



Country NO	Market capitalization (bn) NOK 40.2	Perf. since reco. (%)
Sector Oil & Gas	Free float 73.5%	Subsea 7 S.A. 10.1
Factset SUBC-NO	Closing price NOK 136.10	Sector -1.1
ISIN LU0075646355	ESG Risk score* 20.2 Medium risk	



Profile

Subsea 7 is the global leader in offshore engineering, construction and services for the offshore energy industry. The group provides integrated services and has a proven track record of delivering complex projects in deepwater and challenging environments. It has strong engineering and project management skills and can also deploy the largest fleet in the subsea industry. The group is also active in the fast growing offshore wind market.

Strengths/opportunities

- 📌 Largest global fleet in the offshore industry
- 📌 Strong balance sheet, conservative accounting (revenues and margins)
- 📌 Committed to the fast growing offshore wind market

Weaknesses/threats

- 📌 Volatility of quarterly order intake
- 📌 Long-term trend in oil and gas investments
- 📌 Environmental and project execution risks

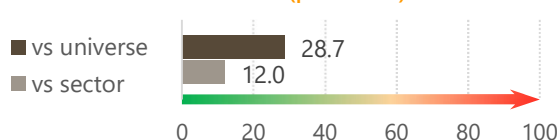
Investment case

- 📌 The energy sector has been marked by an upturn in investment since 2022. Quarterly publications since then have shown an acceleration in orders, and this momentum has continued into 2023. This is reflected in a gradual recovery in margins entering the order book, amplified by the sector's restructuring efforts in recent years.
- 📌 By 2030, the IEA scenario points to average annual growth of 8% for the sector, driven by investment in renewables (+11% p.a.). Against this backdrop, the off-shore segment is likely to experience tension, or even a shortage, in the supply of vessels by 2025, leading to a sustained upward cycle in prices (selectivity and pricing power) and hence margins.
- 📌 Against this backdrop, Subsea 7 appears to be the group best positioned to benefit from the momentum of traditional energies in the short term and that of renewable energies in the medium and long term, with "Transition enabler" status justifying the stock's inclusion in our b-Transition selection.
- 📌 The 2022, 1Q and 2Q-2023 publications proved to be solid: notably >20% y/y rise in orders and sales and book-to-bill ratio at 1.4x in 2Q-2023, tending to confirm the investment thesis. Lastly, after the investments made and in progress in the fleet, free cash flow generation should accelerate significantly from 2024 onwards.

Valuation

This chart shows the start of a recovery in sales and earnings, which should accelerate over 2025. The P/E is more relevant at this stage, at 0.9x, i.e. 25% below its long-term average of 1.2x. A return to this average would correspond to a share price of NOK 165.

ESG risk vs. universe & sector (percentile)*



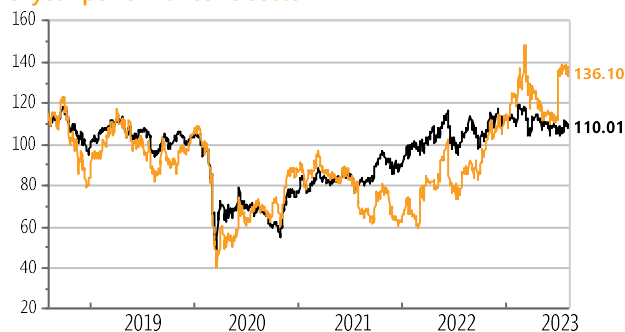
USD	12/2022	12/2023e	11/2024e
Sales revenue (mio)	5 136	5 713	6 292
Sales growth	2.5%	11.2%	10.1%
EBIT adjusted (mio)	96	152	399
% of sales	1.9%	2.7%	6.3%
Net income (mio)	57	62	243
Net income growth	79.6%	9.0%	290.3%
FCF/Sales	48.5%	-59.3%	71.4%
Net debt/Ebitda	-0.1x	0.7x	0.3x
Dividend yield	0.7%	2.1%	2.6%
PE	58.7x	63.2x	16.6x
P/BV	0.8x	0.9x	0.9x

Factset estimates

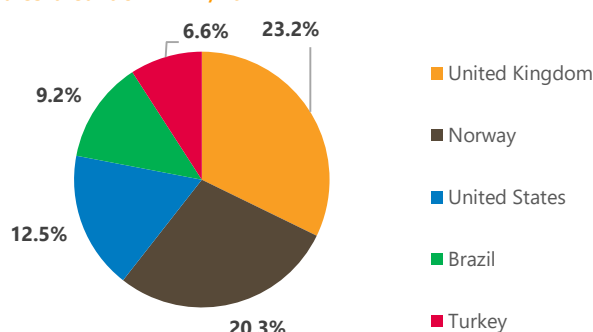
ESG - risks and key points

- 📌 Subsea 7 presents a medium risk, at the threshold of the low risk level, on ESG issues, thanks to a management team that is considered to be solid, particularly in terms of governance.
- 📌 Exposure to environmental, health and safety risks is in line with the industry average.

5-year performance vs sector



Sales breakdown - 12/2022



Glossary

Satellite

From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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