

Strategic Report**for the year ended 31 December 2020**

The Directors present their Strategic Report for Subsea 7 Engineering Limited (the 'Company') for the year ended 31 December 2020. This report is specific to the Company and not the wider Subsea 7 S.A. group. The results for the Subsea 7 S.A. group are contained within the Annual Report of Subsea 7 S.A. which can be found at www.subsea7.com.

Review of the business

The principal activity of the Company is the supply of subsea contracting services to the offshore oil and gas industry.

Revenue for the financial year was £199.5 million (2019: £128.7 million). The gross loss margin was 17.6% in 2020 compared to a gross profit margin of 6.6% in 2019. Revenue is solely derived from Subsea Umbilicals, Risers and Flowlines (SURF) activities. In 2020, the majority of the revenue came from the Zinia and Sangomar projects, making up 55% and 30% of revenue respectively, as they progressed in their offshore phase.

The drop in margin in 2020 compared to the prior year relates to projects going into their offshore phase and requiring further vessels and personnel costs than expected.

The total comprehensive loss for the year ended 31 December 2020 was £34.8 million (2019: £4.2 million comprehensive income).

On 30 October 2020 the Directors approved and paid a dividend to the Company's parent undertaking, Subsea 7 Limited, of £20.0 million (2019: nil).

Section 172 (1) statement

The section 172(1) statement has been included within the Directors' Report. The full statement can be found on pages 8 to 10.

Streamlined Energy and Carbon Reporting

The disclosure requirements of the Streamlined Energy and Carbon Reporting Framework (SECR) are contained within the Group's 2020 Sustainability Report, available at www.subsea7.com. The information disclosed within the Group's Sustainability Report relates to all subsidiaries within the Group including non-UK entities which are not governed by the UK financial statement boundary. The Group's Sustainability Report measures energy usage in tonnes in relation to CO₂e emissions from vessels and onshore sites, and contains absolute emission data therefore the Directors' consider that it is not meaningful to disclose usage in kilowatt hours or to include an intensity ratio.

Key performance indicators

Under s414c of the Companies Act 2006, the Directors are required to disclose the Company's financial and non-financial key performance indicators. The Subsea 7 S.A. group, being Subsea 7 S.A. and its subsidiaries (the 'Group'), manages its operations at a segmental and geographical level. For these reasons the Directors believe that the disclosure of key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Group, which includes this Company, is discussed in the Annual Report of the ultimate parent undertaking, Subsea 7 S.A.

The Directors are satisfied with the performance and results of the Company for the year.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company is subject to management processes applicable to the entire group. The Group's risk management programme seeks to limit the adverse effects of these factors on the financial performance of group companies. Information on how the risks specific to the Company arise are set out below, as are the objectives, policies and processes for their management and the methods used to measure each risk. The key business risks and uncertainties affecting the Company include: