It is integrated onshore and offshore. SLB have delivered the well completion and the onshore receiving terminal. We've delivered as SIA the SPS and the SURF. And it's been a big success. We've been awarded now the subsequent phases of this development. And not only that – we are now developing a life of field solution for this client, together with OneSubsea. So, this is the first time we are looking at life of field together with OneSubsea on a real case – not happened before.

**Delivering in New Energy Markets – Northern Lights**

Finally, this is an example about new energy markets – Northern Lights in Norway, a carbon capture project. Here, we are simply transferring our knowledge and our existing products from oil and gas to a carbon capture project. We have a number of clients already engaging with us at concept and design stage in order to prepare for the future and deliver this energy transition where carbon capture is going to play a critical role.

**Leveraging the Strategy in Selective Bidding**

So, you see this slide at every quarterly result from Subsea7. This is the market as we see it right now. $21 billion of tenders on the table right now, so $21 billion of opportunities for us to secure a market share, to secure our revenue for the future. I'm not going to go into much detail. You can see the weight of South Africa, the weight of Brazil, where we are extremely strong; Norway as well – extremely important for us; Africa picking up; and North and Central America also very important for us. But I don't want to go too much into the details here. What I want to say here is that with our key differentiators, with our strategy, we are going to get our share of this market. This market is increasingly more and more favourable to Subsea7, to the contractors, but we will make a difference in order to secure our market share with our differentiators. We have the people, we have the experience, we have the assets, and these differentiators are going to make a difference. So, it is our strategy really paying and I am extremely confident that the coming years – sorry, the coming years are going to deliver optimised performance, superior performance from Subsea7.

That's what I wanted to share with you this morning. We're going to go for a break. We will be back at 11.10 with a special guest, Knut Sandvik from Aker BP and with Monica Bjørkmann, the Head of Norway. Thank you.

[BREAK]

# Subsea7 Norway

Monica Th. Bjørkmann

*SVP, Subsea7 Norway*

## Introduction

*Seven Vega*

It's okay? Good morning everyone and welcome to Subsea7 in Norway. And welcome also specifically to *Vega* that we will be visiting later today. So if we look at this picture, we can see Vigra with two of our pipelayers alongside, *Seven Vega* and *Seven Oceans*. And I also heard that you got a little special bonus this morning coming from the airport. That you had a little short trip down to the quayside and actually saw *Seven Navica* live as well. So great.

*Biography*

Just see if this one works. Yes, it does. So I have a long career in Subsea7. I've actually been here 27 years. I've all my life been surrounded with boats and being close to the ocean, probably very much inspired by my father who was a Captain. I'm also proud godmother of our newest pipelayer *Seven Vega*. I'm head of Subsea7 in Norway but I also have an industry role. So this is my fifth year as a Chair of the Board of Offshore Norge, used to be the Norwegian Oil & Gas Association.

*Lobbying*

And with that note I'd particularly like to mention that during Covid and the low price in the – or the low oil price we went together with Offshore Norge with Aker BP and with Equinor and actually lobbied towards most political parties in Norway to ensure that we got a temporary tax regime. The activity package as we would like to call it because it actually – the whole purpose with the scheme was to ensure that we had activity through the downturn, making sure that there was continued oil and gas activity as well as that we didn't lose capacity or competence for the important energy transition that we saw in the future. And many of the projects that we have in our backlog today is actually due to that temporary tax regime because all the projects that were sanctioned end of 2022 in Norway and a lot of those are actually the ones that we are executing in Subsea7.

And it also showed that having such close relationship with our clients in Norway through the activity that we have in Subsea7 but also through the activity of Offshore Norge, it gives us a very unique position. Being able to influence the politicians and the industry on items that really matter makes us very relevant today and very relevant into the future.

*From past to present*

So Subsea7 has been in Norway as long as hydrocarbons have been here. Or as long as we've been developing hydrocarbons. And we have a very strong fundamental in Norway and many of our early predecessors as a company also started in Norway. We've been very relevant from the first pioneering days of oil exploration and production in Norway. In the early 1970s seen here with our *Seaway Pelican* at the time but also today 50 years later illustrated with *Seven Oceanic* today. We are here still and will be here in the future.

So and I think the point is that we're working close with our clients, working with their teams so that we can develop the solutions that actually matter. So that they can produce the oil

and gas that actually can be delivered to UK, to EU and to the world for the energy that the world needs. And an example of that is our project with Shell, the Ormen Lange Phase 3, which is a gas compression project that actually enables the solution that comes from one subsea that we are installing with *Seven Arctic* to ensure that UK gets the gas from Ormen Lange with the compression system. It actually delivers 30% of the gas consumed in UK alone for that project. So it's an enormous value.

**History of the Company**

*We have innovated throughout the evolution of Norway oil & gas*

Then if we look at the history we have as a company, how we have evolved and how we've innovated the company throughout this period, in the early phase it was more about consolidation and the capacity that was needed to grow – in the growing needs of the market. We delivered very much construction work with sat diving, safe procedures obviously high on the agenda, but also use of our vessels and the fleet management was sort of a lot of the things important. Then moving into the more middle phase; so how are we then more delivering the entire systems with EPCI projects. So it's about project management capability. It's about managing the supply chain. It's about managing the risks to deliver those EPCI projects. So during this period Norway actually became a global leader in subsea technology. And then in the later phases we more could see that it's contractor-led solutions. It's more integrated between SPS and our partner OneSubsea as an example. SPS and SURF integrated. So it's about taking control of the architecture and seeking lifecycle value as also Olivier was describing. So it's adding more stronger capability into the early phases but also then ensuring that you think about the whole lifecycle of the project. But also on top of that increasingly higher focus on sustainability.

*Delivered Projects*

And then we look at what have we delivered? What are the major projects that we've delivered, say over the last 15 years in Norway? So most of the major projects that have been delivered in Norway actually have been delivered by Subsea7. So starting with the original Skarv development that now is an Aker BP project, both legacy Subsea7 and legacy Acergy were actually part of delivering this project. And then after that the largest project ever awarded at the time on the Norwegian Continental Shelf was the Aaste Hansteen project that Subsea7 delivered. And that was in 1,300-metre water depth which is the deepest in Norway. And that included all the SURF scope but also actually tow-out and hookup of the top site. And then the next large project was the Martin Linge that was probably two times, or even more than, that the size of Aaste Hansteen. And the Martin Linge project was a really true EPCI project with all that matters with the design, with the construction and with the installation and commissioning. And I think also worth mentioning the design and the fabrication and installation of a power cable to shore. Then the next one after was KNARR project. KNARR project for BG at the time, was actually with a bundle solution that you also saw an example of in Olivier's presentation. And now delivering Yggdrasil project together with Aker BP. And Yggdrasil project probably being three times the size as Aaste Hansteen which was a record ten years ago, now delivering. And Yggdrasil formerly known as NOAKA if you've heard of that, delivering both actually two bundles and normal pipe solutions. So it's fair to say I think that Subsea7 has been part of building at least half of Norway's subsea

infrastructure. So and in the future obviously executing complex projects in subsea, working independently as well as with our SPS partner OneSubsea.

**Norway Operations at a Glance**

So looking at Norway, how big are we? So typically working for Norway we are about 600 people onshore, a third female, two-thirds male. We have our head office in Stavanger. We also have an office together with Seaway7 in Oslo. It's their main global office in Oslo. But we have a base in Dusavik where we mobilise and demobilise all – and maintain our equipment, mobilise our vessels. And obviously the Vigra facility that we will see later today. We work with typically 1,000 different suppliers throughout the year and also I would say approximately seven of our vessels would be in Norway throughout the year. And we have at the moment 16 ongoing projects. Actually for six different clients, Aker BP, Equinor. We work for Shell, ConocoPhillips, OKEA and also for Sval.

**Norway – Backlog**

So if we look at our backlog and the volume of work that we do in Norway, our backlog currently is about $2.3 billion which is being executed from now on until 2028. And the current backlog actually consists of quite a few clients. And as you can see the majority with Aker BP which is quite a sort of unique position just now. Normally it's more balanced between Equinor and Aker BP. And I think as Aker BP is dominating, I think one of the comments that I've heard from Aker BP is that they had not been able to push through so many projects in the tax regime if it hadn't been for the work and how they work with the alliances and how they work with suppliers. It wouldn't have been possible. And currently Equinor with fewer projects they didn't push through so many projects in the temporary tax regime. So resulting in less ongoing work. But through our Subsea Integration Alliance we have also then work for OKEA here.

**Norway – Future Awards to the Market**

So then if we look at the future, how much future awards to the market and how much are we expecting. So those that have not been awarded and how much we see in the pipeline is approximately worth $5 billion of work. And the Offshore Director of the Norway is saying approximately 80 projects, smaller projects probably, are in the pipeline or coming. So Equinor as you see maturing a large portfolio of projects. Those with an asterisk shows where we have a partnership with our client. So Aker BP, Sval, OKEA. And then obviously we have a different access to the projects that we work with in the alliances and in the partnerships than what we have with Equinor and with Wintershall and ConocoPhillips where we typically have to compete for the work. However, I think it was briefly mentioned by Olivier as well but the Subsea Collaboration Agreement that we just entered in with Equinor. So that agreement is a non-exclusive agreement and for Equinor they want to decide on a case-by-case basis when they're going to use it. But they did sign off two contracts at the same time with us for both Wisting and for Bay du Nord. And those are exclusive. So once you go into a project on an early stage, they will be exclusive. So then we will work for the next two and a half years to mature, to find the best solutions to ensure that Equinor actually can sanction those projects by the end of 2026.

**Subsea Alliance**

And for the Aker BP portfolio we work together with OneSubsea in the Subsea Alliance. So maturing projects together from a very early concept stage through project execution until first gas and first oil for Aker BP. And the team that works together work – are sitting physically together in our office in Stavanger and it's seamless integration between the companies. We don't really know who's from which company and that's the whole purpose. You're sitting integrated as a team. And the traditional role of a client and supplier is not really there. So today we're really lucky to also have Knut Sandvik with us. He is Senior Vice President for Projects in Aker BP and he will talk more about the Aker BP and their strategy and how they work with the suppliers.

