Combination of Subsea 7 Renewables and OHT

Thursday, 8th July 2021

Operator: Good day and thank you for standing by. Welcome to the Subsea 7 and OHT joint conference call. At this time, all participants are in listen-only mode. After the speakers' presentation, there will be the question and answer session. To ask a question during the session, you will need to press star and one on your telephone keypad. Please be advised that today's conference is being recorded. If you require any further assistance over the phone, please press star zero. I would now like to hand the conference over to your first speaker today, Katherine Tonks. Please go ahead.

Welcome

Katherine Tonks

Director, Investor Relations, Subsea 7

Good morning everyone. With me on the call today are John Evans, CEO of Subsea 7, and Rune Magnus Lundetræ, Chairman of OHT. This morning's press release is available to download on our website, along with the presentation slides that we'll be referring to during today's call.

Disclaimer

May I remind you that this call includes forward-looking statements that reflect our current views and are subject to risks, uncertainties and assumptions. Similar wording is also included in our press release.

I'll now turn the call over to John.

Combination of Subsea 7 Renewables and OHT

John Evans

Chief Executive Officer, Subsea 7

Thank you, Katherine. Good day everyone and thank you for joining this call at such short notice. Rune and I are excited to talk to you today about the transaction we announced this morning to combine Subsea 7's Renewables business with OHT. We have a few slides that describe the deal, and then we'll be happy to take your questions.

Transaction Overview

Let's start on slide three with the transaction structure. We've announced, this morning, the combination of our Renewables business unit with OHT to form a new company called Seaway 7 ASA. Subsea 7 will own 72% of the combined company and OHT shareholders will own 28%. The company will retain OHT's listing on the Euronext Growth market in Oslo and initially have a 7% free float, as you can see depicted in the chart on the right.

It is expected that the deal will complete by the end of the third quarter this year, subject to customary approvals, conditions and relevant employee consultations. Subsequently, and in due course, the company will aim to transfer to the main market on the Oslo Børs. Throughout, Subsea 7 will retain a majority stake in Seaway 7 ASA and we'll have access to the financial, operational and strategic benefits of the wider Subsea 7 parent company.

Seaway 7 ASA – Governance and Management

Turning to slide four. The board of directors of Seaway 7 ASA will comprise four directors nominated by Subsea 7 and one from OHT. Rune Magnus will be nominated as Chairman and Stuart Fitzgerald, currently Executive Vice President of Strategy and Alliances at Subsea 7, will be appointed CEO. Torgeir Ramstad and Steph McNeill will have executive roles, and further management appointments will be announced in the near future.

Seaway 7 ASA – Financial Structure

Seaway 7 ASA is expected to commence trading on the 1st October with minimum debt. OHT has net debt of $6 million at the end of the first quarter, and Subsea 7 will contribute its Renewables business unit with zero debt or cash. As the parent company with a majority shareholding, Subsea 7 will provide financial support to Seaway 7 to fund its working capital needs.

Compelling Strategic Rationale

The boards of Subsea 7 and OHT have unanimously approved this deal based on the compelling strategic logic, although it remains subject to the approvals I mentioned earlier. Through this combination we're creating Seaway 7 ASA; a pure play renewables company listed in Oslo, with a market-leading position in the offshore fixed wind industry. As well as a long track record of executing large, complex projects, the company is equipped with a strong and diverse fleet of assets that enable it to install turbines, foundations, cables and substations in a variety of different contracting modes. The high-end vessels enable efficient operations, whilst also increasing the flexibility of our fleet as the offshore wind market becomes truly global.

This installation fleet is augmented by five heavy transportation vessels that are used to transport wind structures from yards to installation sites. Heavy transportation is an increasing, high-value segment and it's critical to enable the use of a cost-efficient, global renewables supply chain.

Overall, we believe Seaway 7 ASA will be well-positioned to capture an increasing share of the high-growth offshore fixed wind market.

