subsea 7

Earnings Presentation

Second Quarter 2016

28 July 2016

12:00 noon UK time

Forward-looking statements

Certain statements made in this announcement 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 2015. 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.

Jean Cahuzac
CEO

Q2 2016 highlights

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FINANCIAL

- Revenue $961m
- Adjusted EBITDA $280m
- Adjusted EBITDA margin 29.2%
- Diluted EPS of $0.40
- Net cash of $728m

OPERATIONAL

- Strong overall project execution
- Further cost reduction and resizing measures announced
- Vessel utilisation Active: 82% Total: 67%
- Delivery of new-build vessels rescheduled

ORDER INTAKE

- Order backlog increased to $7.1 billion
- Order intake $1.6 billion
- Announced awards:
  - Beatrice wind farm, BOWL
  - Callater, Apache

OUTLOOK

- Market conditions remain challenging
- Timing of new awards to market remains uncertain
- Increasing early engagement opportunities
- Long-term outlook remains positive

Operational highlights

- Reliable and consistent project execution
- Seasonal increase in North Sea activity
- Significant progress on some of our major projects

Catcher
(UK)

Maria
(Norway)

TEN
(Ghana)

Aasta Hansteen
(Norway)

END
(Egypt)

Martin Linge
(Norway)

WND Ph. 1
(Egypt)

Our resizing and reorganising

- New organisation structure based on our core markets
  - Increased focus on our commercial and operational strength
  - Leaner organisation structure reflects new ways of working

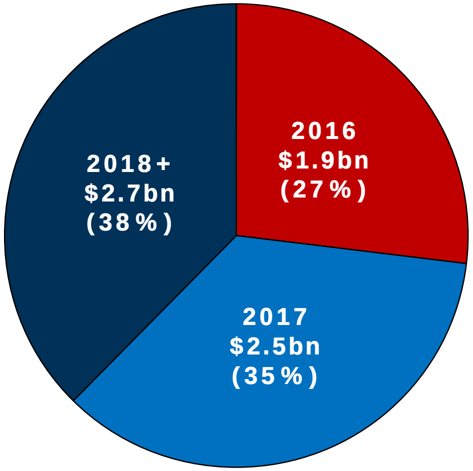
SURF and Conventional	i-Tech Services (includes Life of Field and ROV services)	Corporate (includes Renewables and Heavy-lift)

- Commercial focus: reduce capacity, retain capability
  - Additional resizing programme initiated in June 2016
    - Adapt to expected lower levels of market activity
    - Increase efficiency and further enhance our competiveness
  - Maintain leading market position
    - Maintain core expertise in engineering and project management
    - Maintain critical mass with Global Project Centres integration

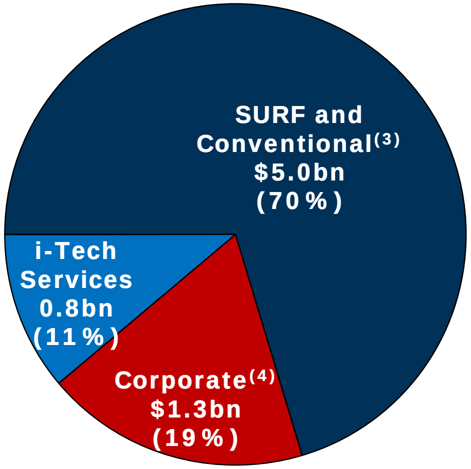
Q2 Backlog and order intake

- Backlog of $7.1 billion[1], as at 30 June 2016
- $1.6 billion[2] order intake including announced awards:
  - *Beatrice wind farm, offshore UK;*
  - *Callater, offshore UK*

Backlog by Execution Date



Backlog by segment



(1) Approximately $50 million adverse impact from foreign currency movements in the quarter
(2) Included $47 million adverse impact from the early termination of PLSV *Seven Mar* contract in the quarter
(3) Included $2.1 billion related to 9 long-term contracts for PLSVs in Brazil, approximately 70% of which related to the four new-build PLSVs (*Seven Waves, Seven Rio, Seven Sun* and *Seven Cruzeiro*)
(4) Corporate includes Renewables and Heavy-lift

Surf and Conventional

- Low market activity and uncertain timing of new awards to market
- Remaining competitive while maintaining the right project risk profile
- Increasing number of early engagement opportunities
- Active SURF project tenders include:

- Mad Dog 2 (US GoM)
- Platina (Angola)
- Atoll (Egypt)
- KG-D6, R-Cluster (India)
- Fortuna (Equatorial Guinea)
- Golfinho (Mozambique)
- KG-DWN, block 98/2 (India)

i-Tech Services

- Focusing on expanding life of field activities worldwide

Renewables and Heavy-lift

- Sustaining tender activity level

Ricardo Rosa
CFO

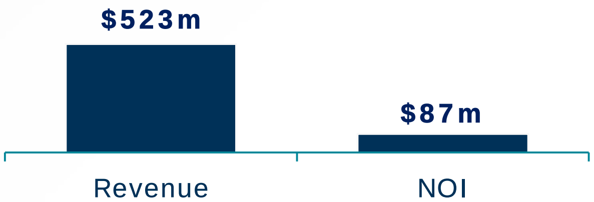
Income statement – key highlights

In $ millions, unless otherwise indicated	Three months ended 30 June 16 Unaudited	Three months ended 30 June 15 Unaudited
Revenue	961	1,352
Net operating income (NOI)	177	169
Income before taxes	206	137
Taxation	(69)	(49)
Net income	136	88
Adjusted EBITDA[1]	280	275
Adjusted EBITDA margin	29%	20%
Diluted earnings per share	0.40	0.27
Weighted average number of shares (millions)	343	347

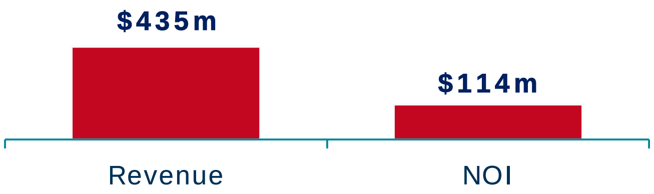
[1] Adjusted EBITDA defined in Appendix

Business Unit performance

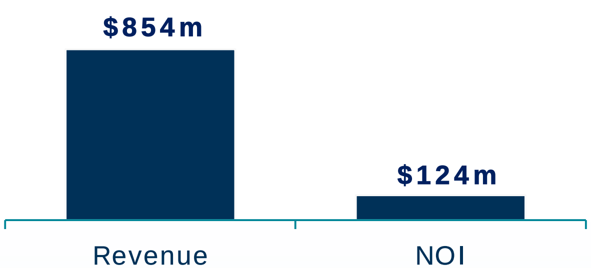
Northern Hemisphere and Life of Field Q2 2016



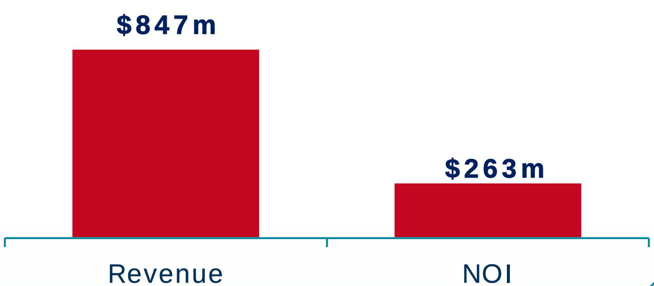
Southern Hemisphere and Global Projects Q2 2016



Northern Hemisphere and Life of Field H1 2016



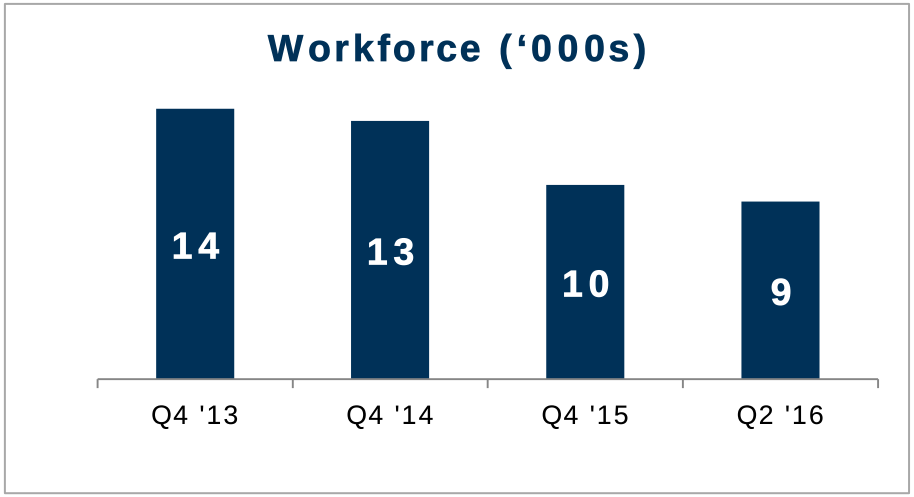
Southern Hemisphere and Global Projects H1 2016

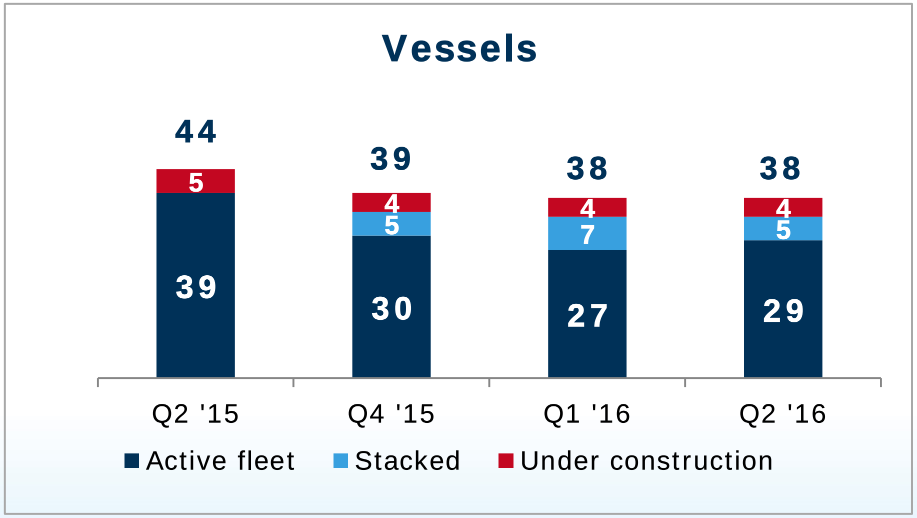


Note: excludes contribution from Corporate segment
Net Operating Loss for Corporate was $24 million in Q2 2016 and $16 million in H1 2016, which included a restructuring charge of $53 million recognised in Q2 2016 in relation to the 2016 resizing programme

Delivering our resizing programme

- **2016: in progress**
  - 5 active vessels to be stacked or released
  - Reduce the workforce to 8,000 people
  - Complete by early 2017
  - $350 million annual savings
  - Up to $100m restructuring charge in 2016
- **2015: completed**
  - First resizing programme
  - 13 vessels stacked or released
  - Reduced the workforce by 3,600 people
  - $550 million annual savings
  - $136m restructuring charge in 2015





Summary of year to date 2016 cash flow

	$ millions	
Cash and cash equivalents at **31 Dec 2015**	947	
Net cash generated from operating activities	479	*Decrease of $8 million in net operating liabilities*
Net cash flow used in investing activities	(173)	*Included capital expenditure of $205 million mainly on new-build vessel programme*
Net cash flow used in financing activities	(79)	*Included $72 million repurchase of convertible bonds*
Other movements	6	
Cash and cash equivalents at **30 Jun 2016**	1,180	