## Aker BP and Subsea Alliance

Knut Sandvik

*SVP Projects, Aker BP*

**Creating an E&P Champion on NCS**

*Through M&A and development projects*

Thank you, Monica, and thank you for inviting me here. I'm heading up the projects area in Aker BP and it's quite a lot at the moment, to put it that way. We have a lot on our – on our plate. I haven't been on the operator side for many years. I've started in Aker BP in 2019, so soon five years, but I've been in the industry for quite some time. Started back in 1987. Actually starting building concrete platforms. But I would like to say that working in these alliances I think it's – at least for me it's a great advantage to have been on the supplier side. So you really – I really understand the thinking, understand how we can become better together, which is a cornerstone in the way we work in Aker BP.

So I will say a few words about Aker BP, the history, our ambition, our strategy, what we have with respect to projects in the portfolio just now and how we think about projects. How we go about delivering projects; and also of course talk a little bit about the Subsea Alliance and the relationship to Subsea7.

So if you look at this slide it's a fantastic growth story really at Aker BP. If you sort of go back a decade or a bit more, then a few thousand barrels and where we are today, we are producing around 450,000 barrels a day. So it's a fantastic journey and I think we signed the alliance agreement in 2016, so you've been part of a major sort of phase here in the growth of the company. So there are of course three sort of key steps in this. It is the Marathon acquisition and then the acquisition of the – say the BP pot in Norway. And the last one was – was Lundin. But now we have a lot more on the organic side and I will come back – come back to that. I think we have a pretty clear strategy. We are stating clearly that we are a pure play oil and gas company and we want to be best at that. Best at what we – what we are doing and we are focusing on low-cost, low-carbon. But of course it's about sort of returning value to our shareholders.

Four focus areas. Operate safely and efficiently. Of course safety is a prerequisite and a licence to operate in our industry, so that always has to be there. And presently we have a sort of lifting cost in the range of $6-$7 per barrel which is quite high up there. We are doing

well compared to our competitors in the market. The second element is that we would like to decarbonise our industry. And we have a target of net zero in 2030. And of course it is about – maybe I should have been on the next – no. Deliver high return projects and I'll come back to that because that is really where there is a massive effort just now. And of course it is also about sort of what is the next wave, how are we going to create growth going forward. So those are the – are the key focus areas for us.

**World-Class Oil and Gas Portfolio**

*Large scale, low risk assets on the Norwegian Continental Shelf*

So we are on NCS only. And I think that has been important for us. So this focus I think has been important for Aker BP. Pure oil and gas and NCS only. That has been the sort of backbone of creating the growth. We operate five assets. Valhall that came along with the BP deal. We have produced 1.2 billion barrels from the Valhall area but we have a target to get to 2 billion. And we are also doing quite a big project there at the moment where we are tying back Fenris to Valhall and building a new platform at Valhall. Then we have Edvard Grieg and Ivar Aasen that we are running as one now combined asset. Edvard Grieg came with the Lundin acquisition and here it's about sort of really making that super-efficient asset together, taking out synergies. Then we have Alvheim which is a great success story. That came with the Marathon deal and we have been doing sort of subsea tiebacks, at least one a year, and we also see that that will continue some time into the future. Then we have Skarv, a gas hub, came from the deal with BP. Quite a lot of prospects in that area so I think that looks very interesting for the future. We need to unlock those opportunities together. Ula, slightly different, late-life going towards the end. And the sort of decommissioning phase. Towards the end of this century. We are – we are developing Yggdrasil as the sixth one and, as you said, that's really a big project. And we have a small video on it as well that we will show. It is the most complex I think field development ever on the Norwegian Continental Shelf and it's actually the largest subsea development ever on the Norwegian Continental Shelf.

And of course we are partners in several assets with the Johan Sverdrup as the main one where we have close to 32% ownership. About 50:50 split between own-operated production and non-operated production. Heavy investment programme, as I said, $20 billion investment programme, more than the market cap of the company. I think it's the biggest – by far the biggest capex programme in Norway, actually ever. And it is also quite big in the sort of European scale for a private company. So there is a lot on the plate. And as I said, low emissions is a key focus for us where we have around 3kg per barrel. That's the best in the industry. We are best in the industry on that. The global average is 18-20kgs I think so this is – this is something we are really, really proud of.

**Developments to Drive Growth and Value Creation**

*Planning to produce around 525 mboepd in 2028*

Then we want to grow further. So we are – that's why we are doing the projects of course. And about half of the production in 2028 now will come from the projects that we have – that we are developing just now. So without doing this, we would quite – you see the sort of decline that is there. That would be – we would soon be a sort of 250-300 barrels instead of 450 where we are today. And we have the ambition to go north of 500 to 525. So that is the – that is of course why we are doing this. That's why we are doing projects. It is to produce

the oil and the gas. Low emissions on all of them as they are mostly with sort of power from shore. And also quite solid economics with the sort of breakeven in the range of $30-40. Relatively short payback time and this also illustrates the importance of the cooperation that we have with the alliance partners and Subsea7.

**Our Key Principles for Successful Project Execution**

*Alliance model a key enabler; Subsea Alliance (SSA) established in 2016*

When it comes to project execution, we have some key principles that we believe strongly. Front-loading, early planning, get suppliers involved early and of course here the alliance is a key element. But we also want to expand it further than that. We want to sort of enter contracts early with equipment suppliers so that we get everybody on board and can really do proper planning early. I think history shows in our industry that it is the lack of maturation and the lack of sort of early phase planning that's why projects go wrong. So that is a key element for us. Standardise where possible. That benefits the execution phase which also very important when we operate the assets. So we have a lot of attention on this at the moment.

And maybe the most important and the backbone of Aker BP is partnerships. One team approach. Strong partnership and that's why we have developed alliances. So we've gone into partnership with the best suppliers and get them on board. And we think that is important to drive performance, to improve, innovate, develop competence and really also enable growth. Driven by common goals and incentives where we aim to really create win-win. And that means that predictability and of course lower costs for us but it also means higher margins for our alliance partners. Because if you don't make money, you will not innovate. And that is what we need in this industry. We need innovation. New and better solutions. And behind all this is of course the trust that you have – the foundation for this is trust. And I must say John and your team here you have really sort of shown excellent leadership. Because it has to come from the – come from the top.

Subsea Alliance, we talked about it, maybe I could skip that one of course. But I would like to add one thing. The unique thing about this alliance is that we are included in it. The operator is in. There are a lot of supplier alliances but the unique thing with this is that we are part of it so we really sort of try to get the client and suppliers truly integrated inside the alliance.

**Aker BP Project Overview**

*Subsea Alliance involved in the majority of Aker BP's large current portfolio of projects*

I'm not going to go through this. It's – this is showing just a sort of list of the – of the projects that we have going at the moment. But I think – look at the ticks. That is where the Subsea Alliance is involved. So you are – the Subsea Alliance is actually involved in the majority of the work that we have going at the moment. And we could not have done this without the alliance setup. Aker BP's a relatively small organisation and we need the sort of close cooperation to really take these projects through.

**Taking the Subsea Alliance to the Next Level**

*Building on track record of predictable deliveries*

I think Olivier you had at least one of this on your slide. We have done 17 projects since 2016 and NOK 17 billion in sort of revenue in that work. All within – all on time and all within

budget. That's a very solid record and a good basis for where we are going now because now we are really doubling the volume that we're going to take through. What is in the portfolio now is twice the size in a much shorter period. So we have a mountain of activities that we are dealing with together. Massive effort, 700km+ of pipeline and umbilicals I think in this portfolio. 50+ wells to be installed over the next three years. 2,000 vessel days or something like that so we have a lot together to make sure we deliver well. Then I think I'll do a video on Yggdrasil.

**Yggdrasil Video**

*'We are delivering Yggdrasil through alliances and strategic partnerships. We work integrated as one team. Through frontloading of activities we are ensured early involvement, integration and continuity in our alliances with one team and fast progress. Through the alliances model we have entered the market early with standards across all major platform deliveries in Aker BP securing early capacity in a demanding market.*

*My name is Jan Fredrik Sørensen and I'm the Project Manager on Yggdrasil Subsea. Yggdrasil is the largest subsea development project on the Norwegian Continental Shelf ever. We are connecting subsea equipment from the wellhead all the way to the platforms and to the two connecting Stratpipe and Grane pipelines. We have fabrication happening all over the world. We have started the offshore season for 2024 with the first intervention campaigns and there will be a lot more activities happening in 2025 and 2026. So we use 2024 as a practice year. And we will install totally over 70,000 tonnes of steel on the seabed and more than 1.5 million tonnes of rock. On the existing project, we will land more than 1,800 offshore installation days. We are well prepared and we will work with the Subsea Alliance over many years to prove that we are ready to deliver and that we do it safely.'*

So that's what we want to achieve.

**Project Execution Progressing According to Plan**

*Moving from engineering and procurement phase to construction*

So where are we on this portfolio? We are on track. We have achieved all milestones to-date. We are moving from a sort of heavy engineering phase into now fabrication and installation focus. Capex estimates in line with what we actually sanctioned. We have placed all major – or all contracts, secured all materials. We have started fabrication and manufacturing at all locations. We have of course – this was an activity package so there's quite a lot of activity in Norway. But we also have quite a lot of activity of course abroad. Subsea is progressing according to plan and we have started offshore work. We have installed templates on Skarv and we are presently installing the production pipeline on – between Valhall and Fenris and there is more to come later this season.

**The NCS Future is Subsea**

*However, the easy barrels are gone*

So what about the future? I think we have to realise that what we have ahead of us it will be dominated – first of all, Subsea is in the core. It will be dominated by subsea tiebacks but they're becoming more marginal, more difficult. More difficult reservoirs, longer step-outs and smaller. And that means that we need to be smarter, be innovative, come up with new solutions, both from a sort of technical commercial perspective, business model. We need to look at the requirements that we put forward. We might even look at the requirements of

course that the authorities put forward. So there has to be a lot of focus on this. But there is one thing I'm absolutely certain of and that is that partnership and alliances is what will take us there. So that's why I am a strong, strong, strong believer in this approach. And we see the results. So it's just a matter of taking it further. Thank you.

