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# EDITED TRANSCRIPT

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## CORPORATE PARTICIPANTS

**Arnaud Pieton** *TechnipFMC plc - President of Technip Energies*

## CONFERENCE CALL PARTICIPANTS

**Henry Michael Tarr** *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

## PRESENTATION

**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. I think we shall -- we'll start the session. I'm Henry Tarr from Berenberg and delighted to welcome Arnaud Pieton, so -- the President of Technip Energies for this fireside chat. Thanks very much for making the time, Arnaud.

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Henry, thank you for having me.

## QUESTIONS AND ANSWERS

**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

You're very welcome. So it's a very interesting time broadly for the business and more generally. I guess just to start with, where are we on the plan still to split out the business and the spin-off of Technip Energies?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Thank you, Henry. So obviously, it's a very interesting question for many of you out there and for us internally as well. So postponing the company's separation to diversify pure plays was a very difficult decision to make earlier this year. But we were very close but it was the prudent thing to do to postpone. There was extreme panic on the market and anxiety with the COVID pandemic and quite a dramatic change in the market outlook and stock market conditions.

So -- but the important thing is we remain committed to the spinoff of Technip Energies. And there is no change to what we have stated previously. The strategic rationale remains unchanged. And if anything, the acceleration that we're observing through the energy transition landscape is actually strengthening the rationale to some extent. We are keeping the -- every spin-related financials and other relevant materials current to ensure that we can move forward quickly upon a public disclosure, so you can count on 90 days from public disclosure. And we continue to monitor the stock market and the market sentiment for what we are about to do.

Now if we look at the current environment, it's -- certainly, there is still anxiety and uncertainty. I mean, let's be very humble about the whole thing. I would be -- it would be very pretentious for me to stand here and say out -- to sit here and say, "Hey, you know what, it's okay " and be hyper bullish. There is still uncertainty in the market. But we believe and I believe that the worst has passed. And we have a far better understanding of our customers' plan, first of all, compared to back in March.

Our backlog has remained -- I mean, remained solid and is solid with no cancellation. We've had a very strong Q3 inbound for TechnipFMC, mainly through Subsea in Q3, but we've recently announced, a couple of weeks ago, the FID and therefore the fact that we were kicking off the Costa Azul LNG project in Mexico, on the west coast of Mexico. And we just today announced that we are closing in on Assiut, and therefore, this is converting

from a project -- prospect into a project and will be part of our inbound for the quarter. So overall, I would say a very different environment and a very different sentiment, and this is why we continue to believe in this transaction.

We continue to execute our projects well, and we continue to look at the right -- what is the right timing. And also it's about validating what is the right structure for this transaction. And we are studying a few and -- so that we can be ready to make a recommendation to our Board of Directors and eventually move forward. So...

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. So I guess, the original plan was a spinoff? And without wishing to preempt anything, are there any other sort of obvious routes for the split?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

No. So the route remains the same, a spinoff, Henry. Now a spinoff can take different shapes and forms. And the -- again, we are validating what options we have for the capital structure of that spin company. But it would be definitely a spinoff and Technip Energies as a stand-alone company. But again, the morphotype of it is still under -- being evaluated at the moment.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. And I guess, you're still relatively new to the job running Technip Energies. You've obviously been in Technip for a long period of time, but looking across sort of different parts of the business. What was it really that attracted you to this role to running Technip Energies?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

That's a good question, Henry. So I spent most of my career, so I've been 17 years with TechnipFMC, started on the Technip side and then -- and spent most of my career in Subsea but all with a very strong project experience in both Subsea and E&C. So what was key to me in the decision to accept, to take over from Catherine, who was moving to Engie, was for me to be aligned on the business strategy. And I'm absolutely committed to realizing a successful future for Technip Energies and a successful spinoff.

And I have -- that long career with TechnipFMC has allowed me to basically get very close to the Technip Energies team and management team so I know them all. They all know me, which in the current context, I would say is an advantage because we -- there has been no lag in my ability to take over from Catherine. And I think this is -- this was key to a successful transition.

