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Subsea 7 S.A. Q2 2025 Results

Thursday, 31st July 2025

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Operator: Good day and thank you for standing by. Welcome to Subsea7's Q2 2025 Results Conference Call and Webcast. At this time, all participants are in a listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, please press star one and one on your telephone. You will then hear an automated message advising your hand is raised. To withdraw your question, please press star one and one again. Please note that today's conference is being recorded.

I would now like to turn the conference over to your speaker, Katherine Tonks. Please go ahead.

[00:00:42]

Introduction

Katherine Tonks

Head of Investor Relations, Subsea7

Welcome

Welcome, everyone, and thank you for joining us. The results press release is available to download on our website, along with the slides that we'll use during today's call.

Forward-looking statements

Please note that some of the information discussed on the call today will include forward-looking statements that reflect our current views. These statements involve risks and uncertainties that may cause actual results or trends to differ materially from our forecast. For more information, please refer to the risk factors discussed in Subsea7's annual report or today's quarterly press release.

The question-and-answer session today may include discussion of our proposed merger with Saipem. Security laws in the US restrict the broadcast and dissemination of such content into the US. Please refer to the disclaimer that will be displayed during the Q&A session.

I'll now turn the call over to John Evans, CEO.

[00:01:29]

Overview

John Evans

CEO, Subsea7

Introduction

Thank you and good morning, everyone. With me today are Mark Foley, our CFO; Nathalie Louys, General Counsel; and Stuart Fitzgerald, CEO of Seaway. This is the first time we've had the opportunity to speak with the market following entering into the definitive merger agreement with Saipem.

I expect there'll be questions on the transactions, which we'll take following our prepared remarks. I've invited Nathalie Louys, our General Counsel, to today's call. Nathalie, Mark and I have been involved since the very start of the negotiations with Saipem and will assist me in answering any questions you have.

I will start with a summary of the quarter before passing over to Mark for more details of the financial results.

Second quarter 2025 – resilient delivery

Turning to slide three, Subsea7 delivered second quarter adjusted EBITDA of \$360 million, representing 23% growth year-on-year and a margin of over 20%. We recorded strong margin expansion in both Subsea and Conventional and Renewables, and this, as well as high visibility on the remainder of the year, supports the reiteration of our guidance for 2025.

Order intake was high in the quarter at \$2.5 billion, resulting in a book-to-bill of 1.4x for the quarter and 1x for the half year.

Strong backlog of \$11.8 billion

Slide four shows the backlogs of both Subsea and Conventional and Renewables, which continue to increase in quality as older vintage contracts are replaced with new. We have a combined backlog for execution in the remainder of 2025 of \$3.6 billion, giving us over 90% visibility on our full-year revenue.

And now, I will pass over to Mark to run through the financial results.

[00:03:22]

Financial Review

Mark Foley

CFO, Subsea7

Introduction

Thank you, John, and good morning, everyone. I will start with a look at Group and business unit performance in the second quarter before turning to the cash flow and financial guidance for 2025.

Group revenue and EBITDA – continued momentum

Slide five summarises the Group's results. In the second quarter, revenue was \$1.8 billion, up 1% compared to the same quarter last year, driven by sustained high activity levels. Adjusted EBITDA of \$360 million was up 23% compared to the prior year, and the margin expanded by 370 basis points to over 20%. After depreciation and amortisation of \$175 million, other gains and losses of \$32 million, driven by non-cash foreign exchange gains and embedded derivatives, net finance costs of \$16 million and taxation of \$71 million, net income was \$131 million.

I will discuss the business unit performance in the next few slides.

Subsea and Conventional

Slide six presents the key metrics for Subsea and Conventional. Revenue in the second quarter was \$1.4 billion, broadly flat year-on-year, as high activity levels continued in Brazil, the US, Türkiye and Norway. Adjusted EBITDA was \$301 million, equating to a margin of 21%, an increase of 400 basis points from the prior year. The quarter benefited from strong execution performance and high vessel utilisation, as well as the continued mix shift towards projects with

an improved balance of risk and reward. The results of Subsea and Conventional include a \$9 million net income contribution from OneSubsea, in line with our expectations. Net operating income was \$165 million, a 30% increase compared with the prior year period.

