Fourth Quarter and Full year 2021 Results

Thursday, 3rd March 2022

Stian Lysaker – ***Treasury and Investor Relations***

Welcome everyone. For the first part of this call, all participants will be in listen only mode, afterwards there will be a Q&A session. With me on the call today are Stuart Fitzgerald, our CEO, and Mark Hodgkinson, our CFO. The fourth quarter and full Year 2021 results press release is available to download on our website, along with the presentation slides that we will be referring to during today's call.

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 will now turn the call over to Stuart.

Stuart Fitzgerald – ***CEO of Seaway 7***

Thank you, Stian, and good afternoon all. The agenda for this call is on slide three. First, I will talk to the highlights for the fourth quarter. This represents our first quarter of operations as the new Seaway 7, resulting from the combination of OHT and the offshore fixed renewables business of Subsea 7. I will also provide some comments on our ongoing project activity before handing over to Mark, who will run us through the financial performance for Q4 2021 and the full year. I will then provide some color on the ongoing new build program, our strategic positioning and the market outlook, before we open for Q&A.

Turning then to slide four. Our revenue for the fourth quarter was $326 million, with an Adjusted EBITA of $30 million, representing an adjusted EBITDA margin of 9.2%. Operating cash outflow was $24 million giving a net debt excluding lease liabilities of $79 million. We saw positive progress with respect to order intake in the quarter, with order intake of 259 million resulting in a backlog of $1.2 billion at year end.

The active fleet utilization in the quarter was a strong 80%, primarily driven by the cable lay assets and the heavy transport fleet. Our heavy lift vessels *Seaway Strashnov* and *Seaway Yudin* went to normal winter stops and maintenance and had lower utilization. Within our operations in the fourth quarter, we commenced offshore campaigns on the Seagreen project on schedule and made required progress to meet client milestones. Considering the award of this project was in June of 2020 and the dynamic operating environment through the last years, this is a great effort from our team and our suppliers

and facilitated by good collaboration with the SSE client team. I will provide some more color on Seagreen further on in this presentation.

The second project highlight I would like to share is the completion of cable laying operations on the Hornsea 2 project in the UK. Trenching operations are ongoing, so the full project is not yet complete, but the *Seaway Aimery* and *Seaway Moxie*, the "Duo" as we call them, have installed 400 kilometers of inner array grid cables, 166 separate cables, on the world's largest offshore wind farm.

Finally, in relation to our strategic highlights for the quarter, clearly the most significant event was our commencement of operations as the new Seaway 7. I'm pleased to say the transition has been a smooth one with good collaboration and common purpose in the combined team to deliver on our prospects going forward. The combination has provided the opportunity for engagement with all of our key stakeholders, and we have been active in this regard with very positive feedback to the merits and logic of the combination and the Seaway 7 offering.

Moving to slide five. It is appropriate to provide more specific details and updates on the Seagreen project being carried out for our client SSE, given its scale and importance to the portfolio. As a reminder on this project, we have an EPCI contract for the Balance of Plant, meaning supply, transport and install of 114 jacket foundation units, similar supply, transport and install of 330 kilometers inner array cables, and all associated works such as site preparations and scour protection. The total contract value is approximately $1.4 billion, and the project calls on a truly global supply chain, with jacket fabrication at yards in the Middle East and China, cable manufacture in Greece and a large logistics and transportation undertaking, including six heavy transport vessels in continuous operation for almost a year.

We have made good progress through 2021, and this continued in the fourth quarter. Fabrication at yards is on track to meet the project timeline and as of the year end, 53 of the jackets had been delivered from fabricators. During the last quarter, we saw the first 10 jackets installed offshore, cable manufacturer was largely completed by the quarter end, and cable lay and trenching operations commenced. Further good progress has been made in the first months of 2022 with 11 jackets installed during January.

Installing jackets and laying cables within 18 months of the contract award represents a reference project for Seaway 7 and for the industry. Seaway 7 is one of the few industry players capable of such a delivery. This is built on decades of experience in managing complex marine projects and global supply chains.

The project performance on Seagreen is facilitated by a number of key factors worthy of mention. Firstly, early engagement and close collaboration with their client long before contract signature to ensure the right maturity optimisation and robustness in the project design and that remaining uncertainties on the project at the time of commencement are well understood. Second, the right risk balance and appropriate contingencies, again, developed in close collaboration with our client. And finally, a supply chain engagement where the significant majority of packages are mature and firm at the time of the main contract signature, allowing simultaneous and back-to-back supply agreements to be put in place.

