Subsea 7 S.A. Announces Third Quarter 2012 Results

Luxembourg – 19 November 2012 – Subsea 7 S.A. (the "Group") (Oslo Børs: SUBC) announced today results for the third quarter which ended on 30 September 2012. Unless otherwise stated, the comparative period is the three and ten months ended 30 September 2011 for Subsea 7 S.A. and the results of Subsea 7 Inc. following the date of combination. The nature of the Group's operations and its principal activities are set out in Note 5 'Segment information'.

					For Information
	Three Months Ended	Three Months Ended	**Nine Months Ended**	Ten Months Ended	Nine Months Ended
For the period (in $ millions, except Adjusted EBITDA margin %, share and per share data)	**2012 30 Sep Unaudited**	2011 30 Sep Unaudited	**2012 30 Sep Unaudited**	2011 30 Sep Unaudited	2011 30 Sep Unaudited
Continuing operations:					
Revenue	**1,744**	1,432	**4,686**	4,059	3,843
Adjusted EBITDA[1]	**318**	279	**869**	776	752
Adjusted EBITDA margin %[1]	**18.2%**	19.5%	**18.5%**	19.1%	19.6%
Net operating income	**228**	200	**628**	504	491
Gain on sale of NKT Flexibles	**23**	–	**244**	–	–
Net Income	**194**	173	**698**	344	336
Backlog	**8,088**	7,903	**8,088**	7,903	7,903
Cash and cash equivalents	**587**	641	**587**	641	641
Net Assets	**6,145**	5,740	**6,145**	5,740	5,740
Earnings per share – in $ per share					
Diluted earnings per share	**0.50**	0.45	**1.86**	0.94	0.89
Adjusted diluted earnings per share	**0.44**	0.45	**1.21**	0.94	0.89
Weighted average number of common shares	**372.3m**	379.0m	**375.3m**	362.3m	379.9m

1 For explanations and a reconciliation of Adjusted EBITDA, Adjusted EBITDA margin and Adjusted diluted earnings per share please refer to Notes 6 and 7 to the Condensed Consolidated Financial Statements included herein. Adjusted diluted earnings per share excludes the gain on sale of NKT Flexibles.

Jean Cahuzac, Chief Executive Officer, said:

We have delivered a good quarter in line with our expectations. These results reflect high offshore activity in West Africa, and high vessel utilisation in the North Sea. We are on track to deliver full year Adjusted EBITDA in line with consensus expectations.

We have not seen an impact from macro-economic uncertainties on our clients' plans, and tendering levels remain high, in particular in the North Sea, Africa and Brazil. We see significant growth prospects ahead which our strong balance sheet should help capture.

Outlook:

We remain positive about medium and long term market prospects but we expect that the outlook in 2013 will be tempered by delays in project awards in 2012 and by some of the supply chain bottlenecks affecting the industry.

We expect West Africa to move through a period of lower offshore activity in 2013 as delays to SURF contract awards mean offshore execution of these new awards is projected to start in 2014 and beyond.

In the North and Norwegian Seas levels of tendering remain strong with improved pricing. It is still too early to be definitive about 2013. A number of factors may temper the rate of progress. Q1 2012 benefited from unusually high vessel utilisation as clients sought to progress projects in spite of the risk of bad weather, it remains to be seen if Q1 2013 will enjoy similarly high utilisation. Some of our backlog was awarded late in 2012, meaning that associated offshore activity will largely be in 2014.

In Brazil, we expect Petrobras' demand for pipelay vessels (PLSVs) to remain strong. Four Subsea 7 vessel contracts are due to complete in late 2013, and we are currently in discussions for their renewal. In addition we have participated in the recently announced Petrobras tender for new build PLSVs. Petrobras is expected to make further contract awards to the industry in 2013 for the development of the pre-salt fields. We will continue to be disciplined in our approach to tendering for these opportunities.

In Asia Pacific, tendering levels are slowly improving and we expect projects to come to market award during 2013, with associated offshore activity in 2014 and beyond.

In the Gulf of Mexico we see an increased number of prospects as our clients' activity slowly picks up.

In this growing worldwide market, the key challenges for the industry continue to be the availability of qualified and experienced personnel, and the need to manage an increasingly tight supply chain and assure reliability in complex project delivery. We are well positioned to manage these challenges. Our engineering and project management capabilities, the size of our fleet and our financial strength, position Subsea 7 well for long-term profitable growth.

Conference Call Details

Conference Call Information

Lines will open 15 minutes prior to conference call.

Date: 19 November 2012
Time: 12:00 UK Time
Conference ID: 49178379

	Conference Dial In Numbers
United Kingdom	0800 694 0257
United States	1 631 510 7498
France	01 76 74 24 28
Norway	80 01 94 14
Germany	06922 224918
International Dial In	+44 (0) 1452 555 566

Replay Facility Details

A replay facility (same Conference ID as above) will be available for the following period:

Date: 19 November 2012
Time: 14:00 UK Time

Date: 30 November 2012
Time: 14:00 UK Time

	Conference Replay Dial In Numbers
International Dial In	+44 (0) 1452 550 000

Alternatively, a live webcast and a playback facility will be available on our website www.subsea7.com

For further information, please contact:

Paul Gooden
Subsea 7 S.A.
e-mail: paul.gooden@subsea7.com
T: +44 (0) 20 8210 5568

If you no longer wish to receive our press releases please contact: ir@subsea7.com

Special Note Regarding 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”, “estimate”, “expect”, “intend”, “may”, “plan”, “forecast”, “project”, “will”, “should”, “seek” and similar expressions. The forward-looking statements reflect our current views and assumptions and are subject to risks and uncertainties. The principal risks and uncertainties which could impact the Company and the factors affecting the business results are on outlined in the “Risk factors” section in the Company’s Annual Report and Financial Statements. These factors, and others which are discussed in our public filings, are among those that may cause actual and future results and tends to differ materially from our forward-looking statements: actions by regulatory authorities or other third parties; unanticipated costs and difficulties related to the integration of Subsea 7 S.A. and Subsea 7 Inc. and our ability to achieve benefits therefrom; 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 ships on order and the timely completion of ship conversion programmes; 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. Given these factors, you should not place undue reliance on the forward-looking statements.