- In the second quarter $198 million net cash generated from operating activities and $123 million invested in capital expenditure
- Net cash of $728 million as at 30 June 2016 compared to $423 million at 31 December 2015

New-build vessels programme

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Delivered 2014

Delivered 2015

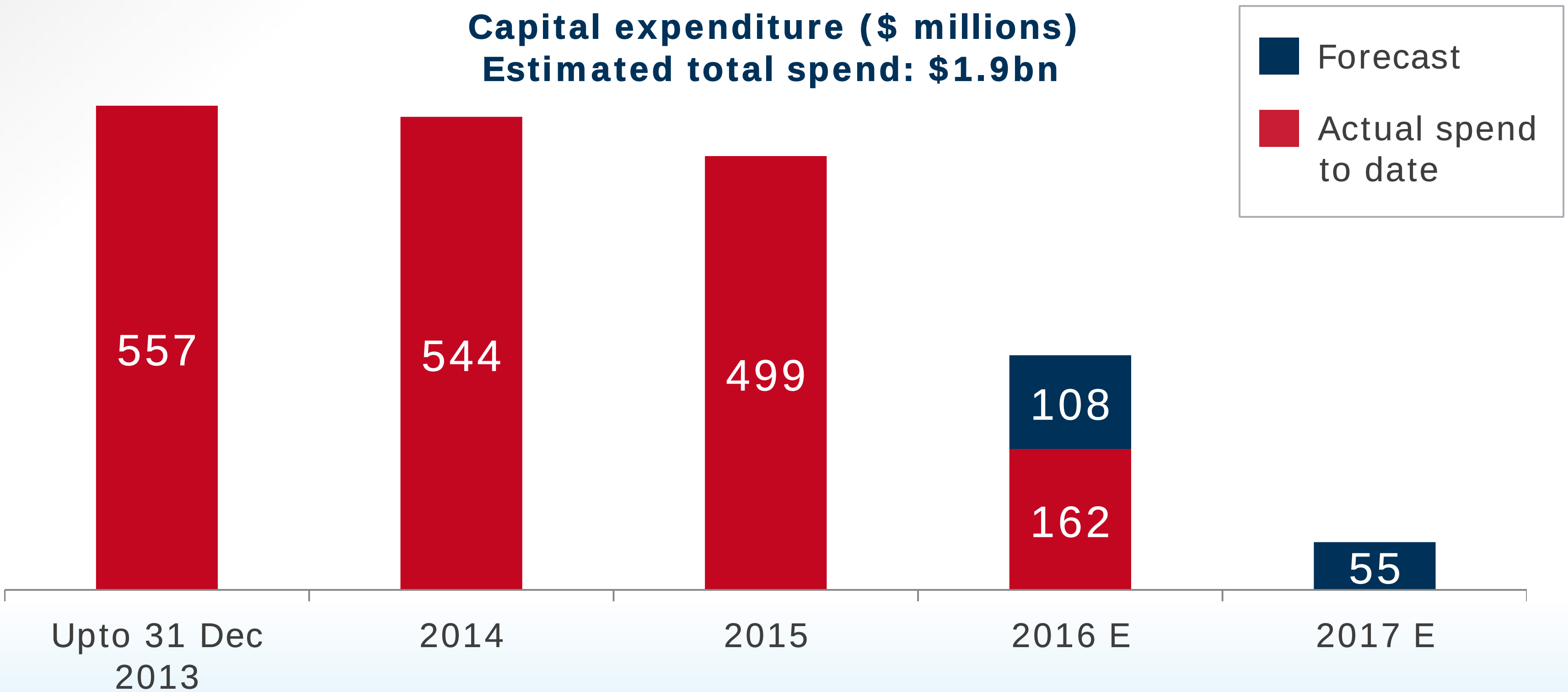
Due H2 2016

Due H1 2017

Due H1 2017

Due H1 2017

Capital expenditure ($ millions)
Estimated total spend: $1.9bn



Amounts include an estimate for interest to be capitalised during construction.
E = estimated