Renewables

Selected Renewables performance metrics are shown in slide seven. Revenue in the second quarter was \$307 million, up 9% year-on-year, reflecting high levels of activity at Dogger Bank C and East Anglia THREE.

Adjusted EBITDA was \$53 million, equating to a margin of 17%, up from 14% in Q2 2024. Net operating income was \$20 million, a significant improvement from the \$8 million reported in the same quarter last year.

Cash flow bridge

Slide eight shows the cash bridge for the second quarter. Net cash generated from operating activities was \$339 million, which included a \$59 million improvement in working capital. Capital expenditure was \$93 million, including final payment for monopile installation equipment for *Seaway Ventus*. Net cash used in financing activities was \$306 million, which included lease payments of \$77 million and a payment of \$184 million in respect of the first tranche of our 2025 dividend, which was paid in May.

At the end of the quarter, cash and cash equivalents decreased by \$46 million to \$413 million. Net debt was \$695 million, including lease liabilities of \$448 million, equating to a net debt to last 12 months adjusted EBITDA of 0.6x. The Group had liquidity of \$1.2 billion a quarter end, which included approximately \$760 million of committed and utilised borrowing facilities.

2025 guidance reaffirmed

To conclude the financials, we turn to slide nine. We continue to expect the revenue of between \$6.8 billion and \$7.2 billion in the full-year 2025. The strong results in the first half of the year, combined with high visibility and confidence in our execution performance, we reiterate our guidance for adjusted EBITDA margin between 18% and 20%. Guidance on other income statement variables, as well as capital expenditure, remains unchanged.

I will now pass you back to John.

[00:08:20]

Progress Update

John Evans

CEO, Subsea7

Norway – strong portfolio of projects in 2025

Thank you, Mark. On the next two slides, we take a look at our activities in Norway. Slide ten shows a sample of projects we have underway during 2025.

Subsea7 has been involved with Ormen Lange since the original development in the early 2000s. For Phase 3, together with OneSubsea, we delivered front-end engineering and an integrated EPCI that includes Subsea flowline system, as well as two multi-phase compression systems. The third phase aims to recover an additional 30-50 billion cubic metres (bcm) of gas

for export to European markets, and as an illustration of the SIA's capability in unlocking reserves and maximising the value of existing infrastructure through [inaudible 09.06] field developments.

Now, Yggdrasil is a flagship development in Norway, targeting 450 million barrels of recoverable oil, which will create a new hub in the region. Our scope is on track, and we will be utilising the *Seven Vega*, *Seven Oceans*, and *Seven Navica* to install a range of pipelines, alongside two large bundles.

Finally, we have the Northern Lights project. Engineering is underway for Phase 2, with offshore activities scheduled for the next year. The project aims to increase the CO2 storage capacity from 1.5 million to at least 5 million tonnes per year, marking a major step-up in this large-scale, cross-border project that will play a crucial role in decarbonising hard-to-abate industries in Europe.

Norway – continued new awards

Our second slide on Norway shows a sample of the new awards that will sustain Subsea7's activities, including a number of important brownfield projects.

Øst Frigg will tie back to the new Yggdrasil hub, unlocking oil located beneath gas structures that were produced in the 1990s. As with Yggdrasil, the project will use our cost-efficient, proprietary pipeline bundle design, which we fabricated at our base in Wick in Scotland. We expect to be offshore in three campaigns in 2025, 2026, and 2027.

Now, Fram Sør involves the development of four fields that will be tied back to the existing Troll C platform, again unlocking reserves and extending the life of existing infrastructure. Subsea7 was involved with a FEED study, in close collaboration with the clients, to bring the project to FID. The resulting EPCI award covers subsea umbilicals, flowlines and risers that are due for installation in 2026, 2027 and 2028.

Finally, we have ConocoPhillips' previously produced fields, or PPF. Subsea7 is involved in the FEED work to revitalise existing infrastructure, this time at Ekofisk. These fields were amongst the earliest producing oil fields in Norway, but were shutting, with significant gaps still in place. New seismic and drilling technologies have enabled the reappraisal and redevelopment, which, if sanctioned, will use the *Seven Borealis*.