For projects of this nature, these factors, as well as a strong project management skill set and experience, are essential elements of success, and this forms the basis of our approach.

Turning then to slide six. On this slide, you will see the main, but not all of the projects, we have ongoing in Seaway 7. Seagreen I have already covered.

Hollandse Kuist Zuid is an integrated monopile foundations and cable installation project for 140 foundation units. This project is for Vattenfall, and we have completed part of the foundation installation during 2021 with 34 foundations installed. This will be one of the main projects on the *Seaway Strashnov* for the coming 2022 summer season as we install the remainder of the monopile foundations. The installations in 2022 will be on dynamic positioning, or DP, with a new DP Gripper system, used to hold monopiles in position during installation. This has been installed on the *Seaway Strashnov* over the winter months. Installation on DP, rather than anchors, represents a step change in the efficiency of monopile installation and enhances the future market positioning of the vessel. Cable laying operations on the project are also due to commence shortly and will run through the coming quarters.

Formosa 2 has been a challenging project in Taiwan through 2021. These challenges have been driven significantly by Covid-19 constraints to crewing our vessels and its impacts on the supply chain, as well as site conditions. An execution plan and commercial

basis for the remaining pin-pile installations in 2022 is in place and agreed with our client, and vessels now on site ready to commence operations to complete works over the coming months.

On Yunlin we have an EPCI contract for the delivery and installation of inner array and export cables, and the chartered *Maersk Connector* is mobilizing to Taiwan to continue these works.

On Kaskasi we will install a limited number of monopile units using the largest vibro-hammer in the world shown here in the picture. We have supported the development with specialist provider CAPE Holland. This solution will minimize environmental impact during the installation and will be the first commercial wind project where monopiles are driven to final depth with a vibro hammer. This is potentially a significant step forward for the industry in the more effective management of noise mitigation to limit disturbance of marine mammals from piling operations.

Hornsea 2 we have already talked to in the opening highlights slide so, finally, our heavy transport vessel activity.

In Q4, we saw all HTV vessels highly utilized in the spot market, and we saw high bidding activity for longer term project commitments as well as within our own renewables prospects. We are very positive to this capability in the group and to the market prospects within this segment.

The project snapshot I provided gives an overview of the different types of activity we are engaged in, across different geographic markets and under different contracting models. It also highlights our focus on innovation and continuously improving the efficiency of our methods and operations.

Finally, moving to slide seven and before I hand over to Mark.

2021 as a whole saw delays to anticipated awards in two key markets being the US and the UK. In the UK, delayed CFD rounds were the main contributor, and in the US permitting caused slippage. In Q4 2021, order intake momentum improved, and we secured three new contracts, listed here. With the acquired backlog from the transaction and project escalations, we ended the year with a backlog of $1.2 billion. I will come back to our views of the award market in 2022 further on in this presentation.

With that, I hand over to Mark to run through the financials.

Mark Hodgkinson – *CFO of Seaway 7*

Thank you, Stuart. Welcome everyone.

Turn to slide eight, then. Here we provide an explanation of the basis for the preparation of these financial results. The financial statements for Q4 and the full year 2021 had been prepared on the basis that the combination of Subsea 7 Renewables business unit and OHT is to be accounted for as a reverse-takeover by the Renewables business unit of Subsea 7. As a result, the information being presented today shows the first three quarters results of the Renewables business unit of Subsea 7 for 2021, and the fourth quarter 2021 includes the combined results of both the Renewables business unit and OHT. Please note that the comparative numbers for 2020 show only the results for the Renewables business unit of Subsea 7.

And as I indicated in my previous presentation for the third quarter results, you will note that Seaway 7 presents its results in US dollars, and we confirm that there is only one reporting segment.

Move to slide nine. This shows our income statement highlights for the fourth quarter and the full year 2021. Fourth quarter revenue was $326 million, which is 40% higher than the prior period of $234 million, which reflects the higher levels of activity on the Seagreen project.