And Technip Energies today already is a fantastic business. When you look at Technip Energies' performance over the past 5 years and beyond, it's already a fantastic business, which I sure hope to contribute to and make it even more successful. And if in the past 12 months, we've been reorganized -- we've reorganized Technip Energies to improve our ability to capture energy transition work, which we frame under 4 pillars: the LNG, sustainable chemistry, decarbonization and carbon-free energy solutions.

And we do intend to -- it would be too restrictive to say, all right -- to try to classify all of Technip Energies' business into those 4 pillars for now. But certainly, we do intend to grow those 4 pillars and I do intend to grow those 4 pillars. And our traditional end markets are still with us today and they will remain with us for some time. But I will tell you, we can differentiate in those -- including in those traditional end markets because they are becoming, I would say, a bit less traditional. An LNG in the future will not be an LNG like it was in the past. In 100% of the conversations we are having with our customers on our traditional end markets, there is an energy transition thread to the conversation in absolutely all of them. So yes, I'm actually quite excited and I think, there is a great equity story, as I see it, for Technip Energies.

**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

I guess you mentioned, so as a stand-alone entity, Technip Energies now has a very high backlog, strong visibility in the near term with -- particularly with those LNG projects and now potentially, so Costa Azul coming in as well. As you look out, you talked a little bit about the transition. How do you think the business mix is likely to evolve over the next sort of 3, 5, 10 years? And do you think this is a growth business at this point as we go through the transition?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

So I'm convinced it's a growth business and here's why. I mean, let's take a step back on our market and think about our market offering for energy transformation. We offer early engagement, feasibility studies, front-end concept studies. We provide technology and technology integration. We have this full EPC project delivery, which people will, I would say, make -- and I think it's a bit of a mistake, very few differentiation what is -- between what is true EPC and what is an EPC with a convertible part of it.

And then okay, it all falls into the EPC bag but I mean, we have a very derisked, I would say, EPC portfolio at the moment. We have proprietary products, which we didn't have in the past and a project management capability, an expertise in services, which is well-known by our customers around the world. So it's a very broad offering. And we can offer any of -- or all of these depending on the scope of the project in question. So whether it's an infrastructure or plants, whether it's chemistry, whether it's refining and so on.

So ultimately, our role is to -- is determined by what makes the most economical sense to our company from a risk and reward perspective. And the key concept underpinning all this is really selectivity. And we are typically very selective on the projects we take on. And this is -- this has been a key factor to the success of Technip Energies recently. And what we want is a strong project integrity. We want solid backlog, of course, but also predictability and stability in the -- in our financial performance. This has been the case for the past few years, and I certainly make it my objective that it remains the case for the years to come.

So in any scenarios, if we're applying selectivity and the right contracting mechanism, we can utilize any of the scenario depending on our risk appetite. And the crucial point is, I mean, we are completely feedstock-agnostic, whether it's oil or gas or biomass or CO2 or hydrogen or even the electron, to some extent, we can take it all. And we can take every molecule, every energy chain, be it conventional or not and transform it or contribute to transforming it and put it into a plant, an infrastructure or something that fits our customers' needs.

So really, when you look at all that, the market opportunity is really, I mean, extra large or maybe infinite -- maybe not infinite but very, very large. And I would say that regardless of how one will define the energy landscape going forward, I mean, Technip Energies is central to this energy landscape because being current future -- I mean, future markets or current base market, we're there. And if you think halogen, you think -- you should think Technip Energies for sure. If you think CO2 capture and CO2 handling, absolutely, you should think Technip Energies. If you think a very decarbonized LNG because of using hydrogen as fuel for fueling LNG plants, you should think Technip Energies.

