

Chairman's Statement

Powering the energy transition



Kristian Siem Chairman

Financial performance

2023 Net income

\$10m

2022: \$36m

2023 Net debt

\$552m

2022: \$33m net cash

Safety performance

2023 Lost-time injury (LTI) frequency

0.03

per 200,000 hours worked

To the shareholders of Subsea 7 S.A.

In 2023, the Group delivered solid operational and financial results as the upcycles in our industries gathered pace. Revenue increased 16% to \$6.0 billion, and Adjusted EBITDA was \$714 million, resulting in an EBITDA margin of 12%. Diluted earnings per share were \$0.05, down from \$0.19 in 2022. Order intake increased 5% year-on-year to \$7.4 billion, a book-to-bill of 1.2 times, resulting in continued growth of the backlog to \$10.6 billion – the highest backlog since 2013.

At the heart of offshore energy decarbonisation

Against a backdrop of heightened geopolitical uncertainty and conflict, the world continues to grapple with the so-called energy trilemma: addressing the need for secure and affordable energy, while simultaneously working to decarbonise our energy sources. In 2023, this challenge was compounded by high inflation and rising interest rates – representing significant headwinds to the economics of offshore renewable energy developments. Industries across the globe, including our own, must continue to tackle the challenge and seize opportunities to deliver a diverse range of innovative solutions that, together, can help decarbonise our economies.

Subsea7's focus on subsea oil and gas, carbon capture, offshore wind, and new energies places the Group at the heart of the energy transition.

Industry dynamics suggest a prolonged upcycle

Subsea7 experienced a recovery in demand for both its traditional and renewable energy businesses in 2023, supported by the continued drive of major economies for energy security and decarbonisation. The Group is well placed to benefit from strong demand for our services, which is expected to be sustained over several years. The upward trajectory of demand is moderated by the capital discipline of our clients, but this is mirrored on the supply side – by Subsea7 and its peers – with limited additions to the global fleet due to the increased cost of newbuild vessels and internal capital discipline.

A return to acceptable profitability within both the subsea and renewables sectors is necessary to allow our industry and its supply chain to earn a fair return on its invested capital, ensuring the delivery of the energy developments that the world needs. Subsea7 has invested \$5 billion in its assets over the last 12 years and its modern, efficient fleet of subsea and wind vessels positions it as a market leader in both industries. In 2023, the Group's return on average invested capital (ROAIC) was just 1%, and remains significantly below its cost of capital. However, the foundations for improvement are firmly in place with an improved risk/reward profile embedded in our backlog. Through more favourable new contract awards and a commitment to capital discipline, we are well placed to deliver improved returns and strong growth in cash flow in the coming years.

Looking back on 2023, I am satisfied with the achievements and progress made to advance the Group's strategies. We completed the turnaround of Seaway7, and the business is now well positioned and profitable. Subsea Integration Alliance is firmly established, and our investment in OneSubsea has cemented our long-term relationship with our partners SLB and Aker Solutions. Our collaborative approach to project planning and execution is gaining further momentum with clients and, above all, our operations were executed safely.

Continued progress in sustainability

Over recent years, Subsea7's journey into renewable energy has seen significant progress. We have built up a substantial offshore wind business, that has supported development of a total of 11.9GW of renewable energy to our clients, enough to power over 14 million European homes. In parallel we remain focused on the sustainability of our activities – including our progress towards Net Zero – and the development of our environmental, social and governance (ESG) reporting.

During 2023 we prepared for the EU's Corporate Sustainability Reporting Directive, a significant undertaking requiring challenging data collection and auditing, but one that should improve the comparability of Subsea7 against our peers and allow us to demonstrate our progress in the coming years.

As part of this we concluded an update to the double materiality assessment that underpins our strategy. The assessment demonstrated a high level of convergence with the sustainability areas we have been focusing on since 2019.

Return \$1 billion through dividend and share repurchases

Reflecting its confidence in the outlook and the expected financial performance of Subsea7, the Board of Directors proposes that the Company returns at least \$1 billion to shareholders over four years, from 2024 to 2027. This extends Subsea7's track record of shareholder returns to \$3 billion since 2011, and underscores the commitment of the Board to strong capital stewardship.

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

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

My thanks

The success of Subsea7 is the product of the collective drive and good work of nearly 15,000 individuals, in collaboration with our clients and suppliers. It is testament to the strong, positive culture within our organisation that we have been able to grow our headcount rapidly this year, while continuing to deliver a solid performance, not just financially but also operationally. Only with a relentless focus on safety can we deliver large and complex projects in challenging conditions, while accumulating millions of manhours free of lost-time injuries. My thanks to everyone within the Subsea7 family and across our stakeholder groups for making this possible.

Kristian Siem

Chairman

Our Values

**Safety**

Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.

**Integrity**

We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.

**Sustainability**

We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.

**Performance**

We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance from every project.

**Collaboration**

We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.

**Innovation**

We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.