Increasing Share of a High-Growth Market

Annual offshore wind installation

As you can see on slide seven, which shows the annual installation of offshore wind power in gigawatts, the market is expected to grow at a compound rate of over 20% per year, with strong growth in all three regions: Europe, the US and Asia. As we've said in the past, near term the market appears lumpy due to the timing of the licensing rounds, but as the US and Asian markets in particular, the pace of growth begins to accelerate from 2025.

With the vessels currently under construction and options for further new builds, Seaway 7 has access to the right assets at the right time to address this exciting market, to ensure it strengthens its position as a global leader.

Subsea 7 Renewables Overview

On the following slides we give a quick outline of each company, before we circle back to look at the combination that is Seaway 7 ASA.

First, Subsea 7's Renewables business on slide eight. As many of you know, we have five vessels: two heavy lift, two cable and one support vessel. We have offices in seven countries covering the current and future hotspots of the offshore wind market, including Europe, Asia and the US. We have around 500 onshore personnel and 400 offshore personnel attached to our vessels.

We have a backlog at the end of Q1 of around $1.8 billion, including projects such as Seagreen and Hornsea II in the UK, Kaskasi in Germany, Hollandse Kust Zuid in the Netherlands and projects in Taiwan.

At this point, I'll hand over to Rune Magnus to run through an overview of OHT and how it positions Seaway 7 ASA.

OHT Overview

Rune Magnus Lundetræ

Chairman, OHT

OHT Overview

Thank you, John, and good morning everyone.

Firstly, a look at OHT overall, before we highlight the two vessels under construction. As you can see on slide nine, we currently have five heavy transportation assets that are commonly used to carry wind structures, such as the jackets you can see in the photos on the right, from yards in Asia and Europe to their installation sites. We also have two state-of-the-art assets under construction, Alfa Lift and Vind 1, as well as further yard options for additional vessels.

OHT have offices in seven countries, including Norway, Denmark, the UK, the US, Dubai, Singapore and China, and have a lean team of 65 people onshore. Our heavy transportation vessels are typically engaged on fixed-price contracts covering all execution aspects, and our backlog of approximately $150 million relates primarily to the foundation T&I contract that we have for Equinor's Dogger Bank A and B development in the UK.

OHT – Alfa Lift

Now taking a closer look at our two new builds. On slide 10 we start with Alfa Lift.

This is a custom-built foundation installation vessel equipped with a 'smart deck' capable of installing up to 14 monopiles or 10 jackets per trip. It will be able to install in dynamic positioning mode, making it one of the most efficient installation vessels on the market. The total build cost is around $300 million, of which $175 million is outstanding currently, and it is due for delivery during the first half of 2022.

OHT – Vind 1

On slide 11 we have our second new build, Vind 1. This jack-up will be able to install the next generation of turbines of 15 megawatts or more, as well as monopile foundations, making it both efficient and flexible. The all-in cost is estimated at $255 million, of which $210 million is still outstanding towards DI.

More details on both of these new builds can be found in the quarterly presentation of OHT, available on our website OHT.no.

Seaway 7 ASA – Resource Base

Bringing all this together, we have the combined fleet on page 12. The new company will have a strong leadership team, an experienced team of engineers and project managers capable of delivering the largest, most complex offshore fixed wind project in the world. The fleet of 12 vessels will enable us to service the global marketplace with increased efficiency, reducing the need for long transits between jobs and covering the full array of installation activities, including turbines, foundations and cables.

Seaway 7 ASA – Global Reach

Our combined business will be headquartered in Oslo, with a strong hub in Europe, including offices in each of the key markets of UK, Denmark, Germany, the Netherlands, France and Poland. We will also have a well-established presence in the US, with offices in Providence, Rhode Island and Houston. Finally, in the Middle East we will be based in the UAE, while in Asia our offices will be in China, Taiwan and Singapore.

Seaway 7 ASA – Offshore Wind Prospects

Let me finish our discussion of Seaway 7 ASA with slide 14, showing the current bidding prospects of the combined company.

UK, Germany and Poland

The UK remains a fruitful market and the CFD round scheduled for December this year should yield a number of projects. Clients include Iberdrola, SSE, Equinor and Vattenfall. There are also a number of prospects in Germany, including two for Ørsted, and Poland, where Equinor is building a presence.

Taiwan

Although the Taiwanese market is experiencing a number of issues, there remain prospects on the horizon and we will take a cautious approach.

USA

The new market exploding onto the stage is undoubtedly the US, where we see at least six very large projects on the bidding radar; some worth up to $2 billion on an integrated or EPCI basis. The first of these, Coastal Virginia, should be awarded to the industry by the end of this year, followed by Ocean Wind, Skipjack, Empire and Mayflower, which are expected to be awarded next year.

To summarise, the bidding pipeline is strong, the outlook for longer term growth is robust and combined, we believe we have the industry's leading resource base and experience to capture an increased share of this market.

OHT's Perspectives on the Transaction

Finally, let us put today's announcement into context for the two groups of shareholders that we represent.

From OHT's perspective, the combination with Subsea 7's Renewables business represents an exciting next step for the OHT organisation and our clients, and we believe the combined company will offer long-term growth opportunities and create shareholder value.

The offshore wind market is complex and will require large and financially-robust service providers with the right combination of fleet, organisation and experience. I believe Seaway 7 is ideally positioned to be the market leader and capture an increasing share of the high-growth offshore fixed wind market.

Thank you. And I'll hand back to John.

Conclusion

John Evans

Chief Executive Officer, Subsea 7

Next Step in Energy Transition Journey

Thank you, Rune Magnus. From the perspective of Subsea 7, the transaction represents the next step in our Energy Transition journey. It's one that we believe will accelerate and enhance value creation for our shareholders. The combined business of Seaway 7 ASA is armed with a comprehensive fleet, an experienced management team and is poised to forge a new, enhanced growth trajectory as a global leader in offshore fixed wind. We, at Subsea 7, look forward to working closely with the team at Seaway 7 in this exciting new chapter of its evolution.

And now both Rune Magnus and I are happy to take your questions. Operator, please go ahead.

Q&A

Operator: Thank you. Dear participants, we will now begin the question and answer session. As a reminder, if you wish to ask a question please press star and one on your telephone keypad and wait for your name to be announced. The first question comes from the line of Michael Alsford from Citigroup. Please ask your question.

Michael Alsford (Citigroup): Good morning. Thanks for taking my questions and it looks like an exciting combination. Just, firstly, on the funding plans going forwards. I think, from memory, OHT has talked about the need for, sort of, $40 to $50 million of funding in addition to, I think, the facility that they are putting in place to fund the Alfa Lift vessel. I'm just wondering whether you can maybe take a step back and think about it from a, kind of, combined perspective and think about what we would expect the funding requirements to be going forwards, you know, from a Subsea 7 perspective? Thanks.

John Evans: I think it's probably best if I just give an overview to that question, Michael, and Rune Magnus can supplement, I guess, in terms of where we're at here. I think one of the benefits that this transaction gives is that it allows the new Seaway 7 ASA to gain the benefit of being part of the wider Subsea 7 group and that is part of our thinking, that we will be looking at how we will fund that and how we can cover that. There's a possibility of Subsea 7 to lend to Seaway 7 in terms of how they move ahead. We also know today, as we discussed earlier, that OHT has net debt of about $6 million at the end of Q1, and we're going to put our business in, effectively, at a, sort of, net debt/excess cash free basis.

So really, for us, we're going to work through, in the next few months, the future capital expenditures, and we can see that these are being covered by operating cash flow and new debt facilities, which Subsea 7 will support because we have very good and strong access to the capital markets.

Rune Magnus Lundetræ: The only thing I can add to that is, you know, two things this combination brings is that there will be even stronger operating cash flow in the combined company, and I think, also, there will be more options for us to consider when it comes to meeting future obligations from new build programmes. So I think we leave it at that for now and we'll come back to the market with more details on how we can be capitalised for the medium and long term.

Michael Alsford: Great, thanks. And a quick follow up, if I could? Just with the combination, you know, Subsea 7's talking about staying with a majority stake, but should we, therefore, expect you to be, sort of, selling down and increasing the free float of the listed entity, or how should we think about the, kind of, shareholder structure over the medium term? Thank you.

John Evans: Well, Michael, on that one we've already had some discussions with the Euronext – Euronext Growth market. There needs to be a minimum free float of 15%, and we're in discussions there and they've said that they understand there's some flexibility needed to achieve that. So, for us, we will work that to make sure we meet our listing requirements in due course. But the main aim for Subsea 7 here is to be long-term majority shareholders in Seaway 7 ASA.

Michael Alsford: Great, thanks, understood. I'll hand it back.

Operator: Thank you. The next question comes from the line of Haakon Amundsen from ABG Sundal Collier. Please ask your question.

Haakon Amundsen (ABG Sundal Collier): Yes, good morning guys. A follow up, actually, on the financial situation going forward. You mention that you will maintain a majority stake, but I was just wondering, do you consider to raise fresh equity in connection with the main listing? And a follow up to that would be what are the, kind of, next leg of the investments that the new company will endeavour, in terms of the various exposures that you now have in the portfolio? Thanks.

John Evans: Thank you, Haakon. I guess as we covered in the previous question, you know, we'll come back to the market closer to [the transaction] closing on the view of how we will handle the capital side of it and how we will decide whether we use equity or debt to grow the business. We will reveal that in due course as we work that through.

We have the flexibility to do what we'll need to do here to invest long-term. This is all about a long-term investment. The crux of the discussion between OHT shareholders and Subsea 7, we had an alignment that longer-term there is a good opportunity here.

OHT have some very interesting options in some of their shipbuilding contracts. One of the first roles of the new company's board and management team will be to look at those and again to try to fit it together with the demand that we inevitably see in that curve from 2025 up to 2030. So it's about positioning this business to be at the very top-two players in this business, which is inevitably going to grow.

I think the takeaway here, some interesting options that exist in the shipyard contracts that OHT have and that the new management team and board will look at this topic and work it through over the next few years.

Haakon Amundsen: Yes, that's very clear, thank you.

Operator: Thank you. The next question comes from the line of Mick Pickup from Barclays. Please ask your question.

Mick Pickup (Barclays): Good morning everybody, Mick here. A couple of questions, if I may – if I may on OHT. Obviously, you're selling OHT as a transporter of jackets and monopiles and ultimately installation. But that business when I used to cover it was about moving oil and gas assets around rigs, modules, vessels around the world. So can you just talk about the business mix today in OHT and how that goes towards being wind? And secondly, you're now going into turbines. I think at last year's Capital Markets Day you were very specific on that's not an area you wanted to go into. Why now going into it?

John Evans: If I take the turbines first, Rune Magnus, and then maybe you come back to the transport vessels?

Mick, you're right that we have looked at the area that Subsea 7's business which was primarily in array cables and foundations and that's a business that we've been very comfortable with. But what's been very interesting for us is we have seen two of our main competitors use their very, very large jack-ups in foundation mode and what we like about the Vind 1, it's also been engineered not only to install the largest turbines but it's a heavy duty crane, a heavy duty deck structure and jacking system which allows it to work on the largest foundation contracts as well. So when we started to sit down and talk to OHT we could see the attraction of a very top-end jack-up. If we were ever going to build a jack-up it would be the Vind 1 equivalent. And secondly, its ability to multitask between wind turbine installation and foundations will provide a very interesting flexibility for the new company. I'll hand over to Rune Magnus to talk about the heavy transport vessels.

Rune Magnus Lundetrae: Yes, so you're right, historically OHT has been a transportation company for heavy equipment and assets covering oil and gas. What we have seen in the last couple of years is an increase in activity related to offshore wind projects and specifically transportation of monopiles and jackets as they are increasingly produced in Asia and the Middle East. Last year we had a significant part of the EBITDA related to the transportation fleet from onshore wind related projects. There will be still work to serve non-renewable markets if the opportunities are there but we also see going forward that especially from 2022 and forward that there will be an increase and significant increase in work related to renewables.

Mick Pickup: Okay. And can I just follow up on the offshore heavy lift market? From memory, when I used to look at this space there was capacity coming out of Asia every time I looked at the market. What's that market like today and are there other vessels coming to market that are capable of coming into this space?

Rune Magnus Lundetrae: Well, the projections we have is it's a pretty tight market going forward. It's been soft this past winter. That was expected. That was communicated by us also last fall. We see an improved market and also an increasing number of enquiries coming in.

Mick Pickup: Okay, thank you. Cheers.

John Evans: And Mick, just to supplement what Rune Magnus says, today Subsea 7 has six heavy transport ships moving jackets on Seagreen and we have them booked for 18 months solid. On some of our US bids we have even more heavy transport ships booked solid. So interestingly enough we look on the very largest projects where the money goes, a lot of it goes to getting access and reasonable rates for the heavy transport vessels as well. So there is a real industrial logic as well here. In the longer-term as these projects globalise it's the heavy transport ships that allow a global supply chain to work, I think, in the renewables business. If we think of it in that context, that's the appeal of the combination that we see here.

Mick Pickup: Okay, thanks John.

Operator: Thank you. The next question comes from line of Mark Wilson from Jefferies. Please ask your question.

Mark Wilson (Jefferies): Hello, good morning gentlemen, two questions from me please. The first is to John. The financial framework you showed at your renewables day last year talked about Seaway 7 as it is now getting to $1 billion average revenue and over 10% EBITDA. Could you frame those figures with the combined business please? The second question would be I think more to OHT side. The option on the second installation vessel, Vind 2, would you be actively considering building a Jones Act compliant vessel? Do you think that is necessary in the medium-term? Thank you.

John Evans: Mark, good morning. If I took the first one, then Rune Magnus can take the second question. As we discussed in our Investor Day that we had, we talked about that we believed that the renewables business in the medium-to-long term can be a $1-billlion business in terms of revenue and that you could get EBITDAs of above 10%. We talked very openly to the market that it remains a lumpy industry as it starts to settle and it starts to globalise.

But we do believe that longer-term this business will settle around those margins. And just as in the oil and gas industry you've got two or three very large players that can offer a full suite of capability to the largest utilities and the big energy and oil and gas companies that are working in that front, we believe we will get there. Will we get there straightaway? No, it's a process that we will need to go through as the market stabilises and grows. But we do believe that those targets are feasible and it's really about, just as we discussed at the time, the timing at which these larger projects come and how they are packaged together and how much scope gets put into those different packages.

The new toolkit that Seaway 7 ASA has is a far-stronger toolkit than either Subsea 7 or OHT have individually. Very complimentary toolkit and as we globalise we'll also save on transits and such like, as I discussed in my prepared remarks. So it's around reinforcing the foundations that give us the ability to say those figures are feasible for us in the medium-to-long term. I'll hand you over to Rune Magnus to talk about the optionality.

Rune Magnus Lundetrae: hi there. We have three options in OHT today. They will not be relevant for Jones Act. When it comes to Jones Act, I think it's something we need to get back to the market on but what I can say is that the CapEx for Jones Act vessels will be significantly above the levels that we have seen for non-Jones Act vessels. And I would at least look for longer-term contracts and projects where you can actually defend the additional CapEx if we are to build Jones Act vessels. But too soon to give a definite answer on whether or not that will be vessels for us to build.

Mark Wilson: Okay, no, thanks for those answers. And sorry, coming back to John, defending the 10% EBITDA margin seems understandable but maybe if I could just push again on the revenue side of things. Do you think the additional opportunity would be—what upside on the – on the $1 billion longer-term?