So -- and it goes beyond, sustainable chemistries and so forth. So all this to say that really we cannot absolutely underestimate the strength of the energy transition team. And we cannot underestimate, I would say, the positioning of Technip Energies within the energy transition team. It's strong, it's real and it's -- again, like I said, there is an energy transition thread in everything we talk about at the moment with our customers. So we are very, very real and strong platform to tackle that energy transition challenge going forward.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Great. And I guess just coming back to the spin and you talked about some of the structures there as well. What do you think the right balance sheet structure is for Technip Energies? I guess, large construction companies such as yours have often run with net cash balances. Do you think that makes sense, given the negative working capital dynamics or you think your business is broad enough to -- how are you thinking about how you'd like to run the business post the split?

**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

So Henry, thank you. Obviously, we have not formally guided on the capital structure of the 2 entities so I -- we remain a little bit reserved on that answer. But traditionally, in E&C business would typically run at a net cash position, whereas a traditional OFS where I come from, company typically operates with leverage. And so it's a little bit too early for me to go into the specifics but we will provide more information in due course. But I think you're thinking about it in the right way to have a very short answer to that question. Yes.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. Okay, great. And then perhaps we can dig into LNG a little bit. It's a very large part of the portfolio and earnings outlook for you guys. I guess big picture, there have been a lot of LNG contracts bid and won over the last couple of years. Do you still think that those are premium contracts or have the potential to be premium contracts in the current market, so you hope to be able to generate higher margins on these than the traditional EPC?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Yes. So if I look back a little bit at the LNG market for Technip Energies, and -- we are confident in our market position, first of all. And the way -- for some, the LNG wave might be over but it's not over for Technip Energies. And there are only very few players that are recognized now for being able to deliver successfully large LNG structures in particular.

And so our market position, I think, has been just recently reinforced by the recent references in the contractor world, which the Senfra example is one. So we remain in a small number of players or contractors worldwide that can deliver successfully. And we've executed some -- I mean, many -- I mean, all the world's largest LNG developments, we've been part of. The 6 large LNG trains are taking FMC. We've pioneered the floating LNG and we've developed a real expertise in applying modularization to large-scale projects, which is exemplified by the Yamal project and which we -- all those are good lessons that we are able to apply to the current and future LNG projects.

So in aggregate, if I answer to your question, we've developed over 20% of the global installed capacity in LNG. It's a clear competency to Technip Energies. And with respect to margins, we have historically suggested that LNG can provide up to 200 basis points of margin accretion to the traditional 5% to 6% for this E&C business. And we certainly do believe that this will be the case for Technip Energies. Yes, this will continue.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Great. And then I guess the next massive contract out there potentially is Qatar. It's been caught up a little bit with COVID, et cetera, and we've seen various news reports come out around it. Where are we in the process for that award? And I guess there are so many parts to it. It seems massive in scale. Set in Technip Energies, do you think that you would rather focus on winning the onshore part of that contract and -- rather than perhaps some of the offshore infrastructure, et cetera, et cetera? And how big an opportunity is it?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Yes. I mean, we continue to be engaged on the Qatar LNG prospects and the tendering process, as you know, is ongoing. But we -- as you said, we are both parts -- I mean, both parts of the projects, onshore and offshore are open to us and are interesting to us. So we've been awarded a large FEED study for the offshore scope. And we're very happy. I mean, being part of the FEED is -- allows us to then decide whether we -- if and where we want to compete for EPC eventually. Not mandatory, not an obligation. Selectivity will remain our driver. But it's very good and we're very happy to have been awarded this very large FEED contract for that offshore facility.

Now if you think about Qatar and the North Field Extension, NFE, we believe we are well positioned based on experience. We know the customer. We know our partner, we know the country, we know the landscape and we understand the technology. So all those are 4 very important attributes,

and we know the FEED and we've been engaged very early. So 4, 5 very, very important attributes in our selectivity process and in our process of selecting which prospect we want to be embarking into. And we built the 6 mega trains, as you know.

So -- but it is a competitive tender. So would we like to secure the project? Absolutely, yes. But at the same time, it is competitive and it is not necessarily a must-win and we need to be a little bit humble about it. It's a very large project. We have a very good appetite for it. But it's not a must-win and there is no such a thing as a must-win for Technip Energies. And so if we win it, if we are successful, and you and the rest of the people listening, I mean, should assume that it's been secured under terms and conditions which we are happy with. Otherwise, we have other opportunities in the pipeline in LNG and beyond to compensate for potentially not securing this large NFE onshore project in Qatar. I mean, we are active on many feeds in LNG, and we will have ways to compensate for not securing Qatar, if we are not securing Qatar NFE in a project. But I mean, again, it's competitive so let's see.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. And then in terms of size, I guess, you're bidding a consortium, but potentially, it's a multi, multibillion dollar opportunity.

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Yes. It's a very large -- it qualifies as a very large -- I mean, contract and it's a multibillion opportunity, absolutely. But as you said, we are partners with Chiyoda. We know the joint venture very well because we were part together of the original 6 trains. And in terms of the size, if you think about our ability to handle it, first of all, we're not alone, which is always a good way to digest a project of that size.

And also when you think about the various LNG projects we are engaged into, sometimes we have 100% of the scope. It's the case with Costa Azul, which is a medium-sized LNG. So we take care of the utilities and the trains and the technology around the liquefaction, et cetera. It's not exactly the same case for Qatar, where it's -- we're more towards the utilities and Chiyoda more toward the trains. Therefore, the skill set and the expertise that is needed is not completely absorbed through Qatar. We -- it's actually a different set of competencies used on those different projects. And this is why we always feel comfortable stating that we can handle up to 5 big LNG projects because the calendarization is different, so the resources assignment is spread along the way and also because our scope on 1 said project can vary from the scope of another project, and therefore, not all the same expertise is required on all the projects at the same time.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Yes, yes. And then, I guess, to go to your largest current project, which is probably Arctic 2 underway at the minute. How has progress there been? I guess, it's been a challenging year from a logistics standpoint, given COVID? Are there any concerns on that side? Yes.

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Yes. Well, yes, Arctic LNG 2 provides a very nice opportunity following the huge success that we've had on Yamal LNG. So it's a project that fits well our selectivity criteria. We engaged very early concept, FEED. We know the customer, we know the geography and the landscape there. So we have continuity in terms of teams as well. It's pretty much the same product team that we've translated from Yamal to Arctic 2.

So we got off a great start. We were well advanced with engineering pre-FID actually, so which means that we made a very good progress in the early months of the project right up to the Chinese New Year celebrations, which unfortunately also coincided with the pandemic rising. So some of the impact has been absorbed by the fact that we were already planning for slowing down for the Chinese New Year celebration, which is normal.

And -- okay, so -- but then our Chinese yards and our partners really did an excellent job at ramping up, ramping back up and keeping the project well on schedule. So in many ways, this early experience of COVID has helped us on Yamal, on Arctic 2 LNG but also beyond to learn about the dos and don'ts on how to best handle the COVID situation. But back to Arctic 2, I mean, overall, our teams are -- and our financial performance through

the pandemic has been highly resilient and significantly stronger than peers, I would say. And it's best illustrated by the fact that we've been able to confirm the guidance as early as Q2 2020. And more importantly, we've not derived from that guidance.

So yes, I mean, the project is progressing well and we're working around the challenges presented to us. And there are many, but I would say I'm happy to report that it's -- we are tracking well there and working well with the customer to address the challenges presented to us. So I would say it's good.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay, okay. And you mentioned Yamal. Obviously, Arctic 2 follows on from Yamal. Yamal, was such a huge success, I guess we're still seeing the accounting issues sort of coming from that or flowing through the P&L today. If we sort of strip Yamal out, I guess this is something that you'll be looking at going forward, the underlying margins and performance of the business through a tough period, how are sort of underlying margins holding up?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Well, I think I've answered partially to that question, Henry, earlier on when you asked me to -- when I answered about LNG being accretive to our performance. And thank you for recognizing the success of Yamal. It's important for us and for our customer for sure but for us internally as well.

So yes, I think the underlying performance is the one I described earlier on, a mix. I mean, E&C being in the 5%, 6% and having LNG accretion on top of that, around 200 basis points is basically how I will answer to the question. And then comes a potential upside to Yamal or other projects with great performance and being rewarded for great performance. So yes, that's -- I can tell you that.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. And then if we sort of switch to -- maybe to a different part of the business, I think what you talk about green chemistry. And that's a market that's expected to grow very substantially, potentially triple over the next 10 years. What needs to happen for it to become material for the group?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Yes. Good question. So in sustainable chemistry, there are really 3 main areas where we're involved: biofuels, bio-based materials and circular economy. And it's interesting that you ask what needs to happen for it to be material for Technip Energies and TechnipFMC today. Well, the reality is, and it's maybe -- maybe we do a poor job at communicating on it, but the reality is it's already material. So it already is.

We are currently executing an expansion project for the -- for a renewable products facility in Singapore for Neste. This project alone would -- I mean, is part of the top 10 project by size in Technip Energies' backlog, so it's already quite material. We have a long history in the development of biofuels, offering advanced solutions to meet some increasingly stringent climate targets. And we would like to nurture, develop and grow our market position there in -- both in biofuels and sustainable aviation fuels as well.

We have a strong relationship with Neste, the world's largest producer of renewable diesel. And we've delivered for them and we've engaged -- we further expanded this relationship with the formation of an alliance, and we are extremely proud of being the partner of choice for Neste's future renewable diesel projects. So we are part -- we are and we will be part of their development plans.

So the global event, as you said, for renewable diesel alone is projected to more than double by 2030, so we do expect that we will have more opportunities there. We have proprietary technology in sustainable aviation fuel through our Hummingbird technology. So -- which is -- actually has been selected for a FEED study for a plant just recently. So yes, I mean, from biochemicals to the Epicerol technology, et cetera, yes, and you

should expect to see more announcements and more investments by Technip Energies into circular economy. So I would say stay tuned because it's -- yes, we have some very interesting conversations at the moment, which we will make public in the near term.

But all this to say that green chemistry is already part of, I would say, what is material to Technip Energies. And we are a lot more than a one-trick-pony and LNG only. And renewable chemistry is one, sustainable chemistry is one and then yes, when you rank in the top 10 projects by size within Technip Energies, it's already material. It's already a big one. So -- and that's the case for the plant we're doing with Neste on renewable products in Singapore.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay, great. And I guess another interesting technology for you guys is probably hydrogen. You have a very high market share historically for sort of conventional hydrogen production versus your sort of steam reforming technology. What's the outlook for sort of your involvement in blue hydrogen and then potentially green hydrogen, I guess, beyond that?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Yes. So I mean, we believe we are well positioned for a wave, so to speak, of blue hydrogen opportunities. Although the development of this market will also -- I mean, depend, sorry, on the local legislations, okay? So we do intend to build on our strong leadership position in the conventional hydrogen, and you've mentioned the existing technology. We have 100% in-house capacity -- I mean, capability and technology to design and deliver hydrogen plants on an EPC basis. So we don't need third-party technology, et cetera, for, I would say, the traditional hydrogen.

Now we also have, with all the strategic alliance with our products, which is business building focused and execution alliance, which is exclusively for a hydrogen manufacturer. And we continue to develop to build on R&D and develop IP there. So you're right. We are a leader, 270 plants around the world are actually from -- originally from TechnipFMC. They are green hydrogen so traditional, using the steam as a reforming technology.

What is unknown by many is that 50 of those plants are actually equipped with carbon capture technology. And so therefore, that would qualify for blue hydrogen in the sense, except that they are not -- what's missing is the sequestration to those 50 plants. But for carbon capture and storage, TechnipFMC and Shell have a strategic alliance to globally market our EPC expertise and share CO2 capture technology, the console of technology, it's an alliance. And we are out there together to promote it.

