Third Quarter 2018 Earnings Presentation

8 November 2018

Forward-looking statements

Certain statements made in this presentation may include ‘forward-looking statements’. These statements may be identified by the use of words like ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘forecast’, ‘intend’, ‘may’, ‘might’, ‘plan’, ‘predict’, ‘project’, ‘scheduled’, ‘seek’, ‘should’, ‘will’, and similar expressions. The forward-looking statements reflect our current views and are subject to risks, uncertainties and assumptions. The principal risks and uncertainties which could impact the Group and the factors which could affect the actual results are described but not limited to those in the ‘Risk Management’ section in the Group’s Annual Report and Consolidated Financial Statements for the year ended 31 December 2017. These factors, and others which are discussed in our public announcements, are among those that may cause actual and future results and trends to differ materially from our forward-looking statements: actions by regulatory authorities or other third parties; our ability to recover costs on significant projects; the general economic conditions and competition in the markets and businesses in which we operate; our relationship with significant clients; the outcome of legal and administrative proceedings or governmental enquiries; uncertainties inherent in operating internationally; the timely delivery of vessels on order; the impact of laws and regulations; and operating hazards, including spills and environmental damage. Many of these factors are beyond our ability to control or predict. Other unknown or unpredictable factors could also have material adverse effects on our future results. Given these factors, you should not place undue reliance on the forward-looking statements.

Third Quarter 2018

Jean Cahuzac, CEO
- Highlights

Ricardo Rosa, CFO
- Financial performance

Jean Cahuzac, CEO
- Strategy and outlook
- Q&A

Q3 2018 results

FINANCIAL HIGHLIGHTS

- Revenue $1.1 billion
- Adjusted EBITDA $217 million
- Adjusted EBITDA margin 20%
- Diluted EPS $0.23
- Operating cash generated $190 million
- Net cash balance $468 million

OPERATIONAL HIGHLIGHTS

- Good progress on EPIC SURF
- Active Vessel Utilisation: 89%
- Total Vessel Utilisation: 85%

ORDER INTAKE

- Order backlog $5.1 billion
- $0.8 billion awards and escalations

Operational highlights

Cooper Sole (Australia)

WND Ph.2/GFR (Egypt)

Borkum II (Germany)

Hasbah (KSA)

PUPP (Nigeria)

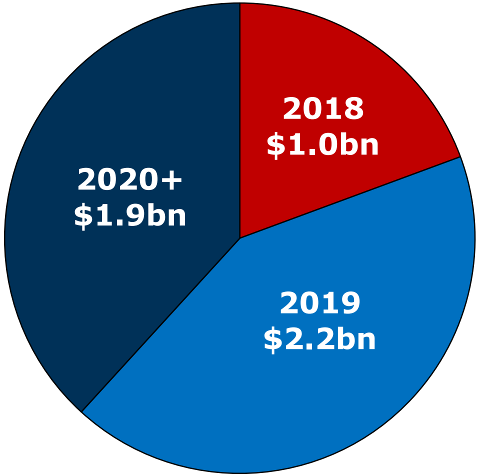
Aerfugl (Norway)

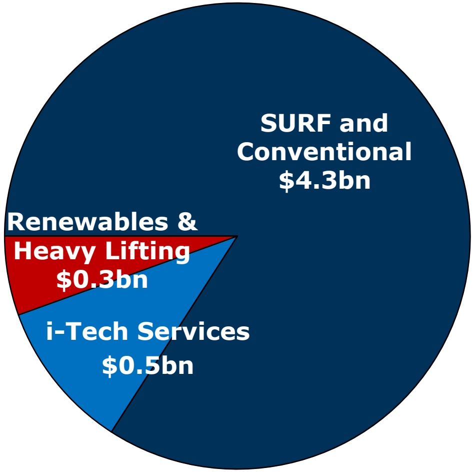
i-Tech Services

PLSVs (Brazil)

Backlog and order intake

Backlog of $5.1 billion, as at 30 September 2018





- $0.8 billion awarded in the third quarter
- Book-to-bill:
  - 0.7x in the quarter
  - 1.0x year-to-date
- Four announced awards:
  - Buzzard Ph. 2 (UK)
  - Conventional Award
  - Triton Knoll (UK)
  - Katmai (US GOM)

Order backlog includes:
- $0.95 billion relating to long-term contracts for PLSVs in Brazil
- approximately $120 million relating to the Fortuna project offshore Equatorial Guinea
- approximately $50 million adverse foreign exchange movement in the third quarter