John Evans: Mark, we – I think we've shared with the market that, you know, it's possible we'll make the $1 billion this year in terms of just the pure Subsea 7 Renewables business because of the size and shape of some of these large contracts coming through. But it's the lumpiness that is one of the challenges this industry has today.

Once it starts to normalise and starts to become stable across large geographies such as Asia, Europe and the US, we could expect to be able to see that. And once we get to that place, as we see in our subsea business, we're not transiting assets backwards and forwards around the globe. We're able to position assets in key geographies and that's how our EBITDA goes up, by putting the ships to work every day rather than transiting them.

So, we can see that growth coming. It really reflects on the timing of the Bloomberg graph that's in the materials here. Will those projects in 2024-2025 arrive in time? And will they fit together? One thing we've talked at length is the fact that this market does have a lot of government/subsidy regimes and a lot of regulatory environments around them. And so it's about how we give ourselves the ability to see where we go from there in terms of building out that business?

So, Mark, we won't be giving any more details at this point but, you know, we can see the ability for the pieces to fit together. It's just the timing of that curve. There's some lumpiness between now and 2025 but then when you look at our Bloomberg curve there's another trajectory upwards very, very sharply from that point onwards as well.

In our discussions with the key utility clients everybody's focusing on those areas and pushing ahead. And I think it's fair to say all of us have been quite pleasantly surprised by the scale of the US business which we didn't really have in focus a year, year and a half ago in terms of its size and scale. So it's a very fast moving market and that's what makes it exciting.

Mark Wilson: Thanks for the answers. And congratulations on the combination. I'll hand it over.

John Evans: Thank you.

Operator: Thank you, the next question comes from line of Turner Holm from Clarksons Platou. Please ask your question.

Turner Holm (Clarksons Platou): good morning gentlemen and congratulations on the transaction. So just wanted to touch on the synergies briefly. First, just on the sort of revenue synergies, I mean, do you see that there are – there's sort of potential to win contracts as a combined unit that you wouldn't otherwise win as two separate units? Is it sort of envisioned that this combined company will be on a similar level as the large Dutch and Belgium EPCI players? And then the second part of that question just on any view on potential cost synergies. Thank you.

John Evans: Yes, thank you, good morning. So we didn't do this transaction to drive out cost synergies. We've got two very lean organisations that are coming together in a growing market. It's about broadening the portfolio of service offerings. It's about being able to geographically place assets in the foundation business and be more efficient in that front. And then it's about making sure then that we can keep growing this business longer-term as that market responds. So that's the primary logic here. It's not a cost synergy exercise as far as we're concerned. We intend to keep all the key people, all the workforce we have around the globe and build those businesses out.

In terms of where we're positioning, there are two, one Dutch, one Belgium competitor that would have a toolkit similar to this with cables, foundations, turbine jack-ups in the mix. And that's where we position the new Seaway 7 ASA is to be in that top-three, top-two slot in that grouping. Because we believe that longer-term it'll be the larger contractors that can take some of these larger contracts.

The other thing that we have seen, we were one of the sort of early movers on offering integrated foundations and cables. And that's proved to be quite interesting. We've picked up two or three jobs in that mode and a number of our competitors have picked up some jobs in that mode. You could also see that you could join foundations, cables and turbine installation into one integrated T&I package as well for our utility clients. So there is still opportunity there I think to offer slightly different contracting formats in due course. We've always been very flexible on contracting formats. We will work in any contracting format that works for our clients and works for ourselves from a risk and reward profile.

Turner Holm: Okay, thank you. And then just a quick follow-up to that one. I believe OHT has kind of highlighted towards the end of this year is a good timing for potential award of contract to Vind 1. I'm just curious how you all are thinking about this with the deal closing, I guess, in October. I mean, you don't have to take delivery of the vessel until mid-2023 so how does that, if at all, change your perspective on potential first contract award for Vind 1? Thank you.