Adjusted EBITDA for Q4 2021 was $30 million, which is up from $11 million earned in the same quarter of 2020. This Q4 result represents an adjusted EBITDA margin of 9%, which is an improvement on the 5% EBITDA margin recorded in Q4 2020. The previous year, comparable quarter was impacted by project issues in Taiwan.

During the quarter, we conducted an assessment of asset values for potential impairments and concluded no impairment was justified.

The net income was $7 million for the quarter, equivalent to a diluted earnings per share of $2 cents.

Turning to the full year revenue in 2021 was $1.26 billion, up 50% year-on-year and again due to higher activity on the Seagreen project. Adjusted EBITDA was $24 million, which equates to an adjusted EBITDA margin for the year of 2%, a similar margin compared to the prior year of 2020.

The net loss for the year was $63 million, equivalent to a diluted loss per share of $18 cents.

I turn now to some supplementary details for Q4 and full year 2021. The additional details of the income statement include administrative expenses, which in the fourth quarter were $11 million. These included some one off costs relating to the combination. Adjusting for one off items, we believe the administrative costs with the fourth quarter are in line with the guidance we give later in this presentation.

Full year depreciation and amortization increased by $11 million compared to 2020, reflecting the addition of the heavy transport fleet in the fourth quarter and the addition of the *Maersk Connector* charter for part of the year.

On Slide 11 we highlight the year-end balance sheet of Seaway 7. Non-current assets totaled $1.025 billion, of which $930 million related to property, plant and equipment with the majority of that balance reflecting the vessel values. We also recognized $70 million in goodwill relating to the combination OHT.

Cash held at year end totaled $23.3 million, of which $1.3 million was classed as restricted cash, which is included in other current assets.

Total borrowings at the end of the year was $101 million, which included $37 million drawn under a bank revolving credit facility and $64 million was working capital support provided by our major shareholder. The revolving credit facility was fully repaid in January 2022.

Current assets of $304 million includes trade and other receivables of $115 million and unbilled work under construction contracts totaling $177 million. Some of these balances relate to work undertaken prior to the combination.

Current liabilities are $357 million, includes an adjustment for normalized working capital of $153 million payable to Subsea 7 relating to balances owed by clients on projects just prior to the combination date.

Cash and cash equivalents at year end were $22 million, excluding the $1.3 million restricted cash balance. This represents an increase of $16 million in the quarter. The cash used in operating activities for the quarter was $24 million, which includes a project related net working capital consumption of $21 million, primarily relating to projects in Taiwan.

Our capital expenditure for the quarter was $30 million, largely reflecting investment in new build vessels. Our net funding for the quarter was $59 million, representing $64 million support from Subsea 7, offset by $5 million payments of lease liabilities.

Turning to slide 12, I'd like to address Seaway 7's board's approach to its capital structure and to reiterate the support we can expect from a major shareholder.

Seaway 7 is transitioning towards an independent capital structure. This is expected to take time and is dependent on market conditions. The capital structure will involve both equity and debt considerations.

I would like to reiterate the statement made by the major shareholders at the time of the announcement of the combination. It remains the intention of the main shareholders to migrate the share listing to the main Oslo Børs, with a key objective being to enhance the trading liquidity of the shares.

You will appreciate that this migration is dependent on the market conditions being conducive to such a move.

In respect of the approach to debt funding, I would first like to say that any debt raised will be raised in the name of Seaway 7 and not by a shareholder. We believe that the debt markets are open to Seaway 7 and are supportive of our committed capital investment program which we believe qualifies as green for lending purposes.

We expect to have the core financing of the company in place within the next six months. In the longer term, once fully invested, Seaway 7 will target a conservative leverage ratio to maintain balance sheet flexibility.

To conclude, slide 13 shows our guidance for the full year. Here we provide guidance on revenue, EBITDA, net operating income, capital expenditure and other items for the full year 2022. We expect Seaway 7 will approach total revenue of up to $1 billion and we further expect the EBITDA margin to remain at the level shown in Q4 2021 results, with full year margin percentage approaching 10%.

Our administrative expenses are expected to range between $35 million and $45 million, while depreciation and amortization expense is expected to be between $80 million and $100 million. Our tax charge for the year is anticipated to be below $20 million.

Capital expenditure in 2022 is anticipated to be in the range between $270 and $290 million and is largely connected with milestone payments due on the *Seaway Alfa Lift* and the *Seaway Ventus*.

I will now pass you back to Stuart.

Stuart Fitzgerald – *CEO of Seaway 7*

Thank you, Mark. Moving to slide 14 and the current status on the *Alfa Lift* new build. The development of the *Seaway Alfa Lift* foundation installation vessel continued through 2021 with commissioning of marine systems progressing as expected. The vessel departed for sea trials in early January of 2022, these are complete, and the vessel and marine system performance was positive and in line with expectations.

As most are no doubt aware, on the 18th of October 2021, an incident occurred with the A-frame on the 3,000-tonne crane. The A-frame has been removed from the vessel and inspected and is now under repair at the yard. Crane repairs and reinstallation are expected to be complete in the second half of 2022.

As a result of key supplier delays, the final installation, testing and commissioning of the mission equipment for the upending and lowering of monopiles is expected to represent the critical path to vessel delivery and readiness for operations. We do not expect the vessel will be operational on projects during 2022 and the planned start of operations and handover to project is now during Q1 2023.

A contingency scenario has been activated, which utilizes the *Seaway Strashnov* to progress the committed work on the Dogger Bank A project in the second half of 2022.

Briefly then on slide 15. The shipbuilding contract for the *Seaway Ventus*, the group's first wind turbine installation vessel, continues in the detailed design phase. All main equipment has been selected and first steel cutting occurred in November of 2021. This event is captured in the photo on this slide.

Delivery is scheduled for mid-2023, with the vessel anticipated to start in the first half of 2024 on the Borkum Riffgrund 3 and Gode Wind 3 project in Germany. We will assess progress of the build program before seeking and committing to earlier projects than those I've just highlighted, although this remains a possibility.

A comment I would make at this point is that the benefit of the design of this vessel towards certain monopile foundation installation projects has become ever more visible to us over the past months. *Seaways Ventus* will be a high value part of our toolkit for foundation projects also.

Moving to Slide 16, a brief comment on our Seaway 7 strategic positioning. This slide shows the Seaway 7 offering across the various segments of an offshore wind farm development. It also shows the different contract packaging seen in the industry today, being standalone individual segments, integrated transport and installation, and balance of plant EPCI.

Clients are showing an increased interest in both integrated and EPCI projects, where Seaway 7 provides services across multiple segments and internalises certain interfaces on behalf of the client. This reduces both Seaway 7 and client risk and allows for accelerated execution. As supply chains globalize, this integration increasingly includes heavy transportation, which represents a further unique positioning for Seaway 7. The single contractor offering simplifies contract structure and administration and reduces client's resource requirements on their projects. As the volume of activity increases and client resources become more constrained, this becomes a decision driver for client sourcing strategies. It is our view that this move towards greater integration is and will be an underlying trend in the industry, and Seaway 7 is uniquely well positioned. Here we create added value for our customers, the opportunity for joint success and resultant potential for improved returns.

Moving to slide 17 and our observations around current tendering activity. Current tendering levels are the highest we have seen with the timeline for the offshore phases of prospects generally being for 2024 and beyond.

The US and the UK dominate and as highlighted on the previous slide, integrated delivery and early engagement are an increasing feature of our client interactions and our ongoing tenure. Success is never assured in competitive bidding processes, but we are optimistic on Seaway 7's positioning and that 2022 should be a strong awards year for the market and for Seaway 7.

As we bid this future portfolio, we are maintaining a strong focus on risk – particularly around supply chain, and the entry into new geographies.

On slide 18, you see our normal snapshot of the main upcoming prospects. I won't comment further on this slide, other than to highlight what I've said earlier in relation to the importance of the UK and US markets going forward. In both of these markets, Seaway 7 are able to leverage the long operating history and positioning of our majority owners Subsea 7, which we believe is a unique strength for us.

Moving to slide 19 and a summary of this Q4 earnings presentation. 2022 will see a high volume of activity across multiple projects for Seaway 7. Our revenue visibility underpins our guidance.

We have work ongoing to support the funding of the current newbuild program and we plan for core debt and that this debt will be raised by Seaway 7. There's no change to our plan to move the company's listing to the Oslo Børs, including achieving the required free float for such a listing. The timing of this will be subject to market conditions.

We have made important progress over the last months to quantify *Alfa Lift* delays and also to develop our mitigation plan for the committed work on Dogger Bank A, as well as the associated costs. Our view of these matters is encompassed within our forecasts and our 2022 guidance, and you will find more details on this within the notes of the press release.

Market fundamentals for offshore fixed wind are strong, and although we have seen slippages of new project awards in 2021, the current bidding volumes would indicate strong growth moving into 2024 and particularly 2025 and beyond. Our clients are focused

on securing capacity significantly further ahead of offshore phases than we have seen in the past years. This is a clear sign of a strengthening market. In this context, we see Seaway 7 well positioned with our offering across multiple segments and in our ability to combine those segments through integrated transport and install and EPCI deliveries.

With that, I will end the presentation. Thank you for your time and interest, and we will now move to the Q&A. Operator, do you have any questions for us?

Q&A

Operator: Thank you. To ask a question, please press five star on your telephone keypad to withdraw your question, please press five star on your telephone keypad again. We will have a brief pause while questions are being registered. The first question will be from the line of John Olaisen from ABG. Please go ahead your line will now be unmuted.

John Olaisen (ABG): Thank you, and good afternoon, everybody. A question on the *Alfa Lift*. Firstly, what are the financial consequences of the incidents? For instance, one, any more capex? And secondly, for margins on the Dogger Bank contract, maybe in particular in the interim period when the *Seaway Strashnov* is being used. Please.

Stuart Fitzgerald: Yes, I can take that. John, thanks. So, in terms of the consequences on the capex program, the crane incident, as we've stated previously, is a an issue between the yard and the crane manufacturer. So, there's no expectation of resultant costs coming to Seaway 7in relation to that incident. The delays that we are seeing on the mission equipment likewise remain a supplier issue where we may see some impact is in our site team and an extended duration for our site team. But at this stage, in terms of the high-cost items in relation to both the crane and the mission equipment, we don't expect that to come back to Seaway 7. In terms of the profitability on the committed projects - , in establishing that mitigation for the *Alfa Lift* delay, and the use of the *Seaway Strashnov* to progress the work later in this year, there is a cost that has come with that. The details of that adjustment and cost is specified in the notes in the press release and incorporated into the forecast and guidance that we've given. I don't know if you want to say more on that Mark.

Mark Hodgkinson: I think for those looking, you'll see that the adjustment has gone through in the combination accounting. So, it's not gone through the P&L, but into the purchase accounting and into the assets.

John Olaisen (ABG): Ok, thank you. And when it comes to the capex going forward, of course, now there's extraordinary high capex to *Alfa Lift* and the *Seaway Ventus*. But is it possible to give some kind of indication what the maintenance capex is for the current capacity. What would be a capex spend if it wasn't for the new build, basically?

Mark Hodgkinson: Yes, John, it's Mark here. I'll cover that. I think the maintenance capex across the next five years is in the low double digits and some years below $10 million. So, if you're looking for a number across the five years, I would have it in a single digit, but towards 10, as being a rough estimate of the fleet apart from the new builds.

John Olaisen (ABG): And then a question on, if I may, on the on the turbine installation part of your business, having only one vessel is arguably not a critical mass. I just wonder, do you still have options to build more at the same yard for the terms indicated initially? And maybe comment on whether you are likely to use those options or whether you think one vessel is enough in this segment, or whether you need more.

Stuart Fitzgerald: We've retained the option, John, so. the answer to your first question is, yes, we do have that option. I wouldn't like to comment on, you know, firmly, on our likelihood of executing the option. We're comfortable with the position that we have with the one vessel. The use of that vessel we see will not necessarily be as a broadly competing player within the turbine market, but in facilitating integrated projects and also in, as I said before, deploying the assets into foundation projects, on those projects where the spec suits. So, I think us building up a significant fleet of turbine installation vessels and going head to head with the established competitors there, less likely.

John Olaisen (ABG): Ok. All right. I got more questions, but I think I'll leave the floor to others. And if in case there are a few questions, I'll come back with some more, please. Thank you.

Stuart Fitzgerald: Thanks.

Operator: The next question will be from the line of John Rome. Please go ahead. Your line will be unmuted.

Stuart Fitzgerald: Hello, John (**no one on the line**). Move to the next question.

Operator: As a reminder, please press five star on the telephone keypad to ask a question. We will have a brief pause while questions are being registered. The next question will be from the line of Mike Jerap. Please go ahead your line and I'll be unmuted.

Mike Jerap: Yes, hi, thanks very much for taking my question. I just wanted to ask about your - in the summary page of your slide deck. You mentioned, you know, strong focus on risk management and bidding and execution. And I was just wondering if you could elaborate on this a little bit. I'm wondering, you know, given the background you have with Subsea 7, what best practices you've brought forth with Seaway 7 that can help you in terms of risk management and how you're approaching things given that this is a newer business?

Stuart Fitzgerald: Yes, thanks for that question. So, we've been operating in offshore wind for more than a decade and we've got strict bidding criteria and risk tolerance as we use, as you say, both that experience within wind but also in general marine contracting, into the renewable space. For any large EPCI contracts such as Seagreen, the position that we would take is that early engagement long before contract award with the client is a must. And basically, that's a requirement to firm up the technical definition to make sure that installability issues are properly resolved, to make sure that uncertainties at the time of a contract award are well known, and that those then can be appropriately managed in the risk balance between an operator, or a client, and ourselves. So early engagement and deep understanding of the project and a proper interaction and agreement with the client around risk profile and contingencies is one element of the risk mitigation. And then on the other hand, obviously when we do these EPCI or integrated projects, larger projects, there's a significant third party spend that goes with those projects. And so the key other focus is the supply chain. So for all of the major packages, we make sure that there is a parallel process running alongside our engagement with the customer, which is our engagement into the supply chain, so that on any significant package, either in criticality or in volume, we are able to go back to back and sign those key supplier agreements at the time we sign the main contract with the client and do not get caught in the middle in a time lag or a chang in market conditions or any other exposure to the

supply chain. So, the prime example of that is what we see on the Seagreen project, where the signatures with all of the key sub suppliers happened simultaneously with the signature of the main contract with SSE and where we've been working with SSE for more than a year before that contract was signed to get all of that definition and risk balancing into play. So, as we approach larger jobs, as we approach the bigger integrated jobs, that's basically the playbook for us as I've described it there.

Mike Jerap: Ok, thank you, and I just wanted to also ask, is there any chance, you know, maybe this is more of a medium term expectation, but for an alliance model similar to that of, you know, what Subsea 7 has with like an Aker BP for example, is that a potential model for your business going forward as well?

Stuart Fitzgerald CEO: I think what we see is that certain clients and that number is increasing, I would say, are looking at a more portfolio type approach. So, they're bundling projects, they're bundling activity over a number of years. They are essentially looking to secure a relationship with a contractor on a multi-project basis rather than just tendering each project. So, the trend line, definitely with a number of clients, is in the direction that you describe and the end state of that type of trend line is an alliance model. So, I would say that the possibility that such a model comes into the Renewables business is absolutely there and certain of the things which are along the way to that model are in fact happening now.

Mike Jerap: Ok, thanks very much, I appreciate the feedback.

Operator: The next question will be from the line of John Rome. Please go ahead, your line will be unmuted.

Stuart Fitzgerald: Hi, John, are you there (**no one on the line**).

Operator: We have a follow up question from John Olaisen from ABG. Please go ahead. Your line will be unmuted.

John Olaisen (ABG): Thank you. There seems to be a lot of John's asking questions today, so I'll just pretend I'm another John. But 10% EBITDA margin for 2022. It is significantly higher than what me and other analysts seem to be expected. And in connection with the merger, you said that you targeting 10% or more EBITDA margin for

long term, sustainable margins. But now that you reach seemed to be a whole seem to be reaching 10% margin already in 2022. Is it possible to give some indication of what you expect or hope long term sustainable margins will be? Potentially to have them significantly higher than 10%? That's the first part of the question. The second part of the question is if you going to give some more indication about the quarterly distribution of revenues and margins for 2022, please. So, two questions on that, please.

Stuart Fitzgerald: So obviously not going to be specific on margins going forward. What I would say is a couple of things. Margin level depends on the mix of EPCI versus more T&I. So, in the EPCI, volume is high, then generally the margins will be lower and more in line with the margins that you see this year. As the T&I element becomes higher and as the new assets come into play, then I think you would expect the margin levels to be improving. And that's independent, I would say, of the strengthening market development that we see and tightening supply demand picture. So going forward, as we see this large growth that we see the market and high tendering activity and the longer lead times, and the greater client focus on securing capacity, the underlying margin of the business should improve. The eventual margin will then also depend on the mix between EPCI and T&I. So, I think that's answer the first question. In terms of the quarterly distribution. I think there are elements here, John, as you know, about the seasonality of this business, where the middle quarters would tend to be the stronger quarters and the winter quarters would tend to be a bit weaker due to lower utilization on the heavy lift assets. So going forward into 2022, think about weather and think about utilization, high activity in the middle of the year, and some projects close out later in the year.