Income statement – Q3 highlights

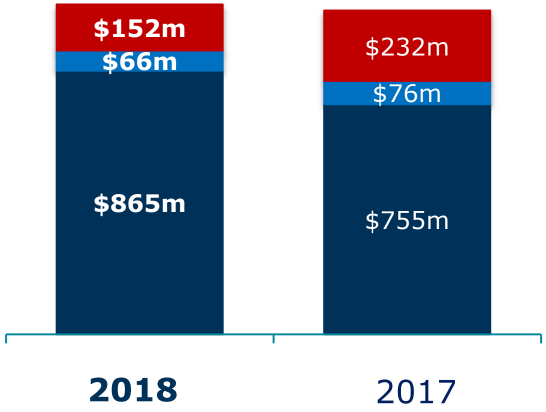
In $ millions, unless otherwise indicated	Three months ended **30 September 2018 Unaudited**	 30 September 2017 Unaudited
Revenue	**1,082**	1,063
Net operating income (NOI)	**111**	149
Income before taxes	**110**	123
Taxation	**(34)**	(12)
Net income	**76**	111
Adjusted EBITDA[1]	**217**	250
Adjusted EBITDA margin	**20%**	24%
Diluted earnings per share $	**0.23**	0.34
Weighted average number of shares (millions)	**328**	341

(1) Adjusted EBITDA defined in Appendix

Business Unit performance – Third quarter

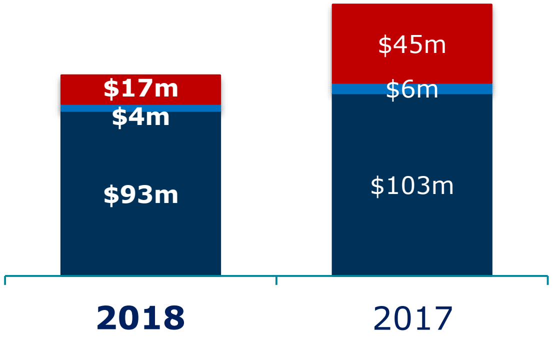
Revenue

$1,082m $1,063m



NOI

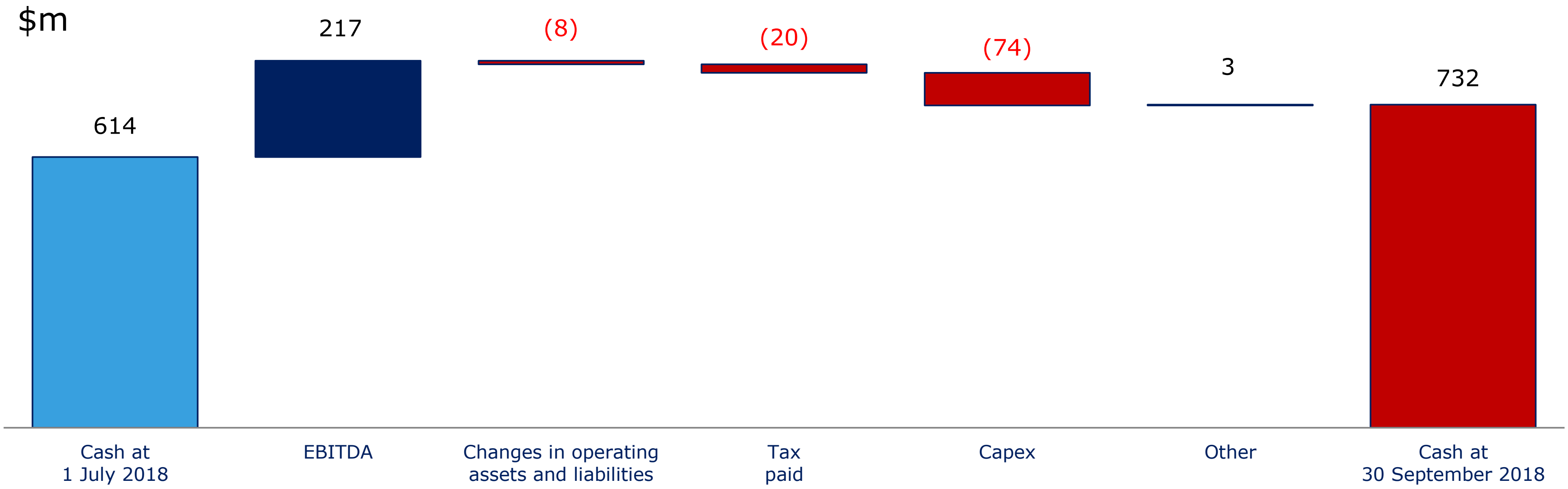
$111m $149m



SURF & Conventional **i-Tech Services** **Renewables & Heavy Lifting**

Corporate segment: net operating loss Q3 2018 $3m (Q3 2017: net operating loss $4m)

Summary of third quarter 2018 cash flow



- Net cash of $468 million as at 30 September 2018
- Long-term ECA borrowing facility of $264 million at 30 September 2018
- Undrawn revolving credit facility of $656 million

Initial IFRS 16 'Leases' guidance

- IFRS 16 'Leases' will be effective from 1 January 2019.
- Requires the Group to recognise:
  - a right-of-use asset for long-term leases, to be amortised straight-line over duration of the lease.
  - a lease liability (equivalent in value to the right-of-use asset) with finance costs recognized over lease life.
- No cash flow impact.
- No impact on net income over duration of leases.
- Due to modified retrospective implementation, 2019 net income will be adversely impacted by approximately $10m, which will reverse in subsequent years.
- Impact on 2019 results may differ from the guidance given, depending on lease commitments.

IFRS 16	2019 forecast impact
Income Statement	
Lease expense	Decrease by $100m - $110m
Adjusted EBITDA	Increase by $100m - $110m
Amortisation charge	Increase by $90m - $100m
Net operating income	Increase by $10m - $15m
Net finance charge	Increase by $20m - $25m
Net income	Decrease by approx. $10m
Balance Sheet	
Right-of-use asset	Addition of $350m - $450m
Lease liability	Addition of $350m - $450m

- Subsea 7 guidance for 2019 on slide 11 includes the estimated impact of IFRS 16

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Financial guidance[1]

2018 Guidance

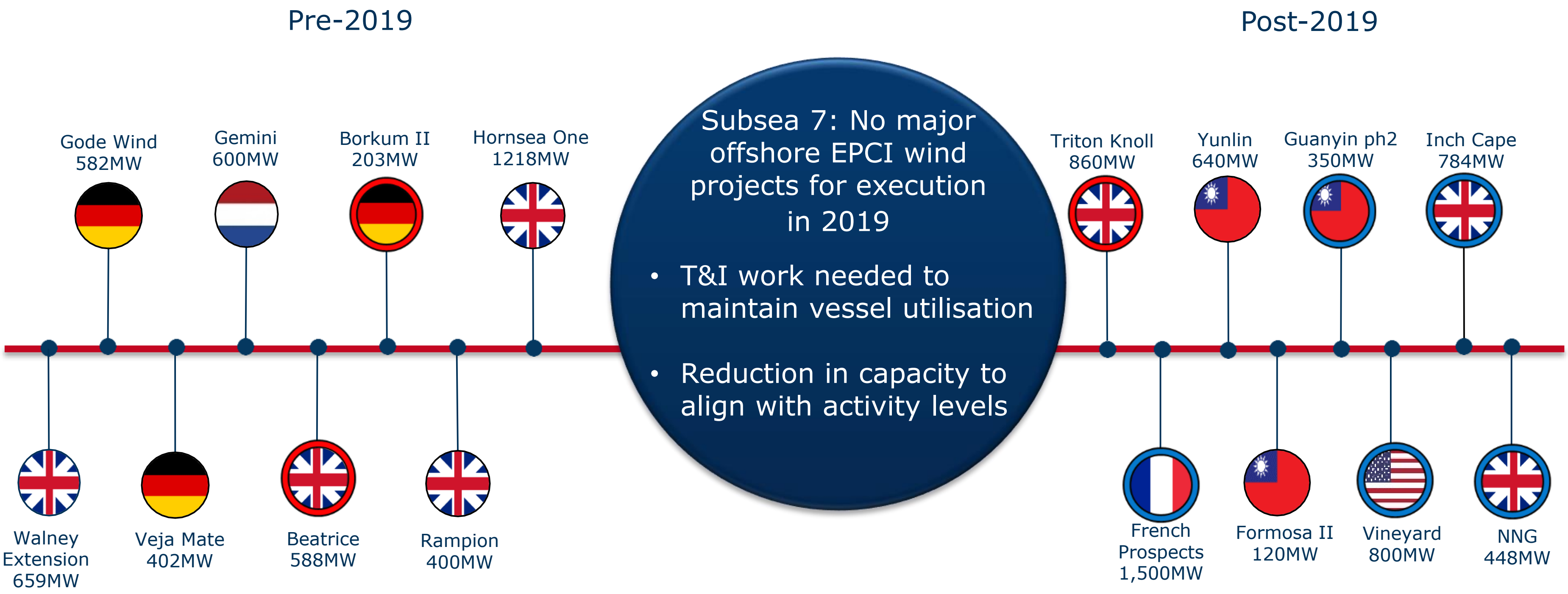
Revenue	Broadly in line with 2017
Adjusted EBITDA percentage margin	Significantly lower than 2017
Administrative expense	$260 million - $280 million
Net finance cost	$0 million - $5 million
Depreciation and Amortisation	$430 million - $440 million
Full year effective tax rate	26% - 28%
Capital expenditure [2]	$250 million - $280 million

<u>NEW</u> 2019 Guidance, including estimated IFRS 16 adjustments to 2019

Revenue	Slightly lower than 2018
Adjusted EBITDA	Lower than 2018[3], double digit percentage margin
Net Operating Income	Positive for the Group

(1) Guidance given 8 November 2018
(2) Includes approximately $125 million expenditure related to the new-build reel-lay vessel
(3) 2018 comparable data is not adjusted for IFRS 16

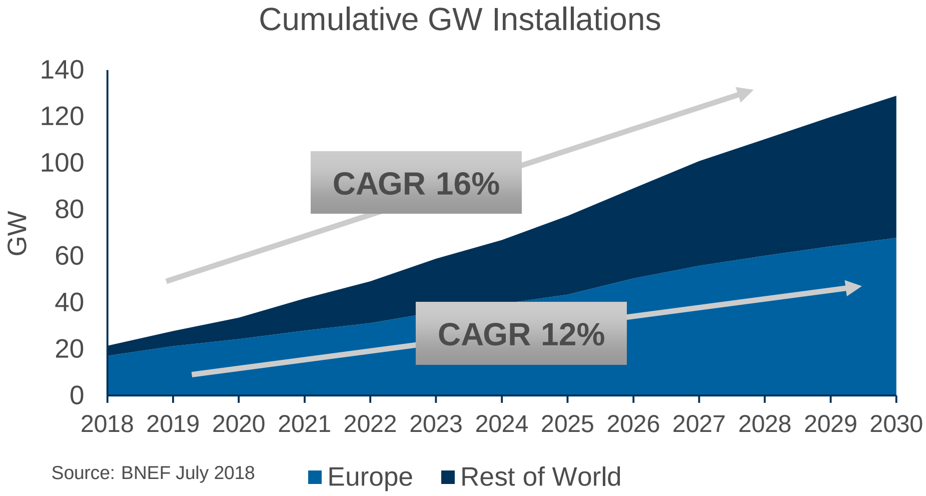
Large offshore wind farm projects



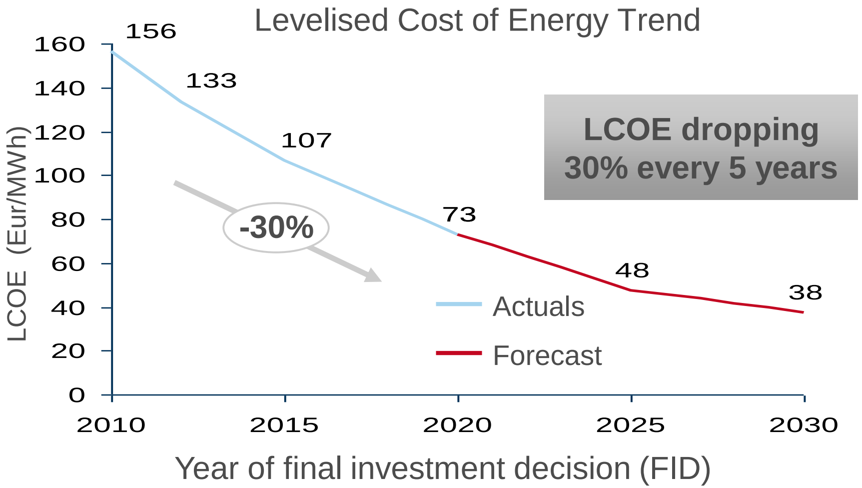
Project not yet awarded

Subsea 7 Project

Offshore Wind Market Trends



Source: BNEF July 2018



Source: LCOE actuals from Offshore Wind Programme Board – forecast from BVG associates 2017 and BNEF; 4C Offshore and BNEF for market demand

- Market is growing significantly; both in the mature markets (Europe) and new markets (Rest of World)
- Turbines are getting bigger, resulting in economies of scale
- Declining levelised cost of electricity (LCOE) enabling more projects to be commercially viable, increasing volume

Business Unit Outlook

SURF and Conventional
- Tendering activity increasing but pricing not yet improving near term
- Improved visibility on timing of awards for large greenfield projects, with some projects already awarded to market

Renewables and Heavy Lifting
- T&I tendering for near-term activity continues with main prospects in Taiwan
- Medium-term EPCI projects in Europe delayed to 2019/2020

i-Tech Services
- Tender activity increasing
- Pricing remains competitive

ANY QUESTIONS?

Appendix

Major project progression

Track Record

Fleet

Financial summaries

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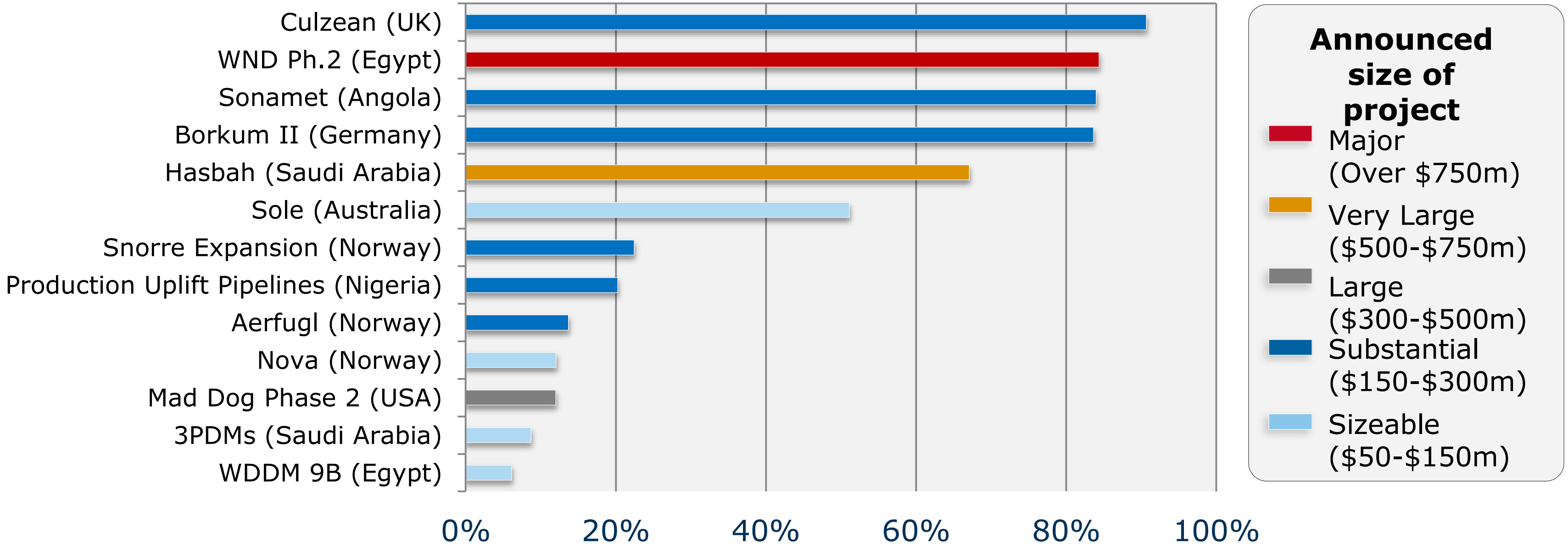
Major project progression

- Continuing projects >$100m between 5% and 95% complete as at 30 September 2018 excluding PLSV and Life of Field day-rate contracts



TRACK RECORD

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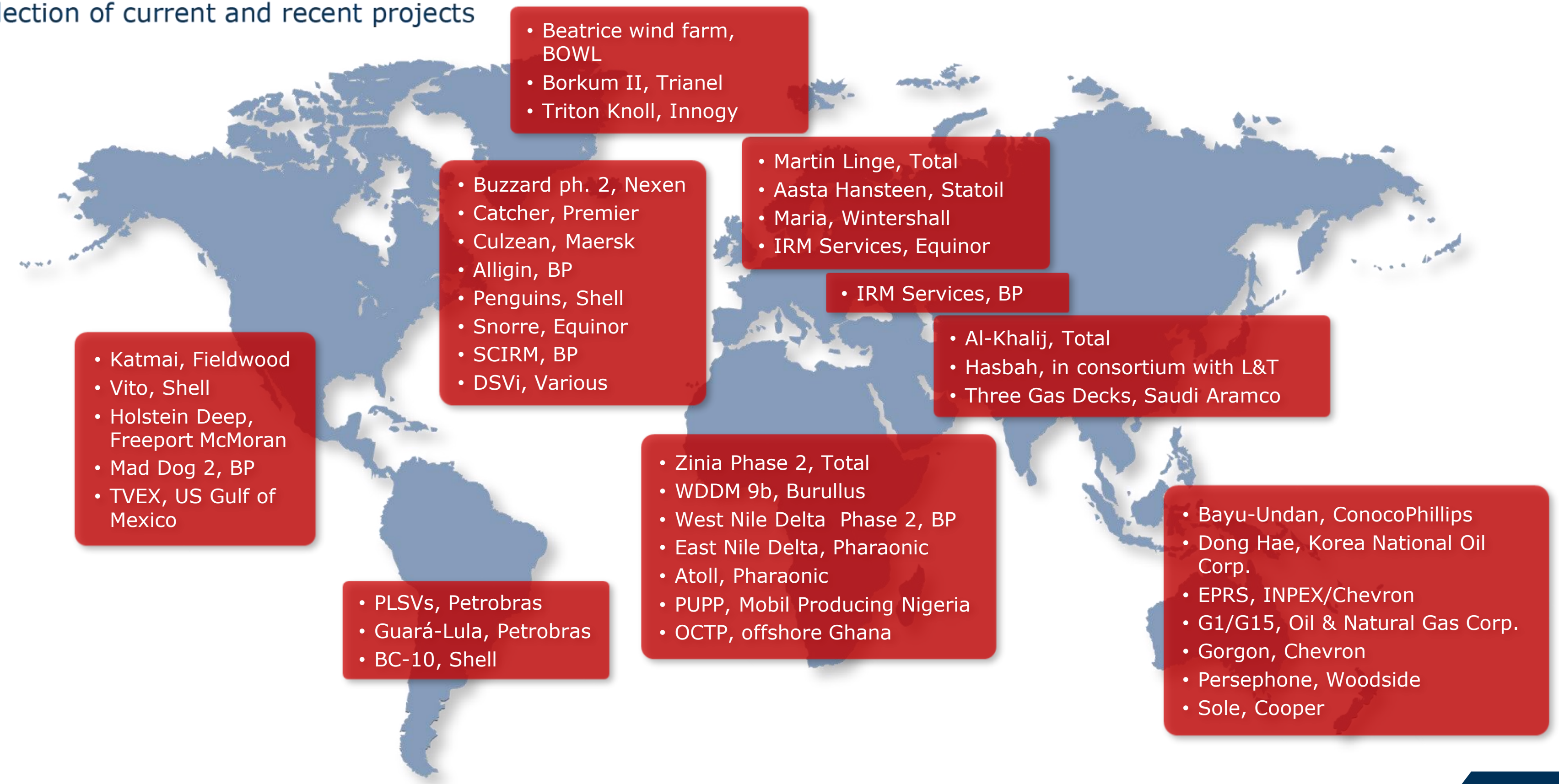
Over 1,000 projects delivered for our clients worldwide
- A selection of current and recent projects



FLEET 34 Vessels including 32 active vessels at end Q3 '18

PIPELAY/HEAVY LIFTING VESSELS

CONSTRUCTION/FLEX-LAY VESSELS

DIVING SUPPORT VESSELS

RENEWABLES & HEAVY LIFTING VESSELS

LIFE OF FIELD VESSELS

LIFT/HOOK-UP

- Under Construction Reel-lay Vessel to be named Seven Vega
- Long-term charter from a vessel-owning joint venture
- Stacked
- Chartered from a third party