With significant reserves close to existing facilities, Norway stands to deliver incremental production with low carbon intensity and compelling project economics. Subsea7 is well-placed in this market, with highly collaborative client relationships that leverage our early engagement expertise and innovative development solutions.

I now want to review our prospects on slide 12 and 13.

Subsea prospects

In Subsea, tendering activities remain high across our key regions. In Brazil, the number of prospects has increased, with the addition of Mero wave 2 and Búzios wave 2, which are both designed to maximise production of existing FPSOs. We're also pleased to recently be awarded an integrated FEED study for Bacalhau 2, extending our relationship with Equinor in the region. Overall, we expect a steady flow of awards to the industry this year and next from Brazil.

Elsewhere, bidding for Sakarya 3 in Türkiye is advancing well, and we expect the contract to be awarded to the industry in the coming months. In the Middle East, we continue to bid on a selective basis for scopes that match our asset capabilities, whilst in Africa there are several major projects on the tendering horizon. In Norway, North America and Australia, we have a number of smaller prospects that bring balance and diversification to our bidding pipeline.

Overall, our focus on long-cycle projects in cost-advantage regions for the oil sector, as well as on strategic gas developments, adds resilience to our Subsea strategy and gives us confidence in the output.

Offshore wind... market dependent on UK AR7 process

On the next slide, we've replaced our usual wind map with an overview of the projects that may participate in the UK's allocation round seven. There were some delays to AR7 as the government debated zonal pricing and pre-consented projects, as well as consulting with the industry on reforms to the Contracts for Difference scheme.

It is now moving forward after recent announcements that non-consented projects can participate and that the CFD duration will extend from 15 to 20 years. A maximum strike price of £113 per megawatt-hour in the money of 2024 has also been announced. Linking us back to previous rounds of money in 2012, AR7 raised to £81, whilst the maximum strike price for AR6 is £73 and AR5 is £44.

The auction process is due to commence in August, with the results expected to be confirmed early next year. As the largest single market in the global offshore wind sector outside China, and with a number of other markets showing slower-than-anticipated growth, the time and outcome of the UK process will be key to deliver medium-term momentum in the industry. Subsea7, through Seaway 7, is tendering multiple scopes, and working closely with a number of our key clients to optimise the AR7 developments, whilst remaining selective in contracts we pursue to safeguard our future profitability.

Confident in the outlook for 2025 and beyond

To conclude, we turn to our final slide on page 14. Subsea7 finished the second quarter of 2025 with a backlog of firm orders valued at nearly \$12 billion. This gives us over 90% visibility on revenue in the full-year 2025 and supports our reiteration of our full-year guidance, implying EBITDA growth of over 20%.

Looking further ahead, we have high conviction in the fundamental drivers for long-term growth of the energy industry as a whole, and we are confident that Subsea7 is well-placed in sectors with favourable dynamics.

On 23 July, we announced the signing of a definitive agreement to merge with Saipem. We will be engaging with shareholders in the coming months and look forward to discussing the benefits of this transaction with you ahead of an AGM on 25 September.

And with that, we'll be happy to take your questions.

[00:15:59]

Q&A

Operator: Thank you. As a reminder, to ask a question, please press star one and one on your telephone and wait for your name to be announced. To withdraw your question, please press star one and one again. Once again, please press star one and one on your telephone and wait for your name to be announced. To withdraw your question, please press star one and one again. We are now going to proceed with our first question.

And the first questions come from the line of Sebastian Erskine from Rothschild & Co, Redburn. Please ask your question.

Sebastian Erskine (Redburn): Yeah, hi. Good morning, John, Mark and team. Belated congrats on the announcement of the definitive merger agreement with Saipem and the performance today. Most importantly, you can now enjoy your summer.

I guess I'll start on the merger if I can. We've seen the addition of roughly €105 million extraordinary dividend connected with a permitted divestment. Can you shed any light on this, and is that related to your fleet?

And then, secondly, there's been some concern in the market around the potential liabilities associated with Saipem's legacy backlog. How were you able to get comfortable during your due diligence that the provisioning on some of the legacy projects was sufficient? Thanks.