## Knut and Monica in Conversation

**Monica Th. Bjørkmann:** I think we will have a few sort of – a little dialogue on stage here.

**Knut Sandvik:** A little dialogue.

**Monica Th. Bjørkmann:** So we can sit on the bar stools.

**Knut Sandvik:** Sit on the bar stools.

**Monica Th. Bjørkmann:** Yes. Just, I think… So we kind of will challenge ourselves on four different things. And we can start Knut with – if you can say a bit about what do you think are the opportunities of working in an alliance type relationship?

**Knut Sandvik:** I think I've touched on quite a few of the – of the elements but I think this early involvement and really knowing who is going to do it, where you're going to do it and what sort of technology you are going to use and what sort of assets you're going to use. Very early to develop the best solutions, so, I think it's a key element. And I think also this predictability in the capacity. And of course for us it is a lot about speed. If you go about this in this old traditional way, you have different phases in these projects where you sort of you study it, then you tender for the fee, then you do – do the fee. Then you do tender for the execution maybe and so on. And of course we get rid of all this sort of different sort of tendering and evaluation phases. And that speeds it up and that of course makes a lot more – lot more value to us. And I think also we have demonstrated a lot Monica on the flexibility in the alliance.

**Monica Th. Bjørkmann:** I think so. Yes.

**Knut Sandvik:** We have of course in a setup an alliance you have several projects going. You have flexibility. You can move vessels. You can – you can do stuff and I must say we do it in the right way. We don't have a lot of commercial debate. We do it in a one-team spirit, trusting that it will be good for everybody.

**Monica Th. Bjørkmann:** Exactly. But are there some challenges as well you think?

**Knut Sandvik:** Yes of course there are challenges. I think the one – the one that we always have to look after is to make sure that we can demonstrate that we are competitive. We need to make sure that whatever we do is competitive. And I also think there is – we have to be careful in sort of misunderstanding the sort of trust and the relationship and so – so we don't make it too sort of unhappy family. We have to have the sort of ability to challenge each other because that's how we also improve. But it has to be done in the right way. It is about how you do it. Of course we need to challenge each other but it's the way we have to do it that is the key for me. So sort of maintain that is very, very important. At least the way I see it.

**Monica Th. Bjørkmann:** Yes, so we can't –

**Knut Sandvik:** And of course when we are getting bigger we also get some issues around sort of the market share thing that is popping up a bit. But Monica, what about you? What do you see in this?

**Monica Th. Bjørkmann:** What's the value for Subsea7? Yes. I think –

**Knut Sandvik:** What's the value for you?

**Monica Th. Bjørkmann:** I think some of the value for Subsea7 is that it definitely enhances our market share in Norway. But I also think it gives us a good predictability on our margins. So I think the – there is – the model is based on incentivising good behaviour, good solutions and the right solutions. So if we have smart solution that comes from our team that actually reduces the cost for Aker BP, it means that part of that is actually coming back to us and OneSubsea. So there is a share here. We call it a pain gain share. So it means we have a common risk continuency pot, so not each of the three parties sits on the risk continuency pot. And that means if we have used less than we had planned then parts of that actually comes back and enhances our margin as well. So I think that's a big, big value. But I think also the good visibility in projects that we work early together. It means that we have visibility on what projects are coming so that we can sit together and actually discuss those. It doesn't mean that they all happen but it means that we can see what is in the pipeline much earlier.

And I think also that collaboration is one of the strong, strong values of Subsea7. We feel that that's in our genes and it really fits very well into how we work together. So I think that's a motivational factor. It's inspiring for people so it's great to have people that are happy to go to work every day, to sit in the alliance.

**Knut Sandvik:** Very good.

**Monica Th. Bjørkmann:** Yes. And then I think one – one more thing is obviously the future. You know, we're happy – one big happy family. We've worked together for eight years. But the future is, as Knut was saying, it's more marginal tiebacks. It will be more difficult. It's not the huge green field being developed in Norway as expected at least. So we need to find out how can we unlock that value of those future projects together. So that's the new challenge and how can we solve that Knut?

**Knut Sandvik:** If we had the solution to that then it would – then we would have done it. No, I think – I think at least my sort of perspective on this is that the alliances have sort of proved themselves. Now it's sort of how do we take it further? I think there's something on maybe we have so far been focused on alliances around scope. Maybe we need to think alliances on sort of sub-scopes. We need to think around sort of, is there something, say a tieback alliance for instance where you have the drilling and wells, you have the subsea, you have the medication. So you really get the optimum in the totality. It's at least something we are thinking of in Aker BP as a next step on the – on the collaboration and the alliance thinking. It's important for us. And I think also this maybe we should think also deeper in the value chain. That we need to sort of bring on board some of the key equipment suppliers and so on. And further down. So that is along the lines that we are thinking at the moment. But as I mentioned there is – we need of course new solutions. We need maybe new business models. We need to challenge requirements and everything.

**Monica Th. Bjørkmann:** But I think an add-on to that is on digitalisation. So I think by sharing data, by actually having access to the same data, by using that data in a great way, it can mean that we can be more efficient internally in the companies, more efficient between us but also working with the authorities, for example, and the government, how the interaction is there. So I think digitalisation is also a key to how we can unlock future value here.

**Knut Sandvik:** Yes. Speed it up of course is – there's going to be a lot of that and efficient information flow. Partnership I think is the one key element in the end.

**Monica Th. Bjørkmann:** Yes. So then I'd like to thank you and then – yes, exactly. And then I have a few – just one more slide to go in the end. Thank you, Knut.

**Make Floating Wind Possible**

*Make carbon capture and storage possible*

So obviously we've been talking a lot about – we've been talking a lot about oil and gas here but Subsea7 is not just about oil and gas. It's also about the future and energy transition. And here we see two pictures. One is from Hywind Tampen. So Subsea7 was installing the cables for Hywind Tampen which was the first commercial floating wind project offshore in the world by Equinor. And we've also been part of carbon capture and storage. So Northern Lights Phase 1, as you probably have heard about, is the first commercial CCS project in the world. And that also delivered in Norway by Equinor and we have done the whole infrastructure of that. So this is actually a picture at Vigra with our vessel last year, spooling the pipe and then installing the pipe this year and last year for Equinor on that one. So – and I think it's also worth mentioning, for Norway even though this is the first kind of commercial CO2 storage project we have actually stored CO2 on the Norwegian Continental Shelf since 1996. So on Sleipner field they take out the CO2 and actually directly inject that into the reservoir. So there's a long track record in Norway of doing that. And they do the same also on Snohvit. So with that I'd like to thank you for the attention and that's what I planned to say.

## Financial Performance

Mark Foley

*CFO, Subsea7*

**Energy Landscape**

*Offshore's enviable position – Subsea7's core strength*

Thank you, Monica and Knut. It was certainly impressive to hear about the benefits and value generated as well as the opportunities associated with the alliance model. My name's Mark Foley, I'm Subsea7's CFO and have been since January 2022. I've had just over 25 years in the broader energy sector.

So let me start today with the energy landscape but viewing that over an ultra-long period. The world has an almost insatiable appetite for energy and Subsea7's conviction, strong conviction, is that oil and gas and in particular deepwater oil and gas will play a prominent role in the energy mix for decades to come. That's a view that's shared by independent and

credible forecasters and it's a view that also prevails under a range of plausible scenarios. So let's take one of those scenarios. This is from Rystad and it's present in June 2024. And we see oil and gas as a percent of the energy mix coming off somewhat in 2040 to around – 2050 to around 40%. Now, we understand that the energy transition is in progress but none of us know the speed and the nature of that. However, it's something that's happening. But this datapoint here alone, I could have used other datapoints as well, underpins the continued relevance for decades to come of oil and gas but in particular deepwater oil and gas.

There's another favourable set of attributes associated with deepwater oil and gas and that is that it sits favourably on the cost curve and as Knut alluded to it also has a favourable attribute around carbon intensity. So our clients at the moment use economics as the dominant decision-making criteria for their investments but we see examples now of carbon intensity coming into play. And again Knut mentioned that in his presentation.

So as a result of the positioning on cost as well as carbon intensity, it also reinforces the relevance of deepwater oil and gas. Perhaps more importantly is that the vast majority of the oil and gas shown out to 2040 and 2050 here and using 2050 as the example, two-thirds of that is as yet undeveloped. And it will require the assets, the competencies, the key differentiators of Subsea7 in order to bring our clients' projects alive.

**Financial Performance**

*Impressive revenue growth profile underpinned by $12 billion backlog*

So moving from an ultra-long timeframe to one which is much more near-term, I look at the favourable market conditions that we have benefitted from over recent times. That has manifested itself in us having a record backlog of $12 billion. And as comparator points, if I look at the backlog at the second quarter of 2021, that was $6.4 billion, in 2022 $7.4 billion, and then last year $10.3 billion. So there are a variety of factors that have led to the improvement in market conditions. I'll share three specific examples which I consider relevant. One is that we've got much more moderated discussion around the energy transition, particularly in certain regions. There is an acknowledgement that energy security and energy affordability is important. That has led to a much more sophisticated and mature discussion compared to the somewhat polarised discourse that we had at COP26 in Glasgow in 2021.

The second part is to do with the cost of oil and gas extraction. Subsea7 as a leading energy solution provider together with its peers has been at the vanguard of promoting integration, early engagement, standardisation in order to bring down the breakeven cost of development. And lastly our clients have depleted resources. There had been a significant period of underinvestment in the latter part of the last decade as well as around the 2020 timeframe. So all taken together, that has acted as a catalyst in order to present us in Subsea7 with attractive market opportunities.

The point I'd like to reinforce here is whilst we have a record backlog of $12 billion, it's quality backlog. And what I mean by quality backlog is that the embedded margins are superior. As our backlog has evolved sequentially, we have seen an accretion in the margin embedded. The second point is as the bargaining power has moved more than in favour of Subsea7 in part as a result of the capital discipline of tier-1 contractors, we are able to have more

beneficial terms and conditions. And then lastly the cash flow profile of projects have improved as well. And that's something that naturally I'm very pleased about.

So as we enter through this year, I would expect the backlog at the end of 2024 as we exit to have less than $500 million related to contracts that were won in 2021 and earlier. And those by definition were the poorer quality contracts as a result of the prevailing market conditions.

*Adjusted EBITDA margin expansion on track*

So as a result of the high visibility together with, as Olivier showed, the pipeline prospects of $21 billion, that has allowed us last year in order to extend the timeframe of our guidance. In November of last year, we extended that timeframe out to include 2025 where we indicated that we expected adjusted EBITDA margin to be in the range of 15-20%. Earlier this year, as a result of the progress, the continued progress, that we see in the organisation, we tightened that range to 18-20% for 2025. And as we stand here today, we expect the adjusted EBITDA margin to cross the 20% threshold in 2026 and gradually increase thereafter.

I'll just stop here for a moment and decompose some of the less obvious drivers of profitability within our portfolio. Understandably, pricing is the one that takes centre stage and of course it is incredibly important. And we have seen as the quarters elapse improved embedded pricing in the work that we have won. Furthermore, as activity levels increase, we have higher utilisation within our assets and notably that being the vessels. So at a certain tipping point around the number of days, we will recover the cost for the asset for the year and any days thereafter is an increment of fall-through to profitability. And that's a very important secondary profit driver in an upcycle. Moreover, as we have established robust regional portfolios in Norway and in Brazil, we also benefit from the economies of scale and scope.

And then moving on to upside potential through our execution, that can come in a variety of forms. It can come from executing projects quicker than we expected, it could be that we were able to leverage our buying power with the supply chain, or indeed it means that costs that we had denoted or risks that we had denoted costs again which I'll term contingencies we have executed in a manner that has mitigated those risks, and that cost then falls to the bottom line. So those are some of the less obvious drivers of profitability. That gives us the confidence to reconfirm the expectation of 18-20% for 2025, as well as that EBITDA margin breaching 20% in 2026 and gradually increasing beyond.

The other point to note here is that allied with improvement in margins, we're also pushing through greater volumes. And that is also increasing the amount of adjusted EBITDA that we expect to earn. So we've guided the margin this year of adjusted EBITDA to be between $950 million and $1 billion. And to set that into context last year, we delivered $714 million and the year before, 2022, around $560 million. So it's this profitability that acts as the foundation for the strong cash generation that we expect to generate in the coming years, which underpins our commitments to shareholder returns.

And then lastly with our continued capital discipline and improved profitability, it will lead to an improvement and a favourable evolution in our return on capital employed. And both of these points are a good entry level, that's cash generation and disciplined approach to capital investment, to share the slide that John showed earlier today.

**Capital Allocation Framework**

*Creating shareholder value*

It's no mistake. It's purposefully included because the message here is important and it's one that we want to reinforce. In terms of shareholder returns, it was only one year in the period from 2012 to now that we have not returned anything to shareholders. That was 2016; despite the state of the market and the position that we had on the cycle. In 2022 we committed to a regular dividend payment of NOK 1 per share and we've exceeded the payments from that in 2023 when we paid the equivalent of NOK 4 per share. More importantly this year we have committed to returning at least $1 billion to shareholders. We have paid the first of the two equal dividend payment instalments in May. That was for an amount of $85 million and we are $35 million through the $80 million share repurchase programme. So as the Board have demonstrated as advised by management, we do have a very keen focus in ensuring that we return excess cash to shareholders. And I'm certain that management, John, myself, others in the ExCom together with the Board will apply that same diligence when excess cash is generated in the years to come.

The balance sheet is important too. Having a balance sheet with an investment grade profile as well as having moderate leverage, as well as access to ample committed liquidity is important to our clients. Not everyone can say that they have that and it's that confidence that our clients have in our ability to be there to deliver their strategically and financially important projects that we will maintain our focus on this critical aspect of our capital allocation framework.

And whilst we have a modern diverse and capable fleet, it will age and we will have to make reinvestments. I find it very encouraging that we have new hydrocarbon frontiers evolving, whether it's Guyana or Suriname, Trinidad & Tobago, Mozambique, Namibia. And we will have to evaluate the capacity and the capability that we need in order to meet that market demand.

**Summary**

So in summary, we have a very strong conviction around the continued relevance of deepwater oil and gas in the energy mix for decades to come. We have a unique set of assets, competencies and key differentiators that can provide our clients with the solutions that they need in order to unlock their development opportunities. We see very improved market conditions compared to two, two-and-a-half years ago and as a result we have the confidence to convey our margin expectations of we're on track to deliver 18-20% for 2025 and we expect adjusted EBITDA margin to cross 20% and gradually increase thereafter. And with that I'll pass over to Phil Simons. Thank you.

# Subsea7 Operations

Phil Simons,

*EVP Projects and Operations, Subsea7*

## Enabling Products

*The right choice for every scenario*

Good afternoon, as it is now. My name's Phil Simons, I'm the EVP for Projects & Operations. I've been in the industry just over 30 years. Been with Subsea7 just under 20 years. Going back to what Olivier said earlier, we talk about the complex projects that we deliver for our clients. And with that, we need people experience, we need an enabling fleet and we need our enabling products as well. And what I want to do is just go through some of our products and then talk about our fleet. So here you see our rigid portfolio of rigid products. The first three you see over there are lined pipelines, really dedicated towards corrosive products that we put – our clients put through their – put through their pipelines. We then have electrically traced heated pipes. So the next two pipes there. All of these are designed to meet the flow assurance requirements of the field developments that we're looking for, for these projects. We then have coated pipelines, different ones to maintain the temperature of the products as they go from the reservoir back to the host facility. And with all of these, we could use any one of these products within our pipeline bundles that Olivier talked about earlier. So our portfolio of rigid pipeline solutions is about providing the right solution for the flow assurance that our clients require.

## Flowlines, Risers and Pipeline Structures

Coupled with that as we talked about earlier, we have our risers. Our risers connect our subsea pipelines to our host facilities. The portfolio is one of the most – leading portfolios in the market. It encompasses both rigid pipelines and flexible pipelines. And it's – they're all designed to meet the most harshest environments and the deepest water depths that our clients operate their fields in today. And then we have our pipeline structures. They hold the controls and the valve networks to operate the fields. They are – we are working with our clients now with configured-to-order. So we have modular systems now to make our structure designs more efficient, more cost-effective and to try and bring those project deliveries earlier in the lifecycle, similar to what we did on Sakarya.

## Industry's Largest, Most Modern Fleet of 40 Vessels

And to enable those projects to be installed we have one of the largest, most modern fleet of vessels. We have an average age of about 12 years of our own vessels and as we've said we strategically look at owning our key enablers, the ones that do the core of our work. And we supplement that with our chartered, long-term and short-term chartered vessels to support those strategic vessels in delivery of the key projects. On the right-hand side you see the renewables fleet. I'm not going to talk about that today. I'm going to talk about subsea and conventional fleet on the right-hand side. So we have at the top there our rigid pipelay vessels and heavy lift vessels, key enablers to install the rigid pipeline portfolio that you saw earlier. We then have our subsea construction vessels. These vessels install the flexible pipelines, install the large subsea structures you saw earlier, install the flexible risers that you saw in our portfolio of products. These also include the PLSVs that we have in Brazil at the moment. And those two assets are core to our delivery capability. We then have our diving

vessels, generally working in the North Sea but sometimes out in Africa and down in the Middle East. And then we have along the bottom row there our light construction support vessels and our inspection, repair and maintenance vessels. These vessels are all chartered. These vessels we bring in and out to provide flexibility within our fleet dependent on market requirements. And we can upgrade these vessels to help install flexibles with our modular pipelay towers and our modular carousels. We want to control the technology. We want to control the knowledge and know-how to do that. So we can take those mobile pipelay assets and put them on chartered vessels where and when we need to upgrade those to support us in our activity levels. Our whole purpose in all of this is to keep up utilisation and to ensure that if we fully utilise the key assets laying what they need to lay and installing what they need to install.

**Subsea7 Deploys All Three Pipelaying Technologies**

If I look at the rigid pipelay fleet, there are three ways that you can lay pipeline, subsea pipelines. You can either lay them in S-lay, reel-lay or J-lay. S-lay is about large diameter pipelines. They can lay from very shallow water to very deep water and they can lay from smaller diameter to very large diameter. Reel-lay maximum of about 18-20-inch pipeline diameter so they are constricted but they can lay from shallow to very deep water as well. And they're probably one of the most used pipelay assets for Subsea7 and used on most of our pipelay projects. Finally, we have J-lay, designed where S-lay can't meet the tension requirements. J-lay ensures that we can lay very deep water pipelines. So all of these vessels, the whole idea of the – the whole way that they're working is to ensure that they provide tension in the pipeline to make sure we don't buckle or damage the pipeline. S-lay and J-lay weld the pipeline as they install it offshore. Reel-lay pipelay requires a pipeline small base like we're going to see today in Vigra. And we have a number of those around the world.

**Rigid Pipelay Fleet**

This is our rigid pipelay fleet. I'll go into it in a bit more detail. Five assets spanning the full range of S-lay, reel-lay and J-lay. We have one of the only fleets at this moment that operates across all of the different pipelay modes.

*Reel Lay Vessels*

If you look at the *Seven Vega,* our most modern vessel, she's currently in Brazil working on Equinor Bacalhau. She will then go on to Petrobras Mero 3. *Seven Oceans* is currently in Australia doing Santos Barossa. She will then come back to the North Sea to do Aker BP's Skarv. *Seven Navica*, she was the one that just completed the Northern Lights carbon capture for Equinor in Norway and she's currently unfortunately just left Vigra – well, she supposed to be leaving in three quarters of an hour. I hope she's on time. But she's off to go and lay Aker BP Fenris. So a very active fleet at the moment. The reel-lay vessels fully active and fully utilised for the next few years.

*S Lay Vessels*

*Seven Borealis* and *Seven Champion*, our S-lay capability. The *Seven Champion* was introduced to the Middle East, the first dynamic vessel to ever be introduced in the Middle East. She has a 3,200-tonne crane as well. So for the jobs with Saudi Aramco, she can install the topsides and jackets fabricated by Larsen & Toubro, our partner in the Middle East.

And she can install the pipelines. *Seven Borealis*, she's just finished the ExxonMobil EPC-5 120-km pipelay in Guyana, and then she's going to go actually to the Middle East to work on Saudi Aramco's Zuluf project.

*J Lay Vessel*

The *Seven Borealis* also has a J-lay capability. She laid the Lingshui risers in 2020 and expectations are we're looking for jobs for her in a J-lay mode in 2026.

*Spoolbases and Bundle Sites*

To support all those pipelay operations we have over there you see the Wick bundle in northeast of Scotland. We've talked about our 7.5km-site to install our bundles. We have the Glasgow Technology Centre where we develop the weld procedures, where we do all our R&D on welding and where we developed some of the most technically-advanced welding capability in the market. We then have Ingleside. She's just completing Beacon Shenandoah in the US for the *Oceans* as she goes there later on this year. In UBU we do all of the welding for the Petrobras jobs. We've just finished Bacalhau. We're just waiting to spool out on Mero 3. We will do Mero 4, Buzios 8 and Buzios 9. In Lobito in Angola, part of our overall larger fabrication site, we are just doing CLOV 3 for Total Energies. In Bintan we're just loading out to last trip on the *Oceans* for the Santos Barossa pipeline. That's been instrumental in providing a low-cost solution for our clients in Australia where to install and fabricate in-country is very expensive because of the local unionised workforce. And finally we come to Vigra. Vigra based in the North Sea, supporting the North Sea but also supporting globally because of the capabilities that have to do the especially-complicated pipelines.

**Vigra Spoolbase, Norway**

Vigra one of the largest pipeline spoolbases in the world, developed in 2008. She has the capacity and she has the capability to deliver some of the most complex projects and to meet the demand, as you can see, from Aker BP. You will see this afternoon that she has some of the most advanced pipeline handling systems but also she can deliver some of the most complex pipeline technology as well.

**Vigra Spoolbase – Enabling Products**

And I just wanted to end on some of our products, four key products. So if you look at the end, the Swagelined pipelines, a lot of the problems our clients have is that for water injection. They want to inject water injection to keep the reservoir pressure up. Water, sea water, is very corrosive on carbon steel. We've developed with Swagelined, which we own, a polymer-lined pipeline so that we can protect the carbon steel from that corrosive nature. So we've designed a pipeline to meet our clients' problems. Electrically heat traced pipes. Clients quite often have a problem with if the product's cooled down, if they have a shutdown, whether it's planned or unplanned, that the products can start waxing and blocking the pipelines. Electrically traced heated pipes provide a very efficient solution for our clients to maintain the heat within the pipeline to stop the product waxing and to ensure that they can start production again as soon as they've come out of their shutdown. Mechanically lined pipes, these are designed to protect against the corrosive sour service production that quite often fields we see now have. These rather than having a solid alloy pipeline, very expensive to purchase and to install, these put a 2-3mm alloy liner inside the pipeline. We can then weld them together. We use very high spec welding to ensure we continue that alloy

protection of the carbon steel. And we then protect the lined pipe from the corrosive nature of the product. And finally we have the heavy wall pipe. Some of the heavy wall pipe, especially in the Gulf of Mexico, these are up to 45mm wall thickness. They've very thick and you just can't imagine that we can bend these round a reel but we can. But also, we have to weld to very high spec. These are coping with 20,000 psi welds, 20,000 psi field developments. So we really have to have very high – very thick steel but we also have to have very high-quality welding, almost zero defects in that welding, and that's where our technology and our development in R&D in welding technology I think brings us to the front of the capabilities that we are seeing in the industry today, to meet the demands of our clients.

A host of four different technologies that Subsea7 has developed and worked with our supply chain as well to really meet the problems that our clients have and to find the flow assurance solutions for their field developments. So with that I'll hand back to John to close out for this morning.

## Closing Remarks

John Evans

*CEO, Subsea7*

**Clear Strategy to Deliver Returns**

*Differentiated offering*

Thank you, Phil. We're coming to the close of the prepared slide session and then we'll go into Q&A very quickly. So shall we just close out with one single slide? So just to build out on the topics that we've tried to cover here this morning. It was interesting that we finish off on our products and our technologies because we have a differentiated offering. There is a way of solving the opportunities and problems our clients have with the technologies that Subsea7 can deploy. It is fascinating that we took control of our welding and our materials about 15 years ago and if I look back in all my years at Subsea7 one of the best things we ever did was to set up a technology capability, a delivery capability and to control. When you talk to your clients that weld is the difference between production and no production for them, so it's very, very interesting that materials technology and that suite of portfolio of capability that we've got. So we're very comfortable in offering our clients whatever is the right solution. One thing we've always done in Subsea7, we never try to dictate an answer. We're not trying to sell one thing or another. We're trying to find a way of getting a field to be developed and whether it uses any of the technologies on those slides or all of the technologies on those slides we're happy to work with the clients.

Phil has talked to you about the importance of that fleet, how we utilise it, how we maximise the returns out of it, and that will be a key in the future to being able to deliver what the opportunities that we have ahead of us. And last but not least we entered into a relationship with SLB, then known as Schlumberger in 2015. It's been a fantastic relationship with us. As Olivier talked about, we've put over $8 billion worth of work through our books through that relationship and we continue to have a world-class delivery. What is also very interesting is the big greenfield developments over the last five years, the SIA pretty much there on all of them.

*Proven track record of delivery*

What does that ultimately mean though? You've got to deliver. And in this industry, it's about delivery. I'm very thankful for Knut for joining us today but he heard from our clients what it's like to work with us the other way. And Knut would only give us that work on the basis that we have it because we deliver. He told you about the expectations he and his shareholders have about delivery; and who's he trust to do it? It's Subsea7. So again that robustness of delivery, that ability to deliver projects on time and on schedule matters to our clients. And also, we've talked all the way through today about if we can be involved earlier with our clients, it helps them and it helps us.

*Delivering in the energy transition*

As I said earlier, we are very clear that there is an energy transition happening. We're not scared of it. We want to be part of it and we're going to be very much involved in it. We can see the ability to read across the capabilities we have today to the capabilities the world will need to move hydrogen and CO2 as well as oil and gas in the future. And our renewables business is stable, it's profitable and it's growing. It's been through a very difficult process but so has the whole industry. But there's a very clear path out now to allow further growth in that sector.

*Financial strength*

Mark has talked to you about our financial strength and the importance of that strength but that strength starts with good project delivery, good risk management and our ability to deliver the profit. And then how we choose to protect our profit and how we choose to give it back to our shareholders is the choice that we as management have. But it all starts and ends with the contracts we enter into, how we deliver them and the profits that come out of them. I said earlier, the balance sheet is the most important thing. I've been a shade under 40 years in this industry and I've seen everybody come and everybody go. And it's your balance sheet that lets you down at the end. So again one of our obligations is to make sure we keep strengthening that balance sheet and not doing anything that we'll regret or our shareholders will regret.

*Shareholder returns*

Last but not least, we're very, very clear, there's some great years ahead of us. For us as a company and for our shareholders. We know that there'll be a lot of cash thrown off this business and we're very clear that we will return it to our shareholders. But we'll also keep a very careful eye on the need to reinvest because again in 2030, 2040 and 2050 it'll be companies like Subsea7 that'll deliver.

Lastly, and I touched on it in one of my earlier slides, the competition is very, very small these days. We are a very tight group of three players in the subsea business and the good thing is there's a very rational logic with everybody in there. A little bit like the drillers, everybody's been through interesting times but for us it's about rationality in our business. So again we can see a very strong ability to generate cash over the next few years and so for Subsea7 we – long may it remain is my motto. So with that we're very happy to take questions. Mark and I will sit up here and then we'll ask some of the other speakers to join us as we need. So with that this clock tells me we've got 34 minutes and 52 seconds till lunch so off we go.

## Q&A

**Katherine Tonks (Head Investor Relations, Subsea7):** Lots of time for questions.

**John Evans:** Okay.

**Katherine Tonks:** I need to get to my laptop.

**John Evans:** Very good. You do what you need to do.

**Katherine Tonks:** You sit over here with Mark. Okay. So let's start in the room. Shall we – we'll start at the front and work backwards. Please can you state your name and your company before you start asking the question? That's for the webcast. Thanks.

**Mark Wilson (Jefferies):** Thank you. It's Mark Wilson, Jefferies. Thank you for the presentation. Fascinating and clearly very much a long-term vision of a sustained industry demand here. Could you talk therefore given your long history in the industry John, what is different to the last time, other than the terms and conditions but in terms of what Subsea7 is doing, are there any metrics you have that talk about either your ships or the amount of pipe you're putting down that show there is a clear difference between what has gone before in previous high demand cycles?

**John Evans:** Yes. Great question. I think one benefit I had in my career in one of the predecessors of Subsea7 was to work on one of the big BP alliances. Mick will remember BP ETAP back in the earlier 1990s. Best experience I've ever had in my life was working on an alliance where I spent three years; fully engrained like Aker BP were talking about there. It's the return of alliances and partnerships that really gives me a lot of strength, right. Because once you're in the door you can offer all your toolkit, all your technologies. Everything's on the table and it's in a safe, constructive environment. So for me the key metric that I'm interested in is the number of relationships that we're entering into with clients. You can't do that with everybody, by the way. It's the quality of those relationships, the quality of those discussions. And I think it's very, very important for us as a company because those relationships allow you to see all the way through for – to the end of this decade and beyond.

If we take the relationship with Equinor, you know, Equinor are one of the smartest buyers in this industry to say the least. Everybody in this room knows how exceptionally competent they are. But it was very interesting in the discussions they had with us, was about the fact that they couldn't get Wisting to work and they couldn't get Bay du Nord to work, in the configuration they had and the model they'd had. But they were interested and so they did a beauty contest between TechnipFMC and the Subsea Integration Alliance. And we were exceptionally pleased that we won both. We thought maybe it would be a 50:50 one would go one way, one would go the other. But in the debrief and in the discussions with the senior management there two pieces of feedback, 'We never would have laid out Bacalhau field in Brazil the way you guys laid out Bacalhau.' So this is the one we're laying now. But five years ago we went to Equinor and said, 'Have you thought about doing it this way?' And interestingly on these fields that are ahead of us at the moment, there are ways of developing maybe two-thirds of the development for half the capex initially. So again, getting into those discussions is very, very important. So that's the metric I take more. Pipelay days is a finite number of pipelay days you can sell. Phil's job is to optimise those ships, so anything they don't need to do, structures, riser connections, put them on another ship, send them down. We know they're in tough times, we trade the assets down. They can do everything. So the big ships can do absolutely everything in a field. But today, those ships move around from job to job just doing exactly what they're there to do so we can maximise the 350-odd days a year we have for each of the vessels.

So for me, it's about relationships and partnerships. And importantly it's safety, right. Our – we don't talk too much about it but it's in our key values. We're in a hydrocarbon-based industry and so keeping a very close eye on safety. Growth and safety. We're doing okay. We're doing fine on it but safety is something we have to be exceptionally careful of everyday.

**Mick Pickup (Barclays):** Hi. It's Mick here from Barclays. I'm going to ask two questions if I may. So firstly Mark you mentioned volume as well as margin. You talk about your fleet being efficient and doing what it can. And it's quite busy at the moment. So how would you increase volumes when things are already optimised?

And the second question if I may just on partnerships as a follow-up. You mentioned Chevron and Shell coming in for partnerships but at the bidding phase. Clearly that suggests to me they're worried about capacity going forward. And you want relationships so how do you – how do you ensure those projects aren't a lemon?

**John Evans:** Good question. So let's take the different parts of it. We worked with Shell and we worked with Chevron for many decades Mick, so we know how they are. I would certainly take my hat off to Chevron. Chevron has been one of the most transformative oil companies in the last three to four years to get clear in their mind that the old model maybe isn't the right model. And so Chevron have been very, very interested in working with us. Phil talked about the 20k psi field. Anker is one of the first 20k fields in the world, going in in the US. Chevron understood that getting the welding right on the pipelines was the make or break on that one. So we negotiated Anker with them. To me it's all about how the client behaves towards us and how we work with them. How we get into discussion doesn't bother me that much to be honest with you; whether I have to bid it, whether I negotiate it, whether I start through a technology project. I think for us we do see people like Chevron and Shell realising that there has to be a different way of working. Three bids and a buy worked fine ten years ago when there was plenty of young pretenders and you could give a job to a [inaudible] or a Seacon or something but they wouldn't get the job done for you. Today I think we're in a place where certain clients – but equally we're very clear with clients. We can't give you what Aker BP gets. We can't do 40 of those or 30 of those type of relationships.

In terms of assets and capacity, I guess the other thing that's very important here is the *Navica*, the one – the vessel you saw this morning. She is built in 1999, 25 years old. We spend a lot of money every year keeping her in great order. She's still as good as the day she was built. But again, it's about again maximising how we do it. We bring bundles into the mix, as we've discussed. We are doing a lot of work on Yggdrasil, four big bundles on Yggdrasil. Again, takes pipelaying capacity out. And then we also flick to flexibles again. So again it's the balancing between type of product, type of asset to create opportunities.

**Mark Foley:** And maybe another point to add there around volume. Constructing regional portfolios is important now. As you're aware, we have a critical mass of EPCI jobs now in Brazil. Phil mentioned that the *Seven Vega* had worked successfully on Bacalhau and then will see mostly transit to perform work on Mero 3. That's a great example of configuring our assets in a manner particularly vessels which eliminate intercontinental transits which consume time and are often not paid for by the client. So again that's a factor that's taken into consideration when we bid other than margin being the primary consideration. There are other ways of driving value through optimising portfolios and the other attributes at our disposal.

**Guillaume Delaby (Bernstein):** Yes, Guillaume Delaby from Bernstein. Thank you very much for the presentation and thank you very much for the new datapoints on revenue, on margin. I guess this probably strongly suggests that current consensus for 2026 and 2027 are possibly conservative. If we think not about 2025 or 2026 and put ourselves maybe in 2027, I think a key characteristic of this cycle versus the previous one is that there is little new builds; so is it reasonable to assume that in 2027/2028 in theory, your average margin in theory could or should be higher than at the top of the previous cycle? And could you update us a little bit

about two other competitors that you do not mention, which are Heerema and Allseas, and what those guys could be thinking about in terms of new builds? Thank you. It's a long question, sorry.

**John Evans:** I was going to say no leading questions there then. Let's take your questions one by one. I've been very clear in the answers I've given many, many times I've been asked this. What allowed us to get to exceptionally high EBITDAs in 2014, 2015, 2016 will not be repeated. We were in a place where we secured a huge amount of work and the supply chain dropped away completely. Today the supply chain is with us every step of the way cos you don't want to be left with a non – the supply chain has also reduced in size and scale through the downturn. So again today the ability to get the big flexing out of the supply chain, I am doubtful that we would get there again on that. As Mark says, we expect our margins to gradually improve above 20% from 2026 onwards and that will happen. That will certainly happen. I think the big inflection point we got there I would suggest people don't model that because I can't see the same foundational elements in there.

In terms of competitors, Allseas are transport and install. They're very clear. If you speak to Pieter Heerema and Edward Heerema, they're very clear. [Inaudible] exceptionally good at what they do. But they do not want to do early engagement. They don't want to do engineering. They don't want to do procurement. Again, we will be working with them on some bids we're putting together towards the end of this year. So again for us, we value them in the sector. We know they're exceptionally good. And Heerema are in renewables only. Heerema are out of the oil and gas pipelay business and don't want to go back in there. So again for us we have a couple of other players in the market, as you said, but they have their place and we work and respect them for what they deliver.

**Guillaume Delaby:** [Inaudible] Arctic. Obviously, you opened up on one of your slides on what most of the investors have been fearing and that's that you [inaudible] invest in your fleet at some point in time. But just to sort of understand how you look at it in terms of what capabilities you need, the timeframe of it and what the potential size of that ticket would be.

**John Evans:** Well I'm not going to answer any of those questions but I'll give you a general answer. I think the important thing is that we need to reinvest, right. This is an industry that if we believe here that there's going to be market in 2030, market in 2040, and there's no new pretenders. There's no new capacity. There's no new capability coming into the sector. So I'd like to be the last man standing in this business, and with SLB which I suspect will be the last man standing in oil and gas. So we're going to be here and we're going to be absolutely here. When do we do it? I don't know but ultimately for us, you can't run these machines for 50 years, right. The *Navica* you saw earlier, 25 years old. She's doing a great job for us, spitting out cash for us every day, right. She's 25 years old.

And again, we've always been very clear, enabling technologies, enabling equipment we own, other technologies we rent and bring in. So, for us, we are very clear that we are just not here just to make a buck for the next three years and just shut the doors and stop. So, for us, you need to remember the three sides of the triangle have always been with us, and we will always have it. So, for us, it's about looking long term in terms of where we need to be, and I think we are very clear that hour near-term focus is on our shareholder returns, right.

But the triangle has always moved, we've moved between different parts of that triangle through different parts of the cycle. We invested heavily at one point and now we're in the returns to shareholder stage. And we've also protected our balance sheets at different times. So, again, we will not do anything daft, but equally, we intend to be here in a decade or two decades ahead, because I think somebody is going to build Orla, and I suspect it should be us.

**Lukas Daul (Arctic Securities):** Okay. And then, just a follow-up on the discussion, or you're sort of talking a lot about the alliances and how, sort of, beneficial that is to both parties. So, if you were to quantify that a little bit in terms of, let's talk a margin on a project, what is the margin on the sort of competitive bid project? What would be the range? And what would be the range on an alliance type of project in terms of the moving parts?

**John Evans:** Yeah. I think the important thing to answer that question is a competitive bid is what it says on the tin, three bids and a buy and off we go and see where we go. As Monica and Knut talked about, you know, we have opportunities in the collaboration type models we have. We have risk and reward mechanisms with the clients, where we pool all our contingency pots. So, a client normally keeps a contingency pot on projects, right, which we don't get to see on a traditional three bids and a buy.

So, again, what we see on, for example, the AkerBP, the pot for the Subsea hardware, the contingency pot for the surf and the contingency pot for the client are all combined. So, we then get opportunities to do it.

Generally, our margins on alliance contracts and partnership contracts are set at the market rate. We agree them every year, and if the market is high, the client pays high rates. If the market is low, the rates go up and down. So, we vary our rate to suit the market. But it's the opportunity to, for example, on Idrisi, we introduced the bundle concept. That puts four big pipeline systems that doesn't need a pipelayer, so that pipelayer goes off somewhere else to earn us money in Brazil or something.

So, again, it's a wider picture to think about. So, the margins are the same as the starting point, because we have to work to the market. You know, Knut was very clear, we have to be competitive. This isn't a write the cheque and off we go, but it's about how you access the reward mechanisms through good work and good optimisation for the clients, which gives us the kick up on the alliance type projects.

**Bob Robotti (Robotti & Company):** Hi, Bob Robotti, Robotti and Company. You do talk about the competitive landscape and how that's different today. It seems to me it's a broader issue than that. One, you say you are working potentially different with Chevron and Shell, and of course, there used to be Wood Group used to be in the business doing pre-feed and feed studies and offshore. So, it seems as if the capabilities of your customers are different today, and therefore the value add you deliver is different.

At the same time, the supplier group is totally different today, right. And in your procurement, I would imagine that's a critical element in terms of profit realisation, because I think it was in Brazil, you lost a lot of money, and that had to do with supply chains and issues with it. Today, it would seem as if that's a lot lower risk that you're better managing. So, therefore, there are other aspects to the industry which fill out the picture, which change the profitability and the execution capability that you have. Is that an accurate assessment?

**John Evans:** Yeah, Bob, I think you're right. Well, there's two elements in there. The supply chain is vital for us, right. EPCI contracting means we need to work with a lot of suppliers to make sure the right pieces are engineered correctly and turn up at the right time.

What I would say, the supply chain has been through quite a torturous period through the downturn. So, what we now have, the people who have survived through that and have thrived through that. And equally, we talk about our relationship with AkerBP, we have similar mirrored relationships further down the supply chain, by the way, where we share with them what we're doing, what our plans are, what our clients are trying to do, their capacity, what would we need to do to make sure we secure their capacity.

So, again we do a lot of work with the supply chain, to answer your question, a lot of work with the supply chain. And, for example, Monica had a conversation with Knut that we were concerned about two elements of our supply chain before they got their approvals for these jobs. But we went ahead and secured factory capacity

from two suppliers, before they'd sanctioned the project, underwritten by AkerBP, because again, we had an open dialogue with them to say, be careful you don't get squeezed here.

So, the wider conversation is a great one, right? Because you can bring lots of things into the discussion, right. If you're doing three bids and a buy, until the three bids and a buy process has finished, we can't do much on that.

The second one I think that has changed, you touched on people like Wood Group and Worley. Olivier said it, we have 200 people in the Field Development Group, but also, we have doubled the size of Xodus since we bought it from Chiyoda in 2018. So, we bought Xodus at 215 people, we are now 450 in Xodus. So, Xodus works as an external unbiased front-end pre-feed contractor for clients.

We leave it alone because we are also interested in that, because there has to be a world where clients get their information from. But, as Olivier touched on, these guys are doing carbon-pricing exercises for different cities in the UK and in ports in Holland and in Germany. So, again, we get fantastic insights into hydrogen markets, CO2 markets, as well as they make a bit of money for us as an engineering house.

But what has happened is, your traditional engineers have lost their world. They used to be – Knut talked about it, the problem with that is it takes time. So, Knut has an idea about developing a field. He then gets Wood or somebody in to do the work for them. That's six months. They then have to assess that work. They then go out to bid. That takes nine months.

And remember Kalle, at the very start, in that graph you saw from Knut, Monica and I were in the room the day we signed, Den Norsk it was called at the time, but that was the day they bought Marathon. That was the very start of that curve. Yeah, BP merger, that's right, came together. And I remember at that time, Kalle, he said to me, he said, "Look, John, I know there are guide to bid, and at the end of the nine months, I'll decide whether it's Subsea 7 or Technip," he said. "So, why don't I just cut the nine months out and get you guys in earlier, and you can work with me in a collaborative way?" So, he did a beauty contest way, way back, they did a beauty contest, just like Equinor did with us just recently, they did their beauty contest who they wanted. So, time is the other thing, by working in an integrated way.

So, as Knut and Monica talked about, we get visibility of what they are drilling today, what are their future plans. Each of those six hubs he talked about, we know exactly what the future plans for those hubs are. And we contribute to a lot of projects that don't go ahead, by the way, in this model as well, right. But at least we understand why they went ahead, why they don't want to go ahead, what the criteria are and what modifies.

So, to answer your question, Bob, I think our value has certainly increased from being a bunch of guys with a bunch of red ships for certain. When I meet all the senior oil and gas clients, and renewables clients, I think we're more relevant today than we've ever been in our lives, by the way. Because a lot of our clients are also trying to work out this energy transition. They see Subsea 7 went in to win seriously and are given a capacity there as well. So, as they are also trying to work out how they get into this as well.

You know, our biggest win project is Seagreen for SSE, but the partner in there is Total, by the way. The other guy on that – the non-operator on SSE is Total. So, for us, it's interesting that our clients want that capability to talk with their teams about what they are trying to achieve.

So, again, if you just join the dots together longer term, three big guys in this sector, each of them with different capabilities, each of them with a group of clients they tend to work with, I think it's going to be exceptionally good for us as a business going ahead.

**Erik Aspen Fosså (Carnegie):** Thank you. Erik Aspen Fosså from Carnegie. You talk about higher margins; I am just wondering like how much can you keep on pushing it upwards before it starts to hurt too much for the

companies? Or like, close to that limit or do you still think there's some distance before that becomes an issue?

**John Evans:** Well, if you go back to history and the question about could we repeat the margins of '14 and '15, that gives you another number. You can work back from there.

**Erik Aspen Fosså:** If you go back before that, like 2010 to 2013?

**John Evans:** I think that, yeah, there's ability for us to push the margins up. It's a supply and demand market out there. There's no new supply coming into the business. The needs are there, but our clients are highly sophisticated buyers. Knut said it, you've got to remain competitive, right. You've got to remain competitive. So, ultimately, for us, at the moment, what is interesting, people like Petrobras, the machine keeps working. You saw on that list now, there's new fields in Brazil that weren't on that list at our last quarterly call. So, I think, Olivier – there's five bids, five big surf bids due to come out of Brazil.

**Olivier Blaringhem:** [Inaudible].

**John Evans:** Yeah. Yeah, so Gato do Mato from Shell on the table. Búzios 9, Búzios 10, Búzios 11, and two others from Petrobras. So, the machine keeps generating. Saudi Aramco keeps bringing different packages out to the market. Clients like AkerBP and Equinor give us their portfolios and what they're trying to do.

Olivier talked about the BP relationship. BP want to work with us regionally. Certain regions will be Subsea integrationalised. All these give us opportunity but it's a supply and demand business. But what you can see from all our curves, is that we're pretty sure that we're in a strong place in terms of where we are. Every negotiation, every bid is a price discovery exercise for us, and that's what Olivier and the team do. We try and understand where we go. But also, we're at this long term, right, we don't want to break this, right, in the sense of if we can keep this running and building it up, I think it will be a very, very good place.

But the real opportunity set is the world thinks that some of those other technologies that we talked about earlier in our world is really going to put the energy into the world in 2030, 2040, 2050. We know today, to be very honest, the world is finding that a very difficult exercise to achieve. It is politically difficult, it is commercially very difficult to do, and ultimately, consumers find it very hard to pay more.

So, quite where the oil and gas business will be and how that fits together is the opportunity set that we have, and we will always try to price our projects where we think we want to go. So, for me, that's the – that's exactly what we do. Every price is thought about, every margin is reviewed, so we have a very clear way of looking at technical risk, contract commercial risk, and then lastly – and supply chain risk, and lastly then, what is the opportunity set on margin. That's how each gate, the three gates on these big projects that Olivier and the team go through. And for us, that's the opportunity, and that's why we price some higher and some lower.

**Eric Aspinall-Fossil:** And just one quickly before I leave it to the next one, on the renewable sites there's been a drag that you didn't have at the last site lot, what's the potential there, or what is there, like, if we go beyond 20%, what do you think – what kind of does that imply for the renewables business in terms of what you think the margin can be there?

**John Evans:** Yeah. I think the important thing with the renewables business, compared to oil and gas, oil and gas is capitalism at its best and capitalism at its worst, if you know what I mean, right. If the price of oil is high, everybody is going for gold, if the price of oil is low, the industry struggles.

I still think today the renewables has a number of political linkages in it in every country that we work in, and trying to get these balances right of what the CF, the contract for difference price is, what the size of the pots are, what the reserve prices are. There's a lot of complexity in getting those right. But ultimately, today you

have an energy source where your input fuel is zero once you've built it, and it's, we think that there's a long way to go in terms of that business in terms of what it can do.

The issue I always see in each country is, will the politics come together? You know, different leadership in the UK, different leadership in the US, what does that mean for the politics of wind? So, for me, it's not a technical issue, it's not a contractual issue. I speak to enough clients who would like to do these things, the question is, can the stars align in what is a more complex set of interactions than, you know, what's the price of oil today, does it meet my criteria? Shall I build Fenris or shall I not for people like AkerBP.

**Eric Aspinall-Fossil:** Thank you very much.

**Victoria McCulloch (RBC Capital Markets):** Thanks very much, Victoria McCulloch from RBC. Could you talk a bit about the drivers that you've seen in Q1 that have resulted in you changing the size of some of the opportunities in your tender pipeline? And maybe somewhat along similar lines, in Slide 12, you show a decline in deepwater oil and gas, or it's just an industry chart, I appreciate, a decline in deepwater oil and gas spending. As you seek to grow your work in 2025 and meet those margins, how is that impacting you as a business?

**John Evans:** Do you want to take that one, Mark? Yeah.

**Mark Foley:** Yeah, indeed. So, the deepwater oil and gas, as Olivier and Monica and Knut have demonstrated, despite a tail-off in the spend, it's the ability for Subsea 7 to bring solutions with its partners that will ensure that we maintain an appropriate market share, despite a temporary slump in spending. And I think we were treated to a showcase from Knut and Monica in terms of the benefits that have been tangibly derived from that particular alliance.

So, I don't have any particular concerns that this is a potent to any structural decline at the end of the decade for deepwater oil and gas. As I indicated, it sits very favourably on the cost curve, it's well-positioned on the carbon intensity curve and that is increasingly important for the decision that our clients made, whilst acknowledging that the dominant decision criteria remains the economics associated with the project.

**John Evans:** And just to add to what Mark says, if you'd have asked me ten years ago, Guyana, Surinam, a revived Trinidad. Trinidad is going to be huge again because they've got all the facilities, but they need gas, they need huge volumes of gas in there. Mozambique, Namibia, all these places, there's a lot more work to come out of each of these. So, again, you know, we can take a slice on a particular year and say, does that look okay? Look through – look to see what's out there.

