

Subsea 7 announces acquisition of Seaway Heavy Lifting

Luxembourg – 13 March 2017 - Subsea 7 S.A. (Oslo Børs: SUBC, ADR: SUBCY) today announced the acquisition, from K&S Baltic Offshore (Cyprus) Limited, of its 50% shareholding in Seaway Heavy Lifting Holding Limited (Seaway Heavy Lifting). Following signing and completion, after close of business on 10 March 2017, Seaway Heavy Lifting and its subsidiaries became wholly-owned by Subsea 7 (the Group).

Jean Cahuzac, CEO, said: “Our investment to acquire the remaining shares in Seaway Heavy Lifting, such that it becomes a wholly-owned subsidiary of our Group, is aligned with our strategy to grow and strengthen our business for the long-term. Consolidating Seaway Heavy Lifting into the Group increases our participation in Renewables, Heavy Lifting and Decommissioning services. These are areas where we expect market activity to increase and see potential to grow our market share.”

The Group will report revenues and net operating income from Seaway Heavy Lifting within a new Business Unit ‘Renewables and Heavy Lifting’. This new reporting structure will be reflected within the Group’s first quarter results, which will be announced on 27 April 2017.

Additional information

1. Seaway Heavy Lifting is a specialist offshore contractor and operates two world-class heavy lift vessels. It employs 550 people and is headquartered in the Netherlands.
2. The Board of Directors of Seaway Heavy Lifting comprises Nathalie Louys, Agapios Agapiou and Chris Georgiades, and its senior management team includes Jan Willem van der Graaf as Chief Executive Officer, Arjan van der Laan as Chief Financial Officer and Peter de Bree as Chief Operating Officer.
3. Prior to the acquisition, Seaway Heavy Lifting was a joint venture company in which the Group held a 50% interest. As a result of the acquisition, Seaway Heavy Lifting has become a wholly-owned subsidiary of the Group.
4. The Group paid cash consideration of USD 279 million on completion and an additional consideration of up to USD 40 million will be paid in 2021 on the condition that certain performance targets are met.
5. As at 31 December 2016 the consolidated balance sheet of Seaway Heavy Lifting reflected net assets of USD 392 million, including net cash of USD 62 million.
6. As at 31 December 2016 Seaway Heavy Lifting had \$284 million of order backlog, excluding \$1.1 billion relating to the Beatrice offshore wind farm project, which is already included in the reported order backlog of the Group.
7. Selected consolidated financial information for Seaway Heavy Lifting in 2016 and 2015 was as follows:

	31 December	31 December
For the year ended (<i>in USD millions</i>)	2016	2015
Revenue	398	491
Net operating income ^(a)	66	130
Net income	49	121
EBITDA ^(b) (unaudited)	104	167
EBITDA margin ^(c) (unaudited)	26%	34%

(a) Net operating income is defined as revenue less contract costs, depreciation, amortisation and operating expenses.

(b) EBITDA is defined as earnings before interest, taxation, depreciation and amortisation. This is a non-IFRS measure that is defined as net income adjusted to exclude depreciation, amortisation, other gains and losses, finance income, finance costs and taxation.

(c) EBITDA margin is defined as EBITDA divided by revenue, expressed as a percentage.

8. Selected pro forma unaudited financial information for the year ended 31 December 2016 is shown below. This shows the unaudited results for the Group as if Seaway Heavy Lifting (SHL) had been a wholly-owned subsidiary of the Group for the full year ended 31 December 2016:

Pro forma income statement highlights for the year ended 31 December 2016

	Subsea 7 Group as if SHL had been fully consolidated ^(a)	Subsea 7 Group with SHL equity- accounted ^(b)
(in USD millions except %)	Unaudited	Audited
Revenue	3,794	3,567
Net operating income	563	521
Net income	442	418
EBITDA	1,222	1,142
EBITDA margin	32%	32%

(a) Pro forma figures are not adjusted for:

- the impact of fair value acquisition accounting as required by IFRS 3 'Business Combinations'.
- differences in accounting policies and judgements applied by the Group and Seaway Heavy Lifting.

(b) Results for the full year ended 31 December 2016 as announced on 2 March 2017.

Subsea 7 S.A. is a leading global contractor in seabed-to-surface engineering, construction and services to the offshore energy industry. We provide technical solutions to enable the delivery of complex projects in all water depths and challenging environments.

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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 2016. 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.