Income statement – supplementary details

In $ millions	Three months ended **30 September 18 Unaudited**	 30 September 17 Unaudited
Administrative expenses	**(64)**	(64)
Share of net income/(loss) of associates and joint ventures	**-**	(13)
Depreciation, amortisation, mobilisation and impairment	**(107)**	(101)
Net operating income	**111**	149
Net finance income	**1**	-
Other gains and losses	**(2)**	(26)
Income before taxes	**110**	123
Taxation	**(34)**	(12)
Net income	**76**	111
Net income attributable to:		
Shareholders of the parent company	**76**	113
Non-controlling interests	**-**	(2)

Segmental analysis

For the three months ended 30 September 2018

In $ millions (unaudited)	**SURF & Conventional**	**i-Tech Services**	**Renewables & Heavy Lifting**	**Corporate**	**TOTAL**
Revenue	**865**	**66**	**152**	**-**	**1,082**
Net operating income/(loss)	**93**	**4**	**17**	**(3)**	**111**
Finance income					**4**
Other gains and losses					**(2)**
Finance costs					**(3)**
Income before taxes					**110**

For the three months ended 30 September 2017

In $ millions (unaudited)	SURF & Conventional	i-Tech Services	Renewables & Heavy Lifting	Corporate	TOTAL
Revenue	755	76	232	-	1,063
Net operating income/(loss)	103	6	45	(4)	149
Finance income					6
Other gains and losses					(26)
Finance costs					(6)
Income before taxes					123

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Summary balance sheet

In $ millions	30 September 2018 Unaudited	31 December 2017 Audited
Assets		
Non-current assets		
Goodwill	**767**	701
Property, plant and equipment	**4,662**	4,688
Other non-current assets	**171**	173
Total non-current assets	**5,600**	5,562
Current assets		
Trade and other receivables	**632**	497
Construction contracts - assets	**568**	319
Other accrued income and prepaid expenses	**226**	176
Cash and cash equivalents	**732**	1,109
Other current assets	**56**	81
Total current assets	**2,214**	2,182
Total assets	**7,814**	7,745

In $ millions	30 September 2018 Unaudited	31 December 2017 Audited
Equity & Liabilities		
Total equity	**5,826**	5,941
Non-current liabilities		
Non-current portion of borrowings	**240**	258
Other non-current liabilities	**260**	235
Total non-current liabilities	**500**	493
Current liabilities		
Trade and other liabilities	**1,065**	893
Current portion of borrowings	**25**	25
Construction contracts – liabilities	**143**	200
Deferred revenue	**7**	4
Other current liabilities	**248**	188
Total current liabilities	**1,488**	1,310
Total liabilities	**1,988**	1,804
Total equity & liabilities	**7,814**	7,745

Reconciliation of Adjusted EBITDA

Net operating income to Adjusted EBITDA

For the period (in $millions)	**Three Months Ended 30 Sept. 2018 Unaudited**	Three Months Ended 30 Sept. 2017 Unaudited
Net operating income	**111**	149
Depreciation, amortisation, mobilisation and impairment	**107**	101
Adjusted EBITDA	**217**	250
Revenue	**1,082**	1,063
Adjusted EBITDA %	**20%**	24%

Net income to Adjusted EBITDA

For the period (in $millions)	**Three Months Ended 30 Sept. 2018 Unaudited**	Three Months Ended 30 Sept. 2017 Unaudited
Net income	**76**	111
Depreciation, amortisation, mobilisation and impairment	**107**	101
Finance income	**(4)**	(6)
Other gains and losses	**2**	26
Finance costs	**3**	6
Taxation	**34**	12
Adjusted EBITDA	**217**	250
Revenue	**1,082**	1,063
Adjusted EBITDA %	**20%**	24%

Summary of year-to-date 2018 cash flow

	$ millions	
Cash and cash equivalents at **31 Dec 2017**	1,109	
Net cash generated from operating activities	238	*Included an increase in net operating assets of $183 million*
Net cash flow used in investing activities	(365)	*Included cash outflows on SOC acquisition of $156 million including vessels, acquisition of interest in Xodus $19m and capital expenditure of $198m*
Net cash flow used in financing activities	(241)	*Included Dividends paid of $204 million and $19 million repayments of the ECA senior secured facility*
Other movements	(9)	
Cash and cash equivalents at **30 September 2018**	732	

- Net cash of $468 million at 30 September 2018 compared to $826 million at 31 December 2017
- Long-term ECA borrowing facility of $264 million at 30 September 2018 compared to $283 million at 31 December 2017

THANK YOU

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