So, this industry is blowing and going in terms of new opportunities and new areas. Places like Mozambique, complex, yes, it's going to take time, but will those resources sit there and never come out? I don't think so. And so, again, for us, it's about the fact that opportunities are coming at a pace in these different areas. Gulf of Mexico, we've always done roughly 50% of Gulf of Mexico. And Gulf of Mexico continues to deliver okay for us.

Brazil, as Olivier discussed, is going – still going at a pace. And again, political changes in country, political leadership changes. The machine keeps moving. The machine keeps moving on. Africa, as Olivier discussed, we've been pleasantly surprised by Africa waking up country by country with opportunities. We have a certain size and certain scale Middle East exposure, which we're comfortable to keep with. And again, there's opportunities there for us.

I guess the only two markets that have challenges are the UK and Australia. Mainly Australia is to do with the environmental permitting. We saw as we took our big pipelayers down there how tight it was to get the permits in time. That's a client problem rather than our problem. But equally, if the clients can't get their permits, they are going to be cautious about sinking in. And the UK is just trying to get its head around what it wants to do.

So, again, for us, we see all our key markets being strong. Quite how the curve fits year-on-year, but we're pretty clear what our backlog, we're okay '25.

**Mark Foley:** And to answer your first question, the quantification of the prospects in the pipeline, you ask the driver for that changing between what we shared in Q1 and what we currently have today. That's merely a function of time elapsing and us having a better understanding of the project scope, and the associated cost of delivery. So, again, there's the thing about natural in terms of evolution.

**Victoria McColloch**: Thank you.

**Kévin Roger (Kepler Cheuvreux):** Yes, good morning. Kévin Roger from Kepler Cheuvreux. Two questions if I may. You just mentioned Brazil, can you comment a bit the situation in the country, because you just mentioned four bids that are on the table that you have recently been very successful with one very large project and the PNSV, competitive landscape, one guy cannot bid for the next two years, and the other one does not have a lot of vessels. So, can you comment a bit the situation in Brazil, please?

And the second one; there has been a lot of discussion around the partnership and the new way of working in the industry, and Knut said that, for example, they are considering bringing new guys into the partnership with [inaudible] etc. On your side, where do you see the big potential synergy of having someone else into the alliances, please?

**John Evans:** Yeah. Great question on Brazil. You know, Brazil is a market where the Petrobras machine keeps moving irrespective of what's going on above it, the machine keeps moving onwards. They have committed FPSOs for Búzios 9, Búzios 10, Búzios 11 and they are trying to commit FPSOs now for these other projects that we're bidding. So, we just see a market there that continues to be strong.

We had some very, very good discussions with Petrobras over the years. You know, we stopped bidding for Petrobras after Guara Lula for many years because the risk profiles weren't right, and they've adjusted the risk profiles in those contracts. They adjusted some of the payment terms, because at one point they had some very difficult payment terms and we told them, look, we can take a certain amount of this, but we can't do much.

So, to be fair, Petrobras is a listener; as a client, they do listen. So, for us, at the moment, we will take a share of the work on our global portfolio in Brazil. We, you know, we've been successful on '9' as we announced a couple of weeks ago, Búzios 9, which fits in nicely with Búzios 8 going into Búzios 9. Again, we'll continue to talk to Petrobras, continue to work with them, continue to bid for them. But the key thing is, they need to make sure that the payment terms are okay, the contract terms are okay, which they listened to.

So, for us, it's about there's an opportunity there, but we will not dedicate absolutely every piece of tonnage that we've got to Brazil. That's not the way we've ever been. We run through very strong regional business. Monica has talked to you about the strength of building up regional business. If you go to the US and Craig Broussard runs the Gulf of Mexico with a very strong regional business there.

So, for us, it's about getting a balance between where we're at. But we're certainly not averse to putting bids in for this type of work. And just quite how it sequences is the question we're all trying to work out. How exactly does all this sequence for everybody?

So, for us, we remain positive and optimistic. We took, all of us took the Board down to Brazil, the Subsea 7 Board. We had out May board meeting this year in Brazil, and we spent time with our Brazilian team just looking at the opportunity set. You know, as Olivier said, four PLSVs and four major Epic contracts from Petrobras, along with Bacalao, that's quite an ask for us.

So, again, for us, we're very comfortable. We've got a very good set up down there, a very strong set up down there. And so, again, we will take the opportunities as they come. So, for us, it's about keeping balance in Brazil.

**Katherine Tonks (Investor Relations):** We've got five minutes left, so, we'll try and get through everyone's questions on this side of the room as well, if John can answer them very quickly.

**John Evans:** I will do. I've got this thing telling me.

**Haakon Amundsen (ABG Sundal Collier):** All right, yeah, thank you. Haakon Amundsen from ABG. Just a follow-up on the potential fleet reinvestments that was discussed. Trying to understand, I mean, the first investment decision you potentially make, you know, will that be driven by the fact that you need, maybe, some new capacities in Namibia? Will it be you need generally more capacity in the Australian market, or is it simply just extending the life of the fleet gradually because you want to stay in business in 2050? What's going to be driver there?

**John Evans:** Well, I think the drivers are reasonably straightforward for us. You know, we charter tonnage for three years, for example. We do a charter commitment to bring tonnage in for three years. Some distressed assets in this industry today, not distressed because the assets are in a bad condition, just the owners aren't in a good place. You can buy that asset for the equivalent of a four-year charter, right. So, we'll just do straight economics on some stuff, right, because we'll certainly use that asset for 15 years beyond that, right? So, again, we are also equally aware of what we're paying out in the market, so chartering is fine, but it's not cheap today to be very clear.

For us, I think longer term it's just about pipelayers, rigid pipelayers, Phil discussed, right. That's the main – that's the main enabler that our industry has. Ultimately, when the chips are down, everybody goes to rigid steel, if you know what I mean. If you look at the pre-sold in Brazil with all the problems of the failed technique of the flexibles, they went back to rigid, right? So, rigid steel is the key to our industry. We have five rigid steel assets. So, longer term we will keep an eye on rigid steel. That's the enabler. If you see the logic of what we talk about today, everything starts with a rigid pipelayer and then the entire fleet builds out from there.

So, for us, it's economics, just straight economics. What you're paying for a charter versus where you're at. I've discussed this a number of times in the quarterly call, we keep – Phil and the team keep a very careful eye on every asset in the world. You discuss people like Allseas, people like Heerema, Pemex in Mexico, who have got a bunch of tunnage. There's a lot of equipment around the world. So, again, we've just got to be careful here that we use what's out there as well, that's the other thing to do as an industry.

So, for us, our logic is case-by-case, being very, very careful about where we're at. But I think the message from Mark is, you can't have assets with a 25/30-year life with an average age of 12 years and still be using them in 2050 without spending something on CAPEX. Just, you know, that's the long story short for us.

But again, it's also about the fact there's a lot of good tonnage out there and we've just got to find it in different place, which is what we've done. We've found assets from different suppliers. If you look at who we're chartering tonnage from, we're chartering tonnage from just about everybody at the moment. So, again, what's also interesting is that the challenge the big ship owners here in Norway have been through is, they haven't built tonnage either, by the way. So, as an industry, it's a very interesting place to be.

**Haakon Amundson:** All right, I'll pass it on this way, yeah.

**Christopher Møllerløkken (SpareBank 1 Markets):** Just one simple question, it's Christopher from SB1. You are clearly excited about the Subsea market outlook, but to turn things around, what is on top of your worry list?

**John Evans:** Top of my worry list? Great question. I just worry about execution. Supply chain execution, that's the key thing. These projects work because they go one after each other, so all the right bits need to turn up at the right time for – you'll see the Navica left this morning for Fenris, right, then she comes back and there's another project for her to do. So, again, it's just keeping all this together I think is key.

And secondly, for me, it's about how do we work with our supply chain. We've got to be doing the relationship that Knut has with us with our supply chain further down. We've worked with a number of these suppliers for decades, and we'll continue to work with them for decades. So, again, for me, you know, one of the things that really troubled me is, I took a phone call on the 23rd of December from Nexans to tell us they would announce on the 2nd of January they were exiting the umbilical market, which they did two years ago. So, a client – a supplier that we bought 40% of our umbilicals exited the business through a strategic decision to go green. That's quite important for us, if you know what I mean.

So, again, for us, it's that type of things that in the back of my mind I'm thinking to myself, we just need to think long term with our suppliers and just work with them and support them as well as they make their changes, because each of the suppliers needs to find their place in the energy transition.

So, for me, it's about execution and supply chain.

**Christopher Møllerløkken:** Thank you.

**Katherine Tonks:** John, do you think you can answer one more question?

**John Evans:** I can, because I've got 56 seconds before lunch.

**Richard Dawson (Berenberg):** Richard Dawson from Berenberg, thank you for fitting me in. And maybe just a quick question. I mean, we talk a lot about vessels as, sort of, capacity looking forwards, but the other assets on the side of this are spool bases and your bundle facilities, do you have enough capacity currently for those, or do you look, are there locations globally where you think you might need to put more in? And maybe sort of give us a sense of just how much one of these places would cost?

**John Evans:** Mark, you can cover that.

**Mark Foley:** Yeah. No, indeed, as new hydrocarbon jurisdictions open themselves up, whether it's Trinidad and Tobago, Surinam, Namibia, the equatorial margin in Brazil, we want to make sure that we can deliver these projects as economically as possible. A spool base, it depends, but a range of something in the region of $50-$80 million probably would suffice the entire cost of the land, building the facility and putting the equipment in it. But you need to balance that against the improved productivity and utilisation that you get from the vessels and the ability to service projects that will be very attractive opportunities for us in these new jurisdictions.

**Katherine Tonks:** And with that, I think we're 20 second over, so, we'll end the questions there. For the people in the room, we are going to come back for a short briefing ahead of the tour. But John, do you want to just wrap up the webcast quickly?

**John Evans:** Well, thank you very much everybody for joining us this morning, thank you for listening to Subsea 7 and our story. And I look forward to talking to you again soon, thank you.

[END OF TRANSCRIPT]