Financial guidance

2016	Guidance
Revenue	Significantly lower than 2015
Adjusted EBITDA percentage margin	Lower than 2015
Administrative expense	$240 million - $250 million
Net finance charge	Up to $5 million
Depreciation and Amortisation	$380 million - $400 million
Full year effective tax rate	30% - 32%
Total capital expenditure	$380 million - $410 million
- New build programme	$270 million
- Sustaining capex	$110 million - $140 million
Net working capital outflow	$250 million - $350 million

Jean Cahuzac
CEO

Our differentiators

People

Project delivery based on our expertise and know-how

Technology

Market-driven and cost-effective solutions

Assets

A diverse fleet of vessels and strategic global assets

Local presence

Strong local businesses and embedded local capability

Our People

- Our highly skilled and experienced workforce deliver projects safely and reliably
- Reduction in capacity in line with lower expected activity levels and new ways of working
- Focus on maintaining competitiveness and protecting our core offering through the cycle

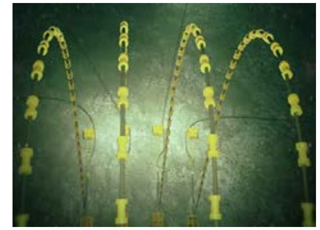




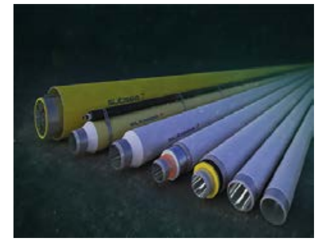
Our Technology

- Developing and implementing market-leading technology to drive down cost
- Technology and innovation are central to the evolution of offshore developments
- Early engagement is key to unlocking cost savings
- Integrated solutions are gaining traction

Our five strategic technology programmes



Riser Systems



Flowline Systems

Bundles

Subsea Processing

LOF & remote intervention

Our Assets

- Fully capable fleet equipped for all methods of subsea construction in harsh and deepwater environments
- 38 vessels with flexible capacity to meet market activity
  - 29 currently in active use (8 chartered and 21 owned)
  - 5 stacked due to challenging market conditions
  - 4 under construction






7 Rigid-lay Heavy-lift	12 Vertical Flex-lay	5 Horizontal Flex-lay	8 Diving support	5 Light construction	1 Hook-up lift barge

- New-build vessels enhance fleet capability and efficiency

Subsea 7: a world-leading services contractor

- The foreseeable future remains challenging
- Once awarded, large projects can take 12 to 18 months of planning before offshore activity commences
- We are driving change within the Group and across the industry to adapt to the lower oil price environment
- Innovation is central to creating a sustainable low cost, high quality service for our clients
- We are positioned strongly to win and execute projects, but market activity remains low
- The long-term outlook for deepwater oil and gas production remains intact

Q&A

Appendix

- Our global presence
- Major project progression
- Adjusted EBITDA
- Segmental analysis
- Supplementary Income Statement
- Balance Sheet summary
- Our fleet

Our global presence

- Beatrice wind farm, BOWL

- Catcher, Premier
- Culzean, Maersk
- Callater, Apache
- Western Isles, Dana
- Montrose, Talisman
- USC & Pipelay, Shell
- SCIRM, BP
- DSVi, Various

- Martin Linge, Total
- Aasta Hansteen, Statoil
- Maria, Wintershall
- Mariner, Statoil