John Evans: Yeah, thanks, Sebastian. Let's take the second question first. So, we went into a confirmatory DD process at the end of February, and we had a good look at all the projects in the Saipem portfolio.

The offshore construction division, which we're very familiar with, has good performance, and we're very comfortable with everything that's in that portfolio. We had a good look at Courseulles through Stuart's team in Seaway 7. And we have good understanding of Courseulles and their plans to complete that project.

The one area that we did spend quite some time on is Thai Oil, which has been one of the topics that's been in focus publicly. And we benefited from meetings with Saipem senior management, with their project team. We also brought in some independent consultants to work our way through that project.

We were also then benefiting from a range of reasonable outcomes that they showed us, dependent on different scenarios that were put forward. And we also understood the provisioning that's already taken place.

Long story short, when we completed the due diligence, we firmly believe that this is a very good transaction for Subsea7 shareholders. The combination of the pre-closed dividend and the future growth that the combined business will have, we certainly do believe that this is a very good transaction for us to move on.

I'll ask Mark to talk about the €105 million dividend.

Mark Foley: Yes, sure. Sebastian, as you would expect, both Saipem and ourselves are constantly re-evaluating our portfolio. And [the merger MOU allowed for permissible transactions on both sides], one is moving ahead on our side, and we haven't entered into an SPA yet. And as such, I think it would be remiss of me to provide any more details. However,

you will have noted in our financial statements that we have created disposal groups for the assets that we expect to be disposed.

And as a result, in the MOU and the merger agreement, the disposal of this part of the portfolio will lead to a €105 million dividend to Subsea7 shareholders. And that will be [paid at the earlier of] the close of this particular permissible transaction or the effective date of the merger. So, to provide some more colour to your question.

Sebastian Erskine: I appreciate it. Thanks very much. If I could just squeeze in one follow-up on your order outlook. I was intrigued to note that you seem to be involved in quite a lot of Middle Eastern tenders. You mentioned that, John. It's a region that's historically not been a key focus, given it's not SURF pure-play. But obviously, there are CRPOs you've been named in for Aramco, and then also Bul Hanine in Qatar. How big a factor is that region going to have in your order intake in the second half?

John Evans: We have a business in the Middle East that's scaled correctly for Subsea7. It uses a certain group of assets, which aren't generally ultra-deepwater assets that we use elsewhere. And we are looking in the second half of this year to replenish some of the backlog that we burned off in the last year.

So again, we are very selective about which CRPOs and which packages we bid. As you know, we have a good relationship with Larsen & Toubro to bring our combined strengths together on some of the larger projects. So, for us, it's about maintaining a reasonable level of work from the Middle East group, which is complementary to our subsea ultra-deepwater group.

Sebastian Erskine: Many thanks, John and Mark. I'll hand it back now. Thank you.

Operator: We are now going to proceed with our next question. And the question comes from the line of Victoria McCulloch from RBC. Please ask your question.

Victoria McCulloch (RBC): Hi, morning all. Thanks very much for your time. Maybe starting with the deal first. One of the benefits you highlighted in the initial presentation when the deal was announced was the geographic focus of the key enabler vessels. Can you give us, just to try and understand the potential magnitude and the impact this could have, how much additional availability do you think key enablers might be able to achieve by keeping them in key geographies from the combination?

And then secondly, looking at the financials for the second half of the year, are your expectations in terms of margins that we see the usual seasonality through Q3 and Q4?

And just if I can do a slight follow-up to the previous question, should we interpret that the \$105 million reflects a premium to book value received with the reflection of it not having been in the deal terms previously agreed? Thanks very much.

John Evans: The discussion on the enabling assets is just around the fact that the very large assets that both ourselves and Saipem have are global enablers and have to serve a global portfolio. Today, as standalone businesses, we move these assets around quite significantly, and they probably do between 60 and 90 days a year of transiting. The opportunity set that should the merger proceed would be to geographically place these assets and minimise the amount of transiting.

So again, with a portfolio of say six global enablers between the two fleets, if you can get another 30 days out of each one, you can get another six months' worth of capacity that we can provide to the industry for more project work through the year. So that's one way of thinking about it, not a very scientific way of looking at it, but just to help you understand the opportunity set and just roughly the scale.

On the €105 million and the second half financials, I'll pass over to Mark.

Mark Foley: Yeah, hi, Victoria. Yes, we expect to experience normal seasonality in terms of margins this year, with low margins in Q1, the Northern Hemisphere's winter with less activity in the North Sea in particular, and Norway as well as the Renewables business. And again, we get some of that in Q4 too. So, what we do see is, or we do expect, is peak margins for the year in Q2 and Q3.

In terms of your question on the €105 million dividend, yes, we believe there will be a premium to book value.

Victoria McCulloch: Thanks very much for the colour. I really appreciate it.

Operator: We are now going to proceed with our next question. And the next question comes from the line of Mick Pickup from Barclays. Please go ahead.

Mick Pickup (Barclays): Good morning, everybody. A quick question, if I may, on Brazil. Obviously, several new projects turned up there. Can you just talk about Brazil's contracting? There was talk about them trying to get another vessel in. It's clearly an area where the combined company could make use of this positioning of global enablers. So, what type of flexibility in those contracts is available for using the vessel? And it's an area where I would have thought you could get some early submissions into the competition authorities. I'm wondering if any of that has been done.

John Evans: Thanks, Mick. Good question. I've literally come back from Brazil. I was in Brazil earlier this week. Petrobras, as you have seen in our map, continued to put new projects into the portfolio. There is what they call Mero Phase 2 and Búzios Phase 2. And what those projects are around is the fact that there are empty slots on the rise of porches on each FPSO. So, when we put a greenfield in, we put the initial field development in, and there are additional slots to allow other risers to come in. So, there'll be a package of work covering multiple FPSOs in the Mero field, which is equivalent to one brand new greenfield from a SURF viewpoint. And similarly, they'll do the same with Búzios.

So, Petrobras are looking, again, not just only at pure greenfields, but maximising out their existing production in each of the fields that have been developed over the last five years. So, the clarity Petrobras is thinking is there. They are interested in enquiring to the market about the availability of a large rigid pipelines to work in a similar mode as a PLSV, the Flex-lays. And again, that will be something that they will come to the market, I expect, in the next year.

And lastly, I think Petrobras are also interested, for certain, in making sure there's stiff competition in Brazil. We've seen, in the last three big submissions, a lot of very, very tight competition in our world. So, I expect us to continue to be in that world. The good news out of that is Subsea7 is always just [in] about the right places, although sometimes we win, sometimes we lose the packages. So, we expect to win our fair share of work in Brazil.

And maybe I'll pass over to Nathalie just to talk about the antitrust process and just how Brazil fits into that.

Nathalie Louys: We believe that this is a merger of two highly complementary businesses with limited overlap. We have been working diligently to prepare for filing with the relevant authorities, and this has reaffirmed our confidence that the deal will be approved. We've already initiated pre-filing processes in certain jurisdictions, and I think that we remain with our current best estimate for closing in the second half of 2026. But in the meantime, we will manage our respective businesses as business as usual until the proposed transaction closes.

John Evans: I think, just to add to that point, it is Brazil that we believe drives our critical path. So probably the question you could ask us next, what is the critical path to get to the second half? And it will probably be Brazil.

Nathalie Louys: Yes, indeed.

Mick Pickup: Okay, perfect. Can I just ask a follow-up question on Sakarya Phase 3? ...The riser joints for Sakarya Phase 3 were awarded a week or so ago. So where do we stand on that project going forward?

John Evans: As I said in my prepared remarks, we expect that to be awarded to the industry sometime either in late Q3 or early Q4. So yes, the long leads are being ordered by our client to make sure that the project schedules are maintained whilst they're going through their main procurement process of FPSO, SPS, and SURF and trunkline.

Mick Pickup: Perfect, John. Thank you very much.

Operator: We are now going to proceed with our next question. And the questions come from the line of Kévin Roger from Kepler Cheuvreux. Please ask your question.

Kévin Roger (Kepler Cheuvreux): Yes, good afternoon. Thanks for the time. I would have two, if I may. The first one, if you can help me to understand a bit more the guidance that you confirm today, because in the merger plan documents, we can find that basically for the payment of the dividends, you have an EBITDA target of \$1.4 billion. So, on the mid-range of your top-line guidance, that makes a 20% EBITDA margin. So just trying to understand a bit more the guidance that you confirm today with the 18-20% margin range compared to what we have in the merger documents, please.