Rune Magnus Lundetrae: It doesn't change how we bid and how disciplined we have been and will continue to be. We believe we have attractive assets with attractive delivery slots into a market that looks very interesting at that time. So we will continue to work the bids that we have submitted and also continue to be disciplined when it comes to rates, as we have been. I would say it doesn't change anything there given the combination.

Turner Holm: Okay. Thank you very much and best of luck with the new company. Thanks.

Rune Magnus Lundetrae: Thank you.

Operator: Thank you. Dear participants, as a reminder, if you wish to ask a question please press star and one on your telephone keypad. The next question comes from the line of Vlad Sergievskii from Bank of America. Please ask your questions.

Vlad Sergievskii (Bank of America): Good morning, thank you very much for doing this call. I have three questions please. First, how did you think about valuation of the two businesses to arrive to the shareholder split you have? Was market valuation of OHT a consideration at all in this process? Then secondly, with regards to Subsea 7 specifically, obviously you will be consolidating the entity which will have meaningful new build CapEx in the next two years, likely impacting the free cash flow of Subsea 7. Will it have any impact on how you're thinking about shareholder returns over the next two years? And lastly specifically on OHT, would you be able to provide us at least a rough split of revenues of last year or maybe expectations for this year between renewable and non-renewable business? Thank you very much.

John Evans: Okay, thank you Vlad, good morning. I'll take the first two and I'll ask Rune Magnus to take the third. If we look at valuation we did what we would normally do as two companies. We looked at where we think our business is going to go into the future. We looked at what we thought the relative values of the two businesses were. As always with those type of discussions, they can be plus or minus, up and down on the numbers but we felt where we concluded that we had a reasonably balanced ratio between the two of us. And it was around looking at this from a viewpoint of this – good comes out of this for Subsea 7 shareholders and there's good comes out of this for OHT shareholders. So the valuation was a normal valuation process that we had that allowed us to calibrate it against certain reference points but I think it's fair to say that both boards felt very comfortable that we had a reasonable, balanced ratio here. This wasn't one person trying to take advantage of another. It was two businesses with a strong industrial logic saying to themselves, 'Let's try to be pragmatic here about putting good valuations together or reasonable valuations.' So that's the way we approached it.

From the viewpoint of a shareholder in Subsea 7, I'd like to come back to the very last slide and our strategic vision. And, you know, we are very clear that Subsea 7 will be one of the pre-eminent energy service providers in that market that's going to change significantly in the next ten years. We will continue to invest in Subsea 7 in floating wind, in hydrogen, in carbon capture and we still see a very large oil and gas business that we know the energy transition needs. So that's one side of our business.

We intend to invest to make sure that Seaway 7 ASA succeeds and grows. So I think, Vlad, we'll come back to the usual triangle that we've always talked about, you know. Priority number one, invest in the business if there's a good opportunity. Number two, make sure we keep a good investment grade balance sheet and number three then, return everything else to our shareholders. I don't think that will fundamentally change and I think, as we've always said to our shareholders and people that follow us, you know, we are a longer-term play here. We do things long-term because we believe we can create long-term shareholder value. So that's the way I would like people to think about it, is that that's the way we will be looking at it certainly as a board and management. And I'll hand over to Rune Magnus.

Rune Magnus Lundetrae: On the revenue side, last year – apologies, I don't have the exact percentage in my in my head but what I can say is that the majority of EBITDA came from renewables, as I said earlier to a question. And by far the biggest segment was offshore wind. In 2021 we see some reduced activity related to renewables but from the end of this year there is several jobs and a significant number of volume to be moved from Asia, Middle East to Europe and where you should expect us to bid for that work. So from 2022 and onwards we see renewables taking a bigger, bigger share of our revenue from the – the heavy lifting.

Vlad Sergievskii: Thanks very much John, Rune Magnus and good luck with the transaction.

John Evans: Thanks.

Operator: Thank you. The next question comes from the line of Amy Wong from UBS. Please ask your question.

Amy Wong (UBS): Hi guys, good morning. Thanks for the presentation. A couple of question still though. On the $400 million of CapEx that's due on the two vessels, could you give us a payment schedule for that please?