Interim Management Report: Financial Review

Third Quarter 2012

Revenue for the quarter was $1,744 million (Q3 2011: $1,432 million) reflecting high activity levels in the North and Norwegian Seas, West Africa and Brazil. Vessel utilisation improved to 88% in Q3 2012 from 83% in Q3 2011.

Gross profit was $314 million (Q3 2011: $243 million) at a gross profit margin of 18.0% (Q3 2011: 16.9%). The increase in gross profit was due to higher levels of project and offshore activity in NSC and AFGoM compared to Q3 2011. AFGoM benefitted from several projects nearing completion of offshore execution phases. Although Brazil recognised significantly higher levels of revenue compared to Q3 2011, gross profit was adversely affected by the execution of the Guara Lula project with no margin. APME profitability was adversely affected by unplanned vessel downtime in the quarter.

Administrative expenses were $98 million (Q3 2011: $95 million) which included a $12 million settlement charge on the buy-out of a defined benefit pension scheme in the UK. Integration and restructuring costs were $5 million (Q3 2011: $15 million).

The Group's share of results of associates and joint ventures was $12 million (Q3 2011: $52 million) mainly consisting of contributions from Seaway Heavy Lifting and SapuraAcergy. The reduction compared to Q3 2011 was primarily due to the disposal of NKT Flexibles in Q2 2012.

Adjusted EBITDA for the quarter was $318 million (Q3 2011: $279 million) resulting in an Adjusted EBITDA margin of 18.2% (Q3 2011: 19.5%).

During the quarter, other gains and losses resulted in a net gain of $26 million (Q3 2011: $46 million). This included a gain of $23 million related to the completion of the sale of the Group's interest in NKT Flexibles, the sale transaction took place in Q2 2012. Also included within other gains and losses was a $6 million gain recognised on the spin-off, in the form of a dividend-in-kind, of Veripos Inc. Foreign exchange losses in the quarter were $3 million (Q3 2011: $51 million exchange gains) reflecting the weakening of the US Dollar against major trading currencies of the Group.

Finance costs were $9 million and in line with Q3 2011.

Net income before taxes for the quarter was $248 million (Q3 2011: $242 million).

Excluding the impact of the gain on sale of NKT Flexibles and the gain on distribution of Veripos Inc., the effective tax rate for the quarter was 24% (Q3 2011: 29%). The tax charge for the quarter was $53 million (Q3 2011: $69 million).

Net income for the quarter was $194 million (Q3 2011: $173 million).

Nine months ended 30 September 2012

The comparative period ('2011') is the ten-month period from 1 December 2010 to 30 September 2011.

Revenue for the period was $4,686 million (2011: $4,059 million) primarily reflecting improved activity levels in the North and Norwegian Seas, West Africa and Brazil.

Gross profit was $852 million (2011: $704 million) at a gross profit margin of 18.2% (2011: 17.3%). The increase in gross profit resulted from higher levels of project and offshore activity in all Territories and improved vessel utilisation compared to 2011.

Administrative expenses were $267 million (2011: $303 million). This has reduced compared to 2011 due to lower integration and restructuring spend in 2012 partially offset by a pension scheme settlement charge of $12 million.

The Group's share of results of associates and joint ventures was $43 million (2011: $103 million). The year-on-year reduction was mainly due to the disposal of NKT Flexibles in Q2 2012 and lower contributions from Seaway Heavy Lifting.

Adjusted EBITDA for the period was $869 million (2011: $776 million) resulting in an Adjusted EBITDA margin for the period of 18.5% (2011: 19.1%).

During the period, other gains and losses resulted in a net gain of $287 million (2011: $15 million), primarily due to a $244 million gain recognised on the sale of the Group's interest in NKT Flexibles.

Finance costs were $26 million (2011: $31 million).

Net income before taxes for the period was $898 million (2011: $502 million).

Excluding the impact of the gain on sale of NKT Flexibles and the gain on distribution of Veripos Inc., the effective tax rate for the period was 31% (2011: 31%) and the tax charge was $200 million (2011: $157 million).

Net income for the period was $698 million (2011: $344 million).

Interim Management Report: Operating Review

Third Quarter 2012

Africa & Gulf of Mexico (AFGoM)

Revenue for the third quarter was $506 million (Q3 2011: $599 million). Net operating income was $125 million (Q3 2011: $109 million). While revenue was lower in Q3 2012 compared to Q3 2011, good progress was achieved on a number of projects, including CLOV and Block 31 PSVM, offshore Angola, and MPN Satellite Field Development, offshore Nigeria. Sonamet delivered a good contribution in the quarter.

Asia Pacific & Middle East (APME)

Revenue for the third quarter was $52 million (Q3 2011: $38 million). Progress continued on the Lan Do project, offshore Vietnam. Net operating loss was $2 million (Q3 2011: net operating income $13 million). The loss in the quarter was mainly due to costs associated with unplanned vessel downtime.

Brazil (BRAZIL)

Revenue for the third quarter was $338 million (Q3 2011: $155 million). Procurement, engineering and project management progressed on the Guara Lula project. The seven vessels on long-term service agreements to Petrobras achieved high levels of utilisation. Net operating income was $1 million (Q3 2011: $13 million). Execution of the Guara Lula project continued with no margin in the quarter.

North Sea & Canada (NSC)

Revenue for the third quarter was $847 million (Q3 2011: $637 million) driven by high activity levels on a number of projects including Laggan Tormore, Skuld, and Alta in the North Sea and Terra Nova in Canada. Life-of-Field operations under the Shell, BP and Statoil Frame Agreements performed well during the quarter. Net operating income was $105 million (Q3 2011: $44 million) reflecting increased project activity and high vessel utilisation compared to Q3 2011.

Corporate (CORP)

Revenue for the third quarter was $1 million (Q3 2011: $3 million). Net operating loss was $1 million (Q3 2011: net operating income $21 million) due to a $12 million settlement charge relating to the buy-out of a defined benefit pension scheme in the UK partially offset by the contribution from Seaway Heavy Lifting.

Nine months ended 30 September 2012

The comparative period, ('2011'), is the ten-month period from 1 December 2010 to 30 September 2011.

Africa & Gulf of Mexico (AFGoM)

Revenue for the period was $1,572 million (2011: $1,938 million). Revenue decreased in 2012 compared to the equivalent period in 2011 due to the phasing of the offshore execution on major projects. In the first three quarters of 2012 there was significant progress on Block 31 PSVM, CLOV, offshore Angola, and MPN Satellite Field Development, offshore Nigeria. OSO Re and EGP3B, offshore Nigeria, were substantially completed during the period and Sonamet continued to make a significant contribution. Net operating income was $332 million (2011: $378 million).

Asia Pacific & Middle East (APME)

Revenue for the period was $223 million (2011: $143 million). Revenue was generated mainly from continuing activities on ONGC G1, offshore India and Lan Do, offshore Vietnam and the completion of Montara, offshore Australia, and Lihua-4, offshore China. The SapuraAcergy joint venture continued to contribute to the results for the period. Net operating income was $28 million (2011: $25 million).

Brazil (BRAZIL)

Revenue for the period was $746 million (2011: $500 million). Procurement, engineering and project management activities continued on the Guara Lula project. The GSNC Shallow project was substantially completed in 2012. The seven vessels on long-term service agreements to Petrobras continued to operate at high levels of utilisation. Net operating income was $4 million (2011: $34 million).

North Sea & Canada (NSC)

Revenue for the period was $2,139 million (2011: $1,468 million). Operating activities continued on Skuld, Dong Caisson, Ormen Lange, Suncor Terra Nova, Laggan Tormore and Alta projects. Life-of-Field operations under the Shell, BP and Statoil Frame Agreements performed well during 2012. Net operating income was $276 million (2011: $82 million).

Corporate (CORP)

Revenue for the period was $7 million (2011: $10 million). Net operating loss was $12 million (2011: $15 million). Seaway Heavy Lifting continued to contribute well during the period. The Group's interest in NKT Flexibles, which was recognised in the Corporate segment, was divested in Q2 2012. Administrative expenses include a $12 million settlement charge relating to the buy-out of a defined benefit pension scheme in the UK.

Asset Development and Activities

Third Quarter 2012

The Sonamet investment remained fully consolidated in the period ended 30 September 2012 although it continues to be classified as 'Assets held for sale'. After the completion of the sale and transfer of shares, the business will be deconsolidated from the Group's financial statements and its future results will be reported as 'Share of results of associates and joint ventures'.

The final commissioning of *Seven Borealis* continued throughout the quarter. Work remains on track for final completion and operational delivery in Q4 2012 when the vessel is expected to commence operations on the CLOV project, offshore Angola.

Vessel utilisation during the third quarter was 88% (Q3 2011: 83%). There was high utilisation of vessels across all Territories. *Acergy Polaris,* in AFGoM, was in planned dry-dock for a significant part of the quarter.

Backlog

Backlog was $8.1 billion as at 30 September 2012, of which approximately $1.5 billion is expected to be executed in the remainder of 2012 and approximately $3.8 billion is expected to be executed in 2013.

Reported backlog refers to expected future revenue under signed contracts which are determined likely to be performed but does not include backlog related to non-consolidated associates and joint ventures.

Subsea 7 S.A.
Condensed Consolidated Income Statement

(in $ millions, except per share data)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Continuing operations:				
Revenue	**1,743.6**	1,431.9	**4,685.9**	4,059.0
Operating expenses	**(1,429.3)**	(1,189.4)	**(3,833.6)**	(3,355.2)
Gross profit	**314.3**	242.5	**852.3**	703.8
Administrative expenses	**(98.3)**	(94.7)	**(267.3)**	(302.9)
Share of net income of associates and joint ventures	**12.2**	51.8	**42.8**	102.9
Net operating income from continuing operations	**228.2**	199.6	**627.8**	503.8
Finance income	**2.4**	5.0	**9.7**	14.0
Other gains and losses	**25.8**	45.9	**286.9**	14.8
Finance costs	**(8.9)**	(8.7)	**(26.2)**	(31.1)
Income before taxes	**247.5**	241.8	**898.2**	501.5
Taxation	**(53.3)**	(69.0)	**(199.8)**	(157.4)
Net income	**194.2**	172.8	**698.4**	344.1
Net income attributable to:				
Equity holders of parent	**184.4**	165.1	**689.5**	323.4
Non-controlling interests	**9.8**	7.7	**8.9**	20.7
	194.2	172.8	**698.4**	344.1

Earnings per share	**$ per share**	$ per share	**$ per share**	$ per share
Basic	**0.56**	0.49	**2.06**	1.01
Diluted	**0.50**	0.45	**1.86**	0.94
Adjusted diluted[1]	**0.44**	0.45	**1.21**	0.94

1 For explanation and a reconciliation of Adjusted diluted earnings per share please refer to Note 6 to the Condensed Consolidated Financial Statements included herein. Adjusted diluted earnings per share excludes the gain on sale of NKT Flexibles.

Subsea 7 S.A.

Condensed Consolidated Statement of Comprehensive Income

(in $ millions)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Net income	**194.2**	172.8	**698.4**	344.1
Foreign currency translation	**134.7**	(69.8)	**90.2**	14.8
Cash flow hedges:				
Gains/(losses) on cash flow hedges	**26.0**	(10.4)	**2.5**	39.4
Transferred to income statement on cash flow hedges	**2.1**	1.4	**3.9**	1.4
Transferred to the initial carrying amount of hedged items on cash flow hedges	**4.3**	–	**4.8**	0.2
Share of other comprehensive (loss)/income of associates and joint ventures	**(0.8)**	(3.0)	**0.3**	0.2
Actuarial losses on defined benefit pension schemes	**–**	–	**–**	(0.7)
Tax relating to components of other comprehensive income	**(8.3)**	12.5	**(3.7)**	(3.7)
Other comprehensive income/(expense)	**158.0**	(69.3)	**98.0**	51.6
Total comprehensive income	**352.2**	103.5	**796.4**	395.7
Total comprehensive income attributable to:				
Equity holders of parent	**342.0**	97.0	**787.7**	374.3
Non-controlling interests	**10.2**	6.5	**8.7**	21.4
	352.2	103.5	**796.4**	395.7

Subsea 7 S.A.