And the second one is maybe on the offshore wind. So, you provided a lot of details on the UK environment. Just to be sure, those that are there, do you believe that it will fall in 2025 or in 2026 for you, please? Thanks.

John Evans: I will ask Mark to take the guidance and merger question, and Stuart will come in to answer your wind question.

Mark Foley: Thanks, Kévin. In the merger document, this is a customary inclusion to regulate dividends for both parties. The \$1.4 billion sits within the range that we reconfirm today. That was revenue between \$6.8-7.2 billion and adjusted EBITDA margin between 18-20%. So, at the upper end of the range, the \$1.4 billion sits within the guidance that we shared with and reiterated to the market today. But again, it's important to underscore that the mechanism in the merger agreement is for a different purpose, and that's to regulate the dividends from both parties.

Stuart Fitzgerald: And I'll take the second one, Kévin, on timing of UK AR7 CFD. It's at the turn of the year, so the timelines given by the authorities is awards of CFD at the very end of 2025. But in case of appeals, that then moves into January, February of 2026. So, it will be at the turn of the year. Our working assumption is early 2026 rather than 2025.

Kévin Roger: Okay, perfect. Thanks.

Operator: We are now going to proceed with our next question. And the question comes from the line of Richard Dawson from Berenberg. Please ask your question.

Richard Dawson (Berenberg): Hi, good morning, and thank you for taking my questions. Just to follow up on the margin question for H2, given you've already done 18% or over 18% in the first half and given the seasonality you tend to see, what's the risk of maybe landing towards the lower half of the margin guidance for the full year?

And then secondly, on the merger, it's been several months now since the merger was announced in February. So just wanted to get a sense of whether there's been any change in feedback from your key customers and what their comments are now. Thank you.

John Evans: Yeah, thank you, Richard. On the merger, we've engaged with all our clients, and we've engaged with most of our shareholders as well in the last few months. And generally, the discussions are positive. Our clients understand what we are trying to achieve, but they fully understand that it has to go through a regulatory process, where there's due process between the antitrust in each of the countries that we're in. So, for us, we now need to work our way through, as Nathalie discussed earlier.

Yes, that'll take us to the middle half of next year, but direction of travel and discussions with clients are positive. The main feedback from all our clients is both Saipem and Subsea7 have record backlogs in the subsea business, and they want to make sure that we concentrate on ... deliver[ing] their projects, which again, is exactly what we are doing here to make sure that we continue to perform in the next period of time.

Mark, maybe you should take on the question, because I think it's a variation on the same theme for each project.

Mark Foley: Indeed, so, Richard, we delivered 18% EBITDA margin in the first half of the year. The guidance for the full year is between 18-20%. And of course, if we get any good news to the market, then we'll share that with you in Q3 in terms of any re-ratings upwards. But as it stands today, the guidance remains 18-20%.

Richard Dawson: All right, fair enough. Thank you very much.

Operator: We are now going to proceed with our next question. And the question comes from the line of Guillaume Delaby from Bernstein. Please ask your question.

Guillaume Delaby (Bernstein): Yes. Good afternoon, John. Good afternoon, Mark and Katherine. Maybe a very naive and candid question, if I may. So, the DMA has been published, I would say just a few weeks after the initial date. So, maybe can you provide us maybe one or reasons why things have been taken slightly more?

And my naive and candid question is, during all the discussion you had with Saipem, how would you qualitatively describe those conversations? Were they lively, professional, tough, friendly? Could you maybe provide a little bit of qualitative feeling about that? Thank you.

John Evans: Well, the timing of the merger agreement definitive, we had targeted around mid-July, the middle of the year. So, I think we were within a few days of where we targeted. So, I don't think there were any delays in getting there. It's quite a task to get all the paperwork together, but there was nothing that impeded us from getting there.

The discussion started, as we've shared with everybody, late October, from a position of great respect of two companies that sometimes work with each other in the wind sector, sometimes work with each other in joint ventures in the offshore construction business, but are also two very good global contractors that have some complementary strengths and complementary capabilities. So, the discussions have always been respectful and with a view that says that there is a logic and there's a merit to put these two businesses together and if we can find the right way of doing it.

Our market caps were convergent towards 50-50. And we've always known that the Saipem offshore construction business has always been a very, very strong business. And they've also understood that Subsea7 is a very, very strong business as well.

So, the discussions have always been where we needed it to be. And we are where we are today. And we'll push ahead. And the next step was signing the merger agreement. That was done last week. Nathalie's team will work diligently with a number of different geographies around the globe on the antitrust that we need to do. And we will start preparing integration planning in September with two teams from both Saipem and Subsea7 pretty well motivated and looking forward to that task.

So very professional and looking forward to the opportunity should we be able to pass through the various authorities and new processes we need to do.

Guillaume Delaby: Okay. I turn it over. Thank you very much, John.

Operator: We are now going to proceed with our next question. And the next question comes from the line of Erik Aspen Fosså from SpareBank1 Markets. Please ask your question.

Erik Aspen Fosså (SpareBank1 Markets): Hello, guys. I have a question for you first, John. There's so many, also, sectors now struggling. Rig, seismic supply, oil service majors have declining margins and revenue. Even the subsea support vessels are seeing less activity. So there seems to be like some more cautious spending or projects being delayed by the oil companies. So, I'm wondering, are you seeing anything of that? Or why are you seemingly untouched by this weakness? Is it just because you're late-cycle or is there something more to it?

John Evans: Thanks, Erik. We certainly are late-cycle, and we need to remember that we're late-cycle. So, for us, we have multiple years of good quality earnings ahead of us here and good quality projects to deliver to our clients. As we try to show with the map of opportunities, there's actually more opportunities on the map in Q2 than there was at the end of Q1. I discussed earlier in one of the earlier questions about Brazil. So, there are two additional major SURF projects added on Brazil.

So, for us, we can only talk about the market that we're in and the market that we serve. Some of the challenges other people have discussed are about onshore US services, about Mexico, and about Saudi. As we discussed earlier, we have a relatively small business in Saudi. We

have some projects in Mexico, but ultra-deepwater projects, which, again, are quite specialist. And we have no onshore exposure.

So, we can only talk about markets that we're in. Stuart has talked about the wind sector, which, as we discussed, has its challenges in certain geographies, but equally, the market that we lead in the UK looks like it's getting the stars to align to have an opportunity set that comes towards the end of this year. Now, again, we'll see how all that plays out.

So that's the reason why we have our level of optimism and our view about prospects for Subsea7 in the future. So, I can't really give you why others are struggling in a particular area, or concerned. We're in a place where we still have opportunities to access.

Erik Aspen Fosså: I appreciate that colour, John. And just one more question to you, Mark, on the lease costs. It came up quite a bit this quarter. I guess that's related to the [addition] of *Skandi Acergy*. What should we expect going forward? Is that Q2 level something that we can extrapolate on, or is it going to increase or come down a little bit?

Mark Foley: No, you're right. There was a step-up between Q1 and Q2, Erik. I think we have signalled way in advance the *Skandi Acergy* joining the fleet. Just to set the context, we have 11 lease vessels within the fleet at the moment, nine servicing Subsea and Conventional and two servicing Renewables. But to specifically answer your question, use Q2 as a proxy for what to expect on lease cash payments in Q3 and Q4.

Erik Aspen Fosså: Thank you very much.

Operator: We are now going to proceed with our next question. And the next question comes from the line of Mark Wilson from Jefferies. Please ask a question.

Mark Wilson (Jefferies): Thank you. Yeah, good morning. First point is on the offshore wind slide. Just remind us how we should understand looking at that. You show a list of projects that may well be entered into the AR7 round. Could you tell us which one of those you're involved with, or would the tenders for such work come after a client moves forward? That's the first point.

And second, regarding the AGM vote that you've got coming up in September, could you just remind us what the approval levels you're looking for on that to move forward?

And also, last point, if there is any break fee on or break clause on this definitive merger agreement? Those are my points. Thank you very much.

John Evans: Okay. Just on the wind slide then, I'll pass over to Stuart to give an update on that, and then Nathalie can cover the AGM vote, and Mark will cover the break fee.

Stuart Fitzgerald: Yeah, I can take the first one there, Mark. So, this list is the list of projects that we see qualifying for AR7 under the rules that have been set. It is also the list where we see, in our interactions with the clients, that they're actively not committed yet to submit, but they're actively considering and preparing for submissions.

The tendering work and the engagement that we have with these clients is ongoing now, as, obviously, they need to set their cost levels as part of their business cases to prepare their submissions. So actively engaged with probably the majority of projects on that list and that engagement happening now.

John Evans: So maybe on to the AGM question, Nathalie.

Nathalie Louys: Just on the AGM question, the merger will be submitted for approval by the shareholders of, respectively, Saipem, Subsea7 at the AGM on the 25th September. For Subsea7, the approval requires a quorum of at least half of the issued share capital of the company represented and a voting majority of two-thirds of the vote validly cast.

John Evans: And then, Mark?

Mark Foley: Yeah, the common merger plan, Mark, contains the conditions precedent to the transaction. Those are clearly stated, but I just would emphasise that those CPs can be waived by the parties in order to allow the effectiveness of the merger to complete. So, hopefully, that provides a response to your question.

Mark Wilson: Sorry, Mark. So, does that – is there a break fee or not? I'm sorry.

Mark Foley: Yeah, I'm not going into any details of the break fees. Instead, I'll focus on the conditions precedent to the transaction. Those are clearly stated and can be waived by the parties to allow the transaction to continue.

Mark Wilson: Got it. Okay. Thank you very much. I'll hand it over.

Operator: As a final reminder to ask a question, please press star one and one on your telephone and wait for your name to be announced. To withdraw your question, please press star one and one again. We are now going to proceed with our next question.

And the question comes from the line of Guilherme Levy from Morgan Stanley. Please ask your question.

Guilherme Levy (Morgan Stanley): Hi, thank you for taking my question. I have a follow-up on Brazil. We saw recently a headline on the Atapu 2 bid process. And I remember that in the past, you commented that particularly for Búzios 10, what made you less competitive were instructions from Petrobras in terms of overlap with existing work that you have there. So, I was wondering if, for the Atapu 2 process, that effect also played a role in terms of you perhaps not being able to place the lowest bid just because you have other types of costs or other types of challenges there.

And then the second one, just going back to the deal, how would you classify overall the state of the offshore fleets of the two companies? Do you think that both fleets were equivalent in terms of maintenance? Or is any of the two players expected to do some specific catch-up work in terms of CAPEX ... that you are perhaps lining up to be done just after completion? Thank you.

John Evans: Yeah, thanks. On the due diligence we did on the fleet, both of us did due diligence on each other's fleets. Both are well-maintained, both are under regular planned maintenance regimes, and both of them need to go through scheduled dry dockings and such like. So, we don't expect any fundamental changes when we bring the two fleets together. They'll continue on their respective cycles of maintenance and dockings.

I'm not going to go into any specific bids because we're actually bidding at present, so that has not concluded. But my main point about Brazil is there's a portfolio of projects there, and we expect to win our share of the work. I have to keep reminding everybody that we don't have the capability to do everything that's out there, and that's why Petrobras has created a very

strong competitive tension in the system. So, some projects suit some companies better than others.

It's also not just about instructions and the bid. ... It was also just about availability of assets, and timing which assets are available, coming off one job to the next, also has a part to play for each of the bidders that puts their prices down. So, for us, we reaffirm the fact that we truly believe that we can continue to serve Petrobras into the future with its portfolio projects, and that we'll get our share of that work.

Guilherme Levy: Great, thank you.

Operator: We have no further questions at this time. I will now hand back to you for closing remarks.

John Evans: Well, thank you very much for joining us. I know it's an exceptionally busy day today with a lot of other people reporting, but thank you for your continued support of Subsea7, and we look forward to talking to you again at the Q3 results later on this year. Thank you very much. Bye.

Operator: This concludes today's conference call. Thank you all for participating. You may now disconnect your lines. Thank you.

[END OF TRANSCRIPT]