- Stampede, Hess
- Coulomb Ph2, Shell
- Holstein Deep, Freeport McMoran

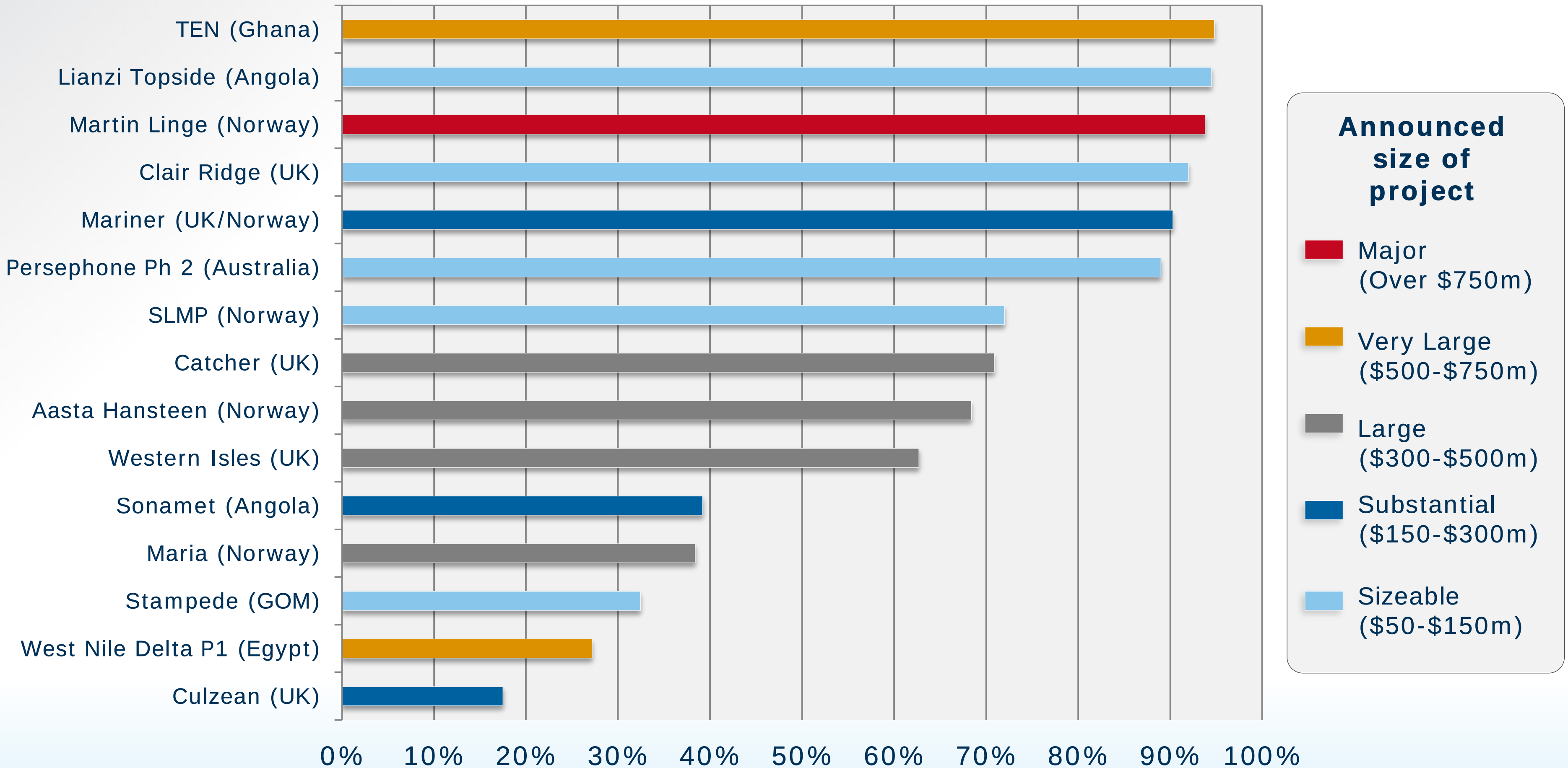
- T.E.N., Tullow (JV Partner)
- West Nile Delta Phase 1, BP
- West Nile Delta Phase 2, BP
- West Nile Delta, Burullus
- East Nile Delta, Pharonic
- Lianzi, Chevron

- EPRS, INPEX/Chevron
- Persephone, Woodside

- PLSVs, Petrobras

Major project progression

Continuing projects >$100m between 5% and 95% complete as at 30 June 2016 excluding PLSV and Life of Field day-rate contracts