Condensed Consolidated Balance Sheet

As at (in $ millions)	**2012 30 Sep Unaudited**	2011 31 Dec Audited
Assets		
Non-current assets		
Goodwill	**2,575.1**	2,566.6
Intangible assets	**24.3**	34.9
Property, plant and equipment	**3,646.8**	3,352.2
Interest in associates and joint ventures	**222.9**	264.1
Advances and receivables and other non-current assets	**71.9**	74.8
Deferred tax assets	**63.7**	40.9
	6,604.7	6,333.5
Current assets		
Inventories	**56.1**	57.4
Trade and other receivables	**1,230.9**	773.0
Other current assets	**39.9**	62.7
Assets classified as held for sale	**286.9**	319.4
Construction contracts – assets	**465.8**	515.1
Other accrued income and prepaid expenses	**464.6**	383.1
Cash and cash equivalents	**586.6**	803.4
	3,130.8	2,914.1
Total assets	**9,735.5**	9,247.6

Equity		
Issued share capital	**703.6**	703.6
Own shares	**(447.9)**	(278.5)
Paid in surplus	**3,915.4**	4,185.5
Equity reserves	**278.6**	278.6
Translation reserves	**54.1**	(36.3)
Other reserves	**(44.6)**	(95.6)
Retained earnings	**1,644.7**	1,023.7
Equity attributable to equity holders of the parent	**6,103.9**	5,781.0
Non-controlling interests	**40.7**	51.5
Total equity	**6,144.6**	5,832.5
Liabilities		
Non-current liabilities		
Non-current portion of borrowings	**891.2**	880.5
Retirement benefit obligation	**20.8**	29.4
Deferred tax liabilities	**132.3**	133.3
Other non-current liabilities	**96.8**	99.9
	1,141.1	1,143.1
Current liabilities		
Trade and other liabilities	**1,614.6**	1,218.9
Current tax liabilities	**255.1**	190.3
Current portion of borrowings	**13.4**	12.9
Liabilities directly associated with assets classified as held for sale	**141.8**	188.4
Other current liabilities	**52.4**	67.2
Construction contracts – liabilities	**313.5**	383.6
Deferred revenue	**59.0**	210.7
	2,449.8	2,272.0
Total liabilities	**3,590.9**	3,415.1
Total equity and liabilities	**9,735.5**	9,247.6

Subsea 7 S.A.

Condensed Consolidated Statement of Changes in Equity

(in $ millions)	Issued share capital	Own shares	Paid in surplus	Equity reserves	Translation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2012	**703.6**	**(278.5)**	**4,185.5**	**278.6**	**(36.3)**	**(95.6)**	**1,023.7**	**5,781.0**	**51.5**	**5,832.5**
Comprehensive income										
Net income	–	–	–	–	–	–	689.5	689.5	8.9	698.4
Exchange differences	–	–	–	–	90.4	–	–	90.4	(0.2)	90.2
Cash flow hedges	–	–	–	–	–	11.2	–	11.2	–	11.2
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	0.3	–	0.3	–	0.3
Tax relating to components of other comprehensive income	–	–	–	–	–	(3.7)	–	(3.7)	–	(3.7)
Total comprehensive income	**–**	**–**	**–**	**–**	**90.4**	**7.8**	**689.5**	**787.7**	**8.7**	**796.4**
Transactions with owners										
Share based compensation	–	–	9.6	–	–	–	–	9.6	–	9.6
Shares acquired	–	(200.0)	–	–	–	–	–	(200.0)	–	(200.0)
Shares reissued	–	30.6	–	–	–	–	–	30.6	–	30.6
Dividends declared and paid	–	–	(279.7)	–	–	–	–	(279.7)	(19.5)	(299.2)
Reclassification of actuarial gains and losses	–	–	–	–	–	43.2	(43.2)	–	–	–
Loss on reissuance of own shares	–	–	–	–	–	–	(25.3)	(25.3)	–	(25.3)
Total transactions with owners	**–**	**(169.4)**	**(270.1)**	**–**	**–**	**43.2**	**(68.5)**	**(464.8)**	**(19.5)**	**(484.3)**
Balance at 30 September 2012	**703.6**	**(447.9)**	**3,915.4**	**278.6**	**54.1**	**(44.6)**	**1,644.7**	**6,103.9**	**40.7**	**6,144.6**

(in $ millions)	Issued share capital	Own shares	Paid in surplus	Equity reserves	Translation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 December 2010	**389.9**	**(209.2)**	**508.8**	**110.7**	**(80.2)**	**(90.3)**	**572.8**	**1,202.5**	**56.8**	**1,259.3**
Comprehensive income										
Net income	–	–	–	–	–	–	323.4	323.4	20.7	344.1
Exchange differences	–	–	–	–	14.1	–	–	14.1	0.7	14.8
Cash flow hedges	–	–	–	–	–	41.0	–	41.0	–	41.0
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	0.2	–	0.2	–	0.2
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(0.7)	–	(0.7)	–	(0.7)
Tax relating to components of other comprehensive income	–	–	–	–	4.4	(8.1)	–	(3.7)	–	(3.7)
Total comprehensive income	**–**	**–**	**–**	**–**	**18.5**	**32.4**	**323.4**	**374.3**	**21.4**	**395.7**
Transactions with owners										
Shares issued	313.7	–	3,637.1	–	–	–	–	3,950.8	–	3,950.8
Share based compensation	–	–	36.1	–	–	–	–	36.1	–	36.1
Equity component of acquired convertible notes	–	–	–	189.6	–	–	–	189.6	–	189.6
Reclassification of equity component of convertible notes redeemed or converted	–	–	–	(21.7)	–	–	21.7	–	–	–
Shares acquired	–	(135.2)	–	–	–	–	–	(135.2)	–	(135.2)
Shares reissued	–	64.1	–	–	–	–	–	64.1	–	64.1
Dividends declared and paid	–	–	–	–	–	–	–	–	(26.8)	(26.8)
Gain on reissuance of own shares	–	–	–	–	–	–	6.4	6.4	–	6.4
Total transactions with owners	**313.7**	**(71.1)**	**3,673.2**	**167.9**	**–**	**–**	**28.1**	**4,111.8**	**(26.8)**	**4,085.0**
Balance at 30 September 2011	**703.6**	**(280.3)**	**4,182.0**	**278.6**	**(61.7)**	**(57.9)**	**924.3**	**5,688.6**	**51.4**	**5,740.0**

Subsea 7 S.A.
Condensed Consolidated Cash Flow Statement

(in $ millions)	**Nine Months Ended** **2012 30 Sep** **Unaudited**	Ten Months Ended 2011 30 Sep Unaudited Restated [(a)]
Net cash generated from operating activities	**320.2**	331.9
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	**0.4**	9.5
Purchases of property, plant and equipment	**(459.8)**	(535.4)
Proceeds from sale of subsidiary	**344.2**	–
Purchases of intangible assets	**–**	0.1
Cash from acquisition	**–**	459.0
Interest received	**9.7**	14.0
Investments in associates and joint ventures	**(41.4)**	–
Proceeds from sale of assets classified as held for sale	**–**	(2.4)
Dividends received from associates and joint ventures	**2.0**	10.9
Net cash used in investing activities	**(144.9)**	(44.3)
Cash flows from financing activities:		
Interest paid	**(17.9)**	(10.7)
Proceeds from borrowings	**1.0**	189.9
Repayment of borrowings	**(12.2)**	(180.7)
Own share buy-backs	**(200.0)**	(60.0)
Proceeds from issuance of ordinary shares	**5.3**	7.6
Loan repayments from joint ventures	**5.0**	–
Loans to joint ventures	**(1.2)**	–
Dividends paid	**(199.4)**	(9.3)
Net cash used in financing activities	**(419.4)**	(63.2)
Net (decrease)/increase in cash and cash equivalents	**(244.1)**	224.4
Cash and cash equivalents at beginning of period	**803.4**	484.3
Effect of foreign exchange rate movements on cash and cash equivalents	**(3.5)**	2.8
Decrease/(increase) in restricted cash balances	**52.0**	(49.2)
Increase in cash balances classified as assets held for sale	**(21.2)**	(21.3)
Cash and cash equivalents at end of period	**586.6**	641.0

(a) See Note 2 'Accounting policies' for details of restatement.

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

The Condensed Consolidated Financial Statements for the period 1 January 2012 to 30 September 2012 for Subsea 7 S.A. have been prepared on a going concern basis and in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU"). The Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the thirteen month period ended 31 December 2011 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and as adopted by the EU.

2. Accounting policies

Basis of accounting

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with the Consolidated Financial Statements for the period ended 31 December 2011.

Interim Financial Reporting and Impairment

In accordance with International Financial Reporting Interpretation Committee ('IFRIC') interpretation 10, the Group shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The following new amendment to standards has been adopted from 1 January 2012:

- Amendments to IFRS 7 'Financial Instruments: Disclosures - Disclosures on transfers of financial assets'.

The adoption of the above amendment to standards had no material impact on the reported net income or net assets of the Group in the period.

Change of presentation

The cash flow statement comparatives have been restated to be consistent with the current period presentation, which is the presentation shown in the audited Consolidated Financial Statements for the year ended 31 December 2011. These changes in presentation do not have an impact on net operating income, net income, earnings per share or the Consolidated Balance Sheet in the current or prior period and consequently no third Condensed Consolidated Balance Sheet has been presented.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies which are described in the Consolidated Financial Statements for the period ended 31 December 2011, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other assumptions that management believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

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

Management makes accounting judgements on the following aspects of the business as described in full in the Consolidated Financial Statements for the period ended 31 December 2011:

- Revenue recognition on long-term contracts;
- Revenue recognition on variation orders and claims;
- Property, plant and equipment;
- Impairment of investments in and advances to associates and joint ventures;
- Goodwill carrying value;
- Recognition of provisions and disclosure of contingent liabilities;
- Taxation;
- Fair value of derivatives and other financial instruments;
- Share based payments; and
- Defined benefit pension scheme valuations.

4. Seasonality

A significant portion of the Group's revenue in 2012 and 2011 was generated from work performed offshore West Africa where optimal weather conditions usually exist between October to April. The Group also generated a significant portion of its revenue in 2012 and 2011 in the North and Norwegian Seas. Adverse weather conditions during the winter months in this region usually result in low levels of activity.

The Group is expected to generate a significant portion of its full-year revenue from West Africa, the North Sea, the Norwegian Sea and Brazil. A full-year result is not likely to be a direct multiple of any particular quarter or combination of quarters. During certain periods of the year, the Group may be affected by delays caused by adverse weather conditions such as hurricanes or tropical storms. The Group continues to incur operating expenses during periods of adverse weather, but revenue from operations may only be recognised later in line with the percentage-of-completion method.

Notes to the Condensed Consolidated Financial Statements

5. Segment information

For management and reporting purposes, the Group is organised into four Territories, which are representative of its principal activities. The Corporate segment includes all activities that serve more than one Territory and include: management of offshore resources; captive insurance activities; management and corporate services. The activities of the Seaway Heavy Lifting and NKT Flexibles joint ventures are also included within the Corporate segment. All assets are allocated between Territories, including vessels.

Below is a summary of the reporting segments for the period:

- Africa & Gulf of Mexico (AFGoM)
- Asia Pacific & Middle East (APME) including the SapuraAcergy joint venture
- Brazil (BRAZIL)
- North Sea & Canada (NSC) formerly North Sea Mediterranean & Canada (NSMC)
- Corporate (CORP) including NKT Flexibles for the period 1 January 2012 to 3 February 2012 when it was classified as an 'Asset held for sale' and Seaway Heavy Lifting

During the quarter the Group reorganised its business segments and the Mediterranean activities are now reported within the AFGoM Territory; previously this was included within the NSMC Territory. The results for the Mediterranean activities were not significant during 2012 or 2011 and as a result no restatement of prior year comparatives has been made.

Total assets by segment are not regularly provided to the chief operating decision maker and consequently no such disclosure is included.

Summarised financial information concerning each reportable geographical reporting segment is as follows:

For the three months ended 30 September 2012

(in $ millions)	**AFGoM**	**APME**	**BRAZIL**	**NSC**	**CORP**	**Total continuing operations**
Revenue	**505.7**	**51.9**	**337.7**	**847.4**	**0.9**	**1,743.6**
Net operating income/(loss) from operations	**125.1**	**(1.8)**	**1.3**	**105.0**	**(1.4)**	**228.2**
Investment income from bank deposits						**2.4**
Other gains and losses						**25.8**
Finance costs						**(8.9)**
Income before taxes						**247.5**

For the three months ended 30 September 2011

(in $ millions)	AFGoM	APME	BRAZIL	NSC	CORP	Total continuing operations
Revenue	599.1	37.9	154.5	637.1	3.3	1,431.9
Net operating income from operations	109.4	12.9	12.7	44.0	20.6	199.6
Investment income from bank deposits						5.0
Other gains and losses						45.9
Finance costs						(8.7)
Income before taxes						241.8

For the nine months ended 30 September 2012

(in $ millions)	**AFGoM**	**APME**	**BRAZIL**	**NSC**	**CORP**	**Total continuing operations**
Revenue	**1,571.7**	**222.7**	**745.7**	**2,138.7**	**7.1**	**4,685.9**
Net operating income/(loss) from operations	**331.5**	**28.4**	**4.0**	**275.7**	**(11.8)**	**627.8**
Investment income from bank deposits						**9.7**
Other gains and losses						**286.9**
Finance costs						**(26.2)**
Income before taxes						**898.2**

For the ten months ended 30 September 2011

(in $ millions)	AFGoM	APME	BRAZIL	NSC	CORP	Total continuing operations
Revenue	1,937.8	142.7	500.0	1,468.3	10.2	4,059.0
Net operating income/(loss) from operations	378.3	25.2	33.8	81.6	(15.1)	503.8
Investment income from bank deposits						14.0
Other gains and losses						14.8
Finance costs						(31.1)
Income before taxes						501.5

Notes to the Condensed Consolidated Financial Statements

6. Earnings per share

Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the net income attributable to equity holders of the parent for continuing and discontinued operations by the weighted average number of common shares in issue during the period, excluding ordinary shares purchased by the Group, and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(in $ millions, except share and per share data)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Net income attributable to equity holders	**184.4**	165.1	**689.5**	323.4
Interest expense on dilutive convertible notes	**3.5**	4.2	**8.2**	16.6
Adjusted net income including convertible note	**187.9**	169.3	**697.7**	340.0

(Number of shares)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Weighted average number of common shares:				
Basic number of shares	**331,121,384**	338,652,649	**334,619,123**	319,271,411
Dilutive effect of:				
Share options and restricted stock units	**1,192,794**	1,662,814	**1,621,974**	1,687,275
Convertible loan notes[1]	**39,961,007**	38,642,832	**39,085,431**	41,387,885
Total diluted number of shares	**372,275,185**	378,958,295	**375,326,528**	362,346,571

1 For the three months and nine months ending 30 September 2012, all convertible loan notes were included in the calculations because they were dilutive.

(in $ per share)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Basic earnings per share	**0.56**	0.49	**2.06**	1.01
Diluted earnings per share	**0.50**	0.45	**1.86**	0.94

Adjusted diluted earnings per share

Adjusted earnings per share represents diluted earnings per share adjusted to exclude the gain recognised on the disposal of the Group's share of NKT Flexibles.

(in $ millions, except share data)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Net income attributable to equity holders	**184.4**	165.1	**689.5**	323.4
Less: Gain on sale of NKT Flexibles	**(23.3)**	–	**(243.6)**	–
Interest expense on dilutive convertible notes	**3.5**	4.2	**8.2**	16.6
Adjusted net income	**164.6**	169.3	**454.1**	340.0
Total diluted number of shares (as above)	**372,275,185**	378,958,295	**375,326,528**	362,346,571

(in $ per share)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Adjusted diluted earnings per share	**0.44**	0.45	**1.21**	0.94

Notes to the Condensed Consolidated Financial Statements

7. Adjusted EBITDA and Adjusted EBITDA margin

The Group calculates adjusted earnings before interest, income taxation, depreciation and amortisation ('Adjusted EBITDA') as net operating income plus finance costs, other gains and losses, taxation, depreciation and amortisation and adjusted to exclude investment income and impairment charges. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue.

Adjusted EBITDA is a non-IFRS measure that represents EBITDA before additional specific items that are considered to impact the comparison of the Group's performance either year-on-year or with other businesses. The additional specific items excluded from Adjusted EBITDA are other gains and losses and impairment of property, plant, and equipment and intangibles. These items are excluded from Adjusted EBITDA because they are individually or collectively material items that are not considered representative of the performance of the businesses during the periods presented. Other gains and losses principally relate to disposals of property, plant and equipment, sale of investments and net foreign exchange gains or losses. Impairments of property, plant and equipment represent the excess of the assets' carrying amount over the amount that is expected to be recovered from their use in the future.

The Adjusted EBITDA measures and Adjusted EBITDA margins have not been prepared in accordance with IFRS as issued by the IASB as adopted for use in the EU. These measures exclude items that can have a significant effect on the Group's profit 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 comparison amongst its various Territories, as they eliminate the effects of financing and depreciation. 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 to net operating income:

For the period (in $ millions)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Net operating income	**228.2**	199.6	**627.8**	503.8
Depreciation and amortisation	**84.0**	75.1	**246.6**	251.2
Impairments/(reversal of impairments)	**5.8**	4.7	**(5.5)**	21.0
Adjusted EBITDA	**318.0**	279.4	**868.9**	776.0
Revenue	**1,743.6**	1,431.9	**4,685.9**	4,059.0
Adjusted EBITDA %	**18.2%**	19.5%	**18.5%**	19.1%

Reconciliation to net income:

For the period (in $ millions)	**Three Months Ended 2012 30 Sep Unaudited**	Three Months Ended 2011 30 Sep Unaudited	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited
Net income	**194.2**	172.8	**698.4**	344.1
Depreciation and amortisation	**84.0**	75.1	**246.6**	251.2
Impairments/(reversal of impairments)	**5.8**	4.7	**(5.5)**	21.0
Investment income	**(2.4)**	(5.0)	**(9.7)**	(14.0)
Other gains and losses	**(25.8)**	(45.9)	**(286.9)**	(14.8)
Finance costs	**8.9**	8.7	**26.2**	31.1
Taxation	**53.3**	69.0	**199.8**	157.4
Adjusted EBITDA	**318.0**	279.4	**868.9**	776.0
Revenue	**1,743.6**	1,431.9	**4,685.9**	4,059.0
Adjusted EBITDA %	**18.2%**	19.5%	**18.5%**	19.1%

8. Dividends

Based on the Group's continued strong performance, robust balance sheet at the end of 2011 and confidence in the future, a final dividend of $0.60 per common share that related to the thirteen month period ended 31 December 2011 was approved by the shareholders on 22 June 2012 and recognised in shareholders' equity in June 2012. It was paid on 5 July 2012 to shareholders of record as of 28 June 2012 and on 10 July 2012 to holders of American Depositary Shares.

In addition, an extraordinary dividend-in-kind was approved by the shareholders and recognised in shareholders' equity in June 2012. This dividend-in-kind of the common shares of Veripos Inc., a company incorporated under the laws of the Cayman Islands, entitled shareholders with a holding of ten common shares in Subsea 7 S.A. to one share in Veripos Inc., with fractional entitlements being rounded downwards without compensation to the nearest full number of Veripos Inc. shares. This dividend was paid on 24 July 2012 to shareholders of record as of 28 June 2012.

In accordance with IFRIC 17 'Distributions of Non-cash Assets to Owners' the dividend was recognised at the estimated fair value of the asset to be distributed. This was calculated as $80.3 million using a discounted cash flow model. The carrying value of the assets distributed was $75.1 million, including allocated goodwill of $42.6 million, resulting in a gain on distribution being recognised in the quarter of $5.6 million. This gain was recognised within other gains and losses.

9. Cash flow from operating activities

For the period (in $ millions)	**Nine Months Ended 2012 30 Sep Unaudited**	Ten Months Ended 2011 30 Sep Unaudited Restated [(a)]
Cash flow from operating activities:		
Net income	**698.4**	344.1
Adjustments for:		
Depreciation of property, plant and equipment	**233.5**	231.0
Net (reversal of impairment)/impairment of property, plant and equipment	**(5.5)**	21.0
Amortisation of intangible assets	**9.7**	17.0
Share in net income of associates and joint ventures	**(42.8)**	(102.9)
Mobilisation costs	**3.4**	3.1
Share based payments	**9.6**	13.0
Finance income	**(9.7)**	(14.0)
Finance costs	**26.2**	31.1
Inventories written off	**–**	0.2
Taxation	**199.8**	157.4
Losses on disposal of property, plant and equipment	**0.1**	3.2
Gain on sale of subsidiary	**(243.6)**	–
Gain on distribution	**(5.6)**	–
	873.5	704.2
Changes in operating assets and liabilities, net of acquisitions:		
Increase in inventories	**(1.0)**	(3.9)
Increase in trade and other receivables	**(479.0)**	(361.4)
Increase in trade and other liabilities	**99.4**	157.7
	(380.6)	(207.6)
Income taxes paid	**(172.7)**	(164.7)
Net cash generated from operating activities	**320.2**	331.9

(a) See Note 2 'Accounting policies' for details of restatement

10. Contingent liabilities

Between 2009 and 2011, the Group's Brazilian businesses were audited and formally assessed for ICMS tax (import duty) by the Brazilian tax authorities (Secretaria Fazenda Estado Rio de Janeiro). The amount assessed including penalties and interest, for the Group, amounted to BRL 512 million ($251 million) as at 30 September 2012. The Group has challenged this assessment and will revert to the courts if necessary. With the exception of a $9.3 million provision required as part of the calculation of the contingent liabilities for the purchase price allocation mentioned below, no provision has been made for any payment as the Group does not believe that likelihood of payment is probable.

Notes to the Condensed Consolidated Financial Statements

10. Contingent liabilities (*continued)*

As part of accounting for the business combination with Subsea 7 Inc., IFRS 3 - 'Business Combinations' requires the Group to recognise, as of the acquisition date, the fair value of contingent liabilities assumed if there is a present obligation that arises from past events, even where payment is not probable. The value recognised at 30 September 2012 was $31.2 million (31 December 2011: $31.3 million). Despite the requirements of IFRS 3, the Group continues to believe that payment is not probable.

In the course of business, the Group becomes involved in contract disputes from time-to-time due to the nature of activities as a contracting business involved in several long-term projects at any given time. The Group makes provisions to cover the expected risk of loss to the extent that negative outcomes are probable and reliable estimates can be made. However, the final outcomes of these contract disputes are subject to uncertainties as to whether or not they develop into a formal legal action and therefore the resulting liabilities may exceed the liability anticipated.

Furthermore, the Group is involved in legal proceedings from time-to-time incidental to the ordinary conduct of its business. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. It is reasonably possible that the final resolution of any litigation could require the Group to make additional expenditures in excess of provisions that it may establish. In the ordinary course of business, various claims, suits and complaints have been filed against the Group in addition to that specifically referred to above. Although the final resolution of any such other matters could have a material effect on operating results for a particular reporting period, the Group believes that they should not materially affect its consolidated financial position.

11. Goodwill

The movement in goodwill during the year was as follows:

For the period (in $ millions)	**Nine Months Ended 2012 30 Sep Unaudited**	**Ten Months Ended 2011 30 Sep Unaudited**
At 1 January 2012	**2,566.6**	–
Provisional goodwill acquired in business combination	**–**	2,381.8
Derecognised on distribution of subsidiary	**(42.6)**	–
Exchange differences	**51.1**	–
At period end	**2,575.1**	2,381.8

12. Property, plant and equipment

Significant changes to property, plant and equipment for the nine months ended 30 September 2012 were as follows:

Additions

The significant fixed asset additions for the period were:

- Continued construction of *Seven Waves,* the new-build PLSV for Brazil;
- Continued construction of *Seven Borealis*;
- Construction of i-Tech ROVs; and
- Planned dry-docking of *Acergy Polaris*.