Mark Hodgkinson: John, it's Mark here. I think that Q4 does have some good weather windows typically, Q1 lesser.

John Olaisen (ABG): Ok, thanks. And then, of course, the EPCI contracts are always uncertain until we get closer to the end. And so if you could just remind us on the EPCI contracts the Seagreen and the Yunlin. What's the time when those two projects are expected to be finalized, please?

Stuart Fitzgerald: The Yunlin is not an EPCI project that's a straight foundations installation, pin pile installation project. Sorry, Yunlin you said. So, Yunlin is a cables EPCI project. So no foundations, just cables. So, all of those cables are procured and ready for

installation. We are installing cables after the foundations have been installed, and as is known in the market, there have been challenges on the foundation installation by others. So, our cable installation has basically been delayed due to a lack of work sites available. We expect to be working on Yunlin through the second half of the year. But whether the project completes in 2023, I think it will depend on the progress that's made by the client and their other contractors on foundation installation. In terms of the timing of Seagreen. The main activity of Seagreen is through 2022, and towards the end of this year we would expect to be complete with that project.

John Olaisen (ABG): And on the Seagreen, has there been any issues on the project so far from you, or from any of the other suppliers on the project.

Stuart Fitzgerald: I think to Seagreen is a good story, John. So as I said, there it's been good progress through the first 18 months of the project. We've got the foundation units coming out of the fabricators and getting transported to Europe. We're up to 75 units delivered I believe. The forecast is for the remaining units to be delivered in accordance with what's needed to feed the installation vessel offshore. We have the installation vessel offshore who's now completed 21 of the foundation units and we have our slots and program in place for the remaining work. So I would say a big project like that always has its day-to-day challenges, but the trend lines of that project, a solid execution and good delivery from the team and the supply chain.

John Olaisen (ABG): Ok. And my final question is one more long-term revenues. Again, back to the presentation of the merger with OHT. You mentioned that they expect a billion dollars in average in revenues per year for the years to come. Is that still valid or could we hope for higher? Since it seems to be making close to a billion in 2022, then you have two more big vessels to bring in 2023. Is it likely that we'll see higher revenues in 2023 and 2024, then in 22?

Stuart Fitzgerald: I think that we would not draw a trend line from 2022 to 2024 and 2025. 2023, I think, as I've said before, will be impacted by the delays that we saw in the UK CFD rounds. So there are definitely prospects for 2023, but I don't think you'll see linear growth from 2022 through to 2024, 2025. In 2024 and 2025, I would tell you there are definitely opportunities for increasing revenues. Again, it will depend on project mix and the scale of EPCI projects that are in that project next year.

John Olaisen (ABG): And of course, you haven't won the big one, the last big one was Seagreen on the contract side. Are there any of the same size being tendered at the moment?

Stuart Fitzgerald: Not of the same size, but significant ongoing discussions and tendering. Not at the at $1.4-$1.5 billion level. But still significant value.

John Olaisen (ABG): Alright, between 2024 and 2025 startup?

Stuart Fitzgerald: I guess the one comment I would make John is when we do an EPCI project, there is a more linear revenue and margin recognition through the project, because there's a large scale of activity that commences at the beginning of the project with fabricators. And so unlike a T&I job which is more back loaded in terms of its revenue and profit recognition, EPCI jobs have a more linear path, so we would expect solid contribution to 2023 from any EPCI projects awarded this year.

John Olaisen (ABG): Right. Ok, that's all for me, thank you very much, everybody.

Stuart Fitzgerald: Thank you.

Operator: As there are no more questions. I will now hand it back to the speakers for any closing remarks.

Stuart Fitzgerald: So, I guess in closing, thank you very much, everybody. We appreciate your calls. I know it's a busy time of the year and thank you very much to everyone for joining us today, and we look forward to talking to you again on our Q1 earnings call. Good Bye.

[END OF TRANSCRIPT]