John Evans: Sorry, I think Amy we will give a bit more information to the market just prior to closing. But Rune Magnus, if there's anything that's already public with OHT please feel free to share it.

Rune Magnus Lundetrae: I can just refer to previous communication around it and that's for the Vind 1 vessel. The payment structure is 4x10 on certain construction marks and then the rest are delivery. And for the Alfa Lift the remaining is at delivery, which we said is first half of 2022.

Amy Wong: Thank you. And then the second thing is during your opening prepared remarks you've talked a bit about the kind of improving efficiency with having a more global fleet so that sounds like to me that we should be expecting some kind of utilisation uplift from not having to move your vessels around a bit. Could you talk about that a bit more? Help us understand, you know, what kind of potential is there to improve the utilisation of the new fleet when you have all 12 vessels in place.

John Evans: The main area, Amy, is in the foundations area and really it's the ability to deploy a very large, heavy duty jack-up on foundation work, which may open up an EPCI or may open up a very large transportation and installation. So if that jack-up happens to be in the right geography that's of interest to us. It's also about the fact that, you know, we've started this business in Europe and we've grown over the last decade a European business but we can see over the next 3-4 years a strong Taiwanese business and other Asian countries which will grow on that front. And then we will also have the US running in parallel. So it's about, as we do in subsea, trying to deploy assets in certain regions to avoid the inefficiency of transiting. You know, some of these large assets take 45 days or something to move around from one job to the next. You do that twice a year that's 90 days of your year gone moving around. So it's about creating the possibility for utilisation and it also the toolkit we think will be very interesting in terms of foundations for the new company, in that you've got a very large, heavy duty jack-up with the ability to do foundations. You've got in the Alfa Lift a very, very efficient monopile installation machine. And then in the Strashnov you've got a machine that does a lot of heavy jacket work very efficiently as well. So again, different tools for different types of projects. So for us there are benefits from the tools in our toolkit and where we choose to put our tools around the world. So that's the way we look at it at the moment. But that story will only crystalise in 2024/2025 onwards when these very large projects, that are forecast by Bloomberg and we're talking to our clients around them, materialise. And then it's about a question of what scopes we pick up and where we pick those scopes up.

Amy Wong: Understood, thank you. That's very helpful. I'll turn it over.

Operator: Thank you. The next question comes from the line of Mark Wilson from Jefferies. Please ask your question.

Mark Wilson (Jefferies): Yeah, a follow-up question here. It's just that with the floating business or partnership that you have not included in this, just explain what's going on with that at the moment, John? It sounds to me like that was still in kind of a subsea design phase that will use your engineers in the other part of the business.

John Evans: Yes Mark, thanks for asking that question because I think it's worth clarifying. What we've seen here is that the fixed wind business, which is the one that Seaway 7 ASA will have as its target market, has really become a major, significant, real market today with volume and very clear growth steps ahead. Whereas floating wind, as we've discussed a number of times, we see that more as getting technology lined up, starting to do some pilot projects at the middle point of this decade. We're then seeing this becoming commercial probably towards the end of the of this decade. So that will stay inside Subsea 7 and our Salamander investment that we discussed at the last quarter will stay there. We will see good cooperation between Seaway 7 and Subsea 7. I'm sure when we do a floating wind project all the cable lay work will be done by Seaway 7. But the idea is to put dedicated research and development resources on to it whilst Seaway 7 tries to go out and harvest the real opportunities that are out there in fixed wind. So that's how we've logically structured it.

Mark Wilson: Thank you, okay.

John Evans: I think that's everybody's questions so thank you very much for joining us at very short notice. Rune Magnus and I look forward to talking to you over the coming few days, I'm sure. So thank you very much and we'll talk to you again soon.

Rune Magnus Lundetrae: Thank you for dialling in everyone. Thank you.

Operator: That does conclude our conference for today. Thank you for participating. You may all disconnect.

[END OF TRANSCRIPT]