13. Assets classified as held for sale

Sonamet/Sonacergy

Investments in Sonamet and Sonacergy: On 23 July 2009, the Group entered into a sale agreement to dispose of 19% of its ownership interest in each of Sonamet Industrial, S.A ('Sonamet') and Sonacergy – Servicos E Construcoes Petroliferas Lda (Zona Franca Da Madeira) ('Sonacergy'), in AFGoM. Sonamet operates a fabrication yard for clients, including Subsea 7, operating in the offshore oil and gas industry in Angola. Sonacergy provides overseas logistics services and support to Sonamet. The disposal of a 19% interest in each of Sonamet and Sonacergy will result in a reduction of the 55% ownership interest the Group held in each at 30 September 2012, to 36% at which point the investment will be equity accounted. The finalisation of this sale is conditional upon the completion of certain conditions precedent, none of which are under the control of Subsea 7, which were still outstanding at 30 September 2012. There is no indication that the sale will not proceed as anticipated and the Group expects completion during 2013. The Group believes continued disclosure as an asset held for sale is appropriate.

At 30 September 2012, a decrease in the net asset value of assets held for sale, following dividends declared, resulted in a year-to-date reversal of $5.2 million of the cumulative impairment charge that was recognised as at 31 December 2011 (2011: year-to-date impairment charge $7.7 million). The reversal has been recognised in the income statement in net operating income.

As at 30 September 2012, the Group's cash balances of $586.6 million excluded $73.2 million relating to Sonamet and Sonacergy which was classified as an asset held for sale.

Veripos

On 12 April 2012, Subsea 7 S.A. announced the spin off and listing of Veripos, a wholly-owned indirect subsidiary on Oslo Børs. On 13 June 2012, the Board of Oslo Børs resolved to admit shares in Veripos Inc. ("Veripos") to listing on Oslo Børs. The distribution as a dividend-in-kind of the Veripos Inc. shares was approved by the Shareholders on 22 June 2012 and recognised in shareholders' equity in June 2012.

This dividend was paid on 24 July 2012 at which point the assets and liabilities of the Veripos Inc. group were derecognised.

Notes to the Condensed Consolidated Financial Statements

14. Own shares

During 2012, the Group issued 1,307,181 treasury shares to employees to satisfy its commitments under share option and restricted share schemes, in accordance with the terms of those schemes.

Share buyback

On 16 March 2012, the Group announced a share buyback programme of up to $200 million. The programme was approved pursuant to the standing authorisation granted to the Board at the Annual General Meeting held on 27 May 2011, which allows for the purchase of up to a maximum of 10% of the Group's issued share capital, net of purchases already made.

All repurchases of own shares were made through open market repurchases on Oslo Børs, pursuant to certain conditions and are in conformity with Article 49-2 of the Luxembourg Company Law and the EU Commission Regulation 2273/2003 on exemptions for buyback programmes and stabilisation of financial instruments. The repurchased shares will either be cancelled or held as treasury shares to meet obligations arising under notes convertible into shares of the Group or any employee share option schemes.

During 2012, the Group repurchased 8,567,073 shares for a total consideration of $200.0 million.

As at 30 September 2012, Subsea 7 S.A. held 17,760,688 treasury shares indirectly representing 5.05% of the total number of issued shares. In addition, 1,748,500 shares were held in an employee benefit trust to support the 2009 Long-Term Incentive Plan and a further 806,106 shares were held in a separate employee benefit trust to support the restricted stock award plan. Total shares in issue, including treasury shares, were 351,793,731.

15. Significant events for the quarter

NKT Flexibles

On 3 February 2012, the Boards of NKT Holding A/S and Subsea 7 S.A. announced the sale of their joint venture NKT Flexibles to National Oilwell Varco (NOV) for a total consideration of DKK 3.8 billion. The transaction was subject to customary closing conditions, including approval from the relevant competition authorities. On 4 April 2012, the Boards announced that the sale had closed.

Finalisation of the transaction led to a gain on disposal of $23.3 million being recognised in Q3 2012. The total gain on disposal recognised was $243.6 million. The joint venture is presented within the Corporate segment.

2017 Convertible bonds

On 27 September 2012, Subsea 7 announced the issuance and successful placement of convertible bonds in an aggregate principal amount of $600 million maturing in 2017 (the "Bonds"). The bonds were issued and the funds received by the Group on 5 October 2012.

The proceeds of the issue will be used to finance the Group's growth and for general corporate purposes.

The senior and unsecured bonds have an annual coupon of 1.0% payable semi-annually in arrears, and an initial conversion price of $30.10 representing a conversion premium of 30% above the reference price of $23.15 (based on the volume weighted average price of the Company's shares on Oslo Børs between launch and pricing of NOK132.84, and an exchange rate of USD:NOK 5.7379).

The Bonds were issued and will be redeemed at 100% of their principal amount and will, unless previously redeemed, converted or purchased and cancelled, mature on or around 5 October 2017.

While the Bonds were not listed upon settlement, the Group may decide to list the Bonds at a later stage.

The Group has the option to redeem in cash any outstanding Bonds at par plus accrued interest on or after the date falling 3 years and 21 days after the settlement date, if the value of the shares underlying one Bond exceed 130% of the principal amount of the Bond for a specified period, or at any time at par plus accrued interest if less than 10% of the Bonds originally issued remain outstanding.

Pension scheme settlement

During the quarter, the Group funded the Comex Benefits Scheme (a defined benefit pension plan in the UK) to allow the trustees to proceed with a buy-out of the scheme. This buy-out was commenced in the quarter and a settlement charge of $12.2 million was recognised in the Corporate segment.

16. Post balance sheet events

Facilities

During October 2012, the Group voluntarily cancelled $400 million of the outstanding $500 million sub-limit available for cash drawings under its $1 billion multi-currency revolving credit and guarantee facility.

2017 Convertible bonds

On 1 October 2012, the Group announced that the principal amount of the 2017 Convertible bonds was increased from $600 million to $700 million due to the full exercise of an over-allotment option granted by the Group to the Joint Bookrunners. These funds were received by the Group, net of associated fees, on 5 October 2012.

-End-