Adjusted EBITDA

- Adjusted earnings before interest, taxation, depreciation and amortisation ('Adjusted EBITDA') is a non-IFRS measure that represents net income before additional specific items that are considered to impact the comparison of the Group's performance either period-on-period or with other businesses. The Group defines Adjusted EBITDA as net income adjusted to exclude depreciation, amortisation and mobilisation costs, impairment charges or impairment reversals, finance income, other gains and losses (including gain on disposal of subsidiary and gain on distribution), finance costs and taxation. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue, expressed as a percentage.
- The items excluded from Adjusted EBITDA represent items which are individually or collectively material but which are not considered representative of the performance of the business during the periods presented. Other gains and losses principally relate to disposals of investments, property, plant and equipment and net foreign exchange gains or losses. Impairments of assets represent the excess of the assets' carrying amount over the amount that is expected to be recovered from their use in the future or their sale.
- Adjusted EBITDA and Adjusted EBITDA margin have not been prepared in accordance with IFRS as adopted by the EU. These measures exclude items that can have a significant effect on the Group's income or loss and therefore should not be considered as an alternative to, or more meaningful than, net income (as determined in accordance with IFRS) as a measure of the Group's operating results or cash flows from operations (as determined in accordance with IFRS) as a measure of the Group's liquidity.
- Management believes that Adjusted EBITDA and Adjusted EBITDA margin are important indicators of the operational strength and the performance of the business. These non-IFRS measures provide management with a meaningful comparative for its Business Units, as they eliminate the effects of financing, depreciation and taxation. Management believes that the presentation of Adjusted EBITDA is also useful as it is similar to measures used by companies within Subsea 7's peer group and therefore believes it to be a helpful calculation for those evaluating companies within Subsea 7's industry. Adjusted EBITDA margin may also be a useful ratio to compare performance to its competitors and is widely used by shareholders and analysts following the Group's performance. Notwithstanding the foregoing, Adjusted EBITDA and Adjusted EBITDA margin as presented by the Group may not be comparable to similarly titled measures reported by other companies.

Reconciliation of Adjusted EBITDA

Net operating income to Adjusted EBITDA

For the period (in $millions)	Three Months Ended 30 June 2016	Three Months Ended 30 June 2015
Net operating income	**177**	169
Depreciation, amortisation and mobilisation	**93**	106
Impairment of property, plant and equipment	**10**	–
Adjusted EBITDA	**280**	275
Revenue	**961**	1,352
Adjusted EBITDA %	**29%**	20%

Net income to Adjusted EBITDA

For the period (in $millions)	Three Months Ended 30 June 2016	Three Months Ended 30 June 2015
Net income	**136**	88
Depreciation, amortisation and mobilisation	**93**	106
Impairment of property, plant and equipment	**10**	–
Finance income	**(6)**	(5)
Other gains and losses	**(23)**	36
Finance costs	**-**	1
Taxation	**69**	49
Adjusted EBITDA	**280**	275
Revenue	**961**	1,352
Adjusted EBITDA %	**29%**	20%

Segmental analysis

For the three months ended 30 June 2016

In $ millions (unaudited)	Northern Hemisphere and Life of Field	Southern Hemisphere and Global Projects	Corporate	TOTAL
Revenue	**523**	**435**	**3**	**961**
Net operating income	**87**	**114**	**(24)**	**177**
Finance income				**6**
Other gains and losses				**23**
Finance costs				**-**
Income before taxes				**206**

For the three months ended 30 June 2015

In $ millions (unaudited)	Northern Hemisphere and Life of Field	Southern Hemisphere and Global Projects	Corporate	TOTAL
Revenue	642	707	4	1,352
Net operating income	105	131	(67)	169
Finance income				5
Other gains and losses				(36)
Finance costs				(1)
Income before taxes				137

Restated segments

- Six quarters of restated segmental results

In $ millions

Revenue	2015					2016		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Half Year
SURF & Conventional	1,063	1,229	1,068	923	**4,283**	640	865	**1,505**
i-Tech Services	116	120	111	99	**446**	103	93	**196**
Corporate	2	3	20	3	**29**	3	3	**6**
Total Revenue	**1,181**	**1,352**	**1,200**	**1,025**	**4,758**	**746**	**961**	**1,707**

In $ millions

Net Operating Income ***excluding goodwill impairment***	2015					2016		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Half Year
SURF & Conventional	153	230	253	204	**840**	171	188	**359**
i-Tech Services	13	6	12	(9)	**22**	15	13	**28**
Corporate	10	(67)	(51)	(90)	**(198)**	7	(24)	**(16)**
Total Net Operating Income	**176**	**169**	**214**	**106**	**665**	**194**	**177**	**371**

- Revenue represents only external revenues for each segment.
- Corporate includes Renewables and Heavy-lift. It also includes restructuring charges related to the Group's resizing and cost reduction measures and asset impairment charges.

Income statement – supplementary details

In $ millions	Three months ended	
	30 June 16 Unaudited	30 June 15 Unaudited
Administrative expenses	(68)	(79)
Share of net income of associates and joint ventures	27	14
Depreciation and amortisation	93	106
Impairment of property, plant and equipment	10	–
Net operating income	**177**	**169**
Net finance income	6	5
Other gains and losses	23	(36)
Income before taxes	**206**	**137**
Taxation	(69)	(49)
Net income	**136**	**88**
Net income attributable to:		
Shareholders of the parent company	137	94
Non-controlling interests	(1)	(5)

Summary balance sheet

In $ millions	30 Jun 2016 Unaudited	31 Dec 2015 Audited
Assets		
Non-current assets		
Goodwill	726	767
Property, plant and equipment	4,459	4,559
Other non-current assets	556	502
Total non-current assets	**5,741**	**5,828**
Current assets		
Trade and other receivables	594	584
Construction contracts - assets	119	278
Other accrued income and prepaid expenses	157	152
Cash and cash equivalents	1,180	947
Other current assets	88	65
Total current assets	**2,138**	**2,026**
Total assets	**7,879**	**7,854**

In $ millions	30 Jun 2016 Unaudited	31 Dec 2015 Audited
Equity & Liabilities		
Total equity	**5,497**	**5,346**
Non-current liabilities		
Non-current portion of borrowings	451	524
Other non-current liabilities	182	210
Total non-current liabilities	**633**	**734**
Current liabilities		
Trade and other liabilities	1,066	1,123
Construction contracts – liabilities	378	459
Deferred revenue	6	10
Other current liabilities	298	182
Total current liabilities	**1,748**	**1,774**
Total liabilities	**2,382**	**2,508**
Total equity & liabilities	**7,879**	**7,854**

Our fleet as at 30 June 2016

- 29 vessels in the active fleet

8 Chartered:	21 Owned:		
Skandi Acergy	Seven Borealis	Rockwater 2	Seven Antares
Normand Seven	Seven Oceans	Seven Atlantic	Seven Waves
Grant Candies	Seven Condor	Seven Falcon	Seven Pacific
Normand Subsea	Seven Rio	Seven Osprey	Seven Phoenix
Siem Stingray	Seven Seas	Seven Pelican	
Subsea Viking	Sapura 3000 (1)	Kommandor 3000	
Normand Oceanic (2)	Oleg Strashnov (1)	Seven Eagle	
Seven Viking (2)	Stanislav Yudin (1)	Seven Mar	
		Simar Esperança	

- 5 vessels stacked

Seven Navica
Seven Discovery
Rockwater 1
Seven Inagha
Seven Petrel

- 4 under construction

Seven Sun	-	delivery due H2 2016
Seven Arctic	-	delivery due H1 2017
Seven Kestrel	-	delivery due H1 2017
Seven Cruzeiro	-	delivery due H1 2017

- Up to 5 vessels will be removed from the active fleet by early 2017

(1) Owned and operated by a joint venture
(2) Long-term charter from a vessel-owning joint venture

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