The good thing is this technology is retrofittable to existing facilities. So we can go out there and retrofit that technology on existing plants and/or it can be a grass root new plant. And the technology lowers carbon intensity but also meets -- helps meet greenhouse gas emissions reduction target with -- it also lowers SO2 and NOx emission, which we sometimes forget about and that's really very real. So to date, again, we have about 50 references with CO2 capture on hydrogen plants. And we have prospects and that are CO2 capture ready. And so expect that, yes, in the same way that we've been part of hydrogen in the past, I expect that we are going to be part of hydrogen in the future.

So we have 10 to 20 CO2 capture units to be retrofitted as -- if you think about the pipeline of opportunities and 1 to 5 of grass root blue hydrogen plants opportunity at the moment. But we have a very big role to play in blue as well as in green. And I -- for the audience, I think it's important for people to remember that if you think hydrogen, one should think really Technip Energies because of our market share, which we don't intend to give up on. If you say about 35%, 40% market share at the moment with the traditional technology, but don't expect that we will give up on that market share for blue or through blue hydrogen or green. So our ambition is intact for blue and through green going forward.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Great. And I guess you have a partnership or agreement with McPhy that you announced recently. What -- so that's focused on electrolysis, I believe, rather than blue hydrogen so straight to green. What do you aim for from this partnership? And what are the sort of time frames? Is this still very much R&D or are you hoping to be able to sign some contracts with it in the coming quarters or years, yes?

**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Yes. So it's actually beyond R&D and that's the reason why we've embarked with McPhy, okay? It was -- I'll come back in a minute on what are the hopes for this partnership. But the reason -- the very reason why we teamed up with -- we invested into McPhy, it is specifically because their electrolyzer, which is the pressurized kind, their technology is mature, is marketable and we can introduce it on the market today. And that was -- it's important for us to -- for me to say that today.

So I mean, the ultimate goal for this partnership with McPhy on this investment is to position Technip Energies as a leader on large-scale green hydrogen market through a low capital intensive and right deal. We will, together with McPhy, we will jointly address the commercial opportunities and work on integrating their respective -- I mean, our respective offering and work on R&D and hydrogen technology for the future.

So they are partnering with a Tier 1 -- I mean, we are partnering with a Tier 1 electrolyzer supplier. It is indeed of the -- it's the alkaline technology, if I may say, so it's not a proton exchange membrane or it's not solid oxide but it's the most mature technology. And this is why we've decided to invest into it.

It ensures access to electrolysis technology now. Again, it's a pressurized alkaline electrolyzer. It's the most advanced one. It's very mature. And we didn't want to have to wait for the PEM and the SOEC technologies that are out there to be mature. We wanted to be critical today and pave the road to our positioning for our market going forward in green hydrogen. So we do have prospects which we are entertaining at the moment jointly with McPhy, real prospects. So we're bidding at the moment. And we hope that they will contribute from our EPC capabilities and our international footprint, et cetera, and our integration capability.

And also, it's not because we've teamed up with McPhy through the alkaline technology that we're giving up on the other technologies. For us, it's planting a seed early where we know real commercial opportunities can grow. But we are also planting seeds on the other technologies. So we're not giving up on the rest, but it was important for us to be able to harvest fully -- a bit early on green hydrogen by selecting a mature technology. So that's what I believe we've been able to do.

**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Great. And just to check, is that -- is the carbon capture technology that you use in your existing or the existing plants, is that proprietary to Technip? Or are you sort of sourcing that in and you have partners on the carbon capture side?

**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Both. It's actually a mix of both, but we do -- I would say, we do more partnering than we have in-house technology and carbon capture. But -- and that is not necessarily a disadvantage. When you look at LNG, it's the same story. I mean, our strength is through the integration of all that. And that's where we bring value. So the fact that Shell has accepted to, I mean, actually consulted and reached out to us in order to partner on their console technology, it's great. And yes, so it's giving -- it's probably a good opportunity set.

**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Absolutely. Okay, great. And to switch gears a little bit, I mean, I think one of the other things that you've talked about is the opportunity that digital can bring to the company. How do you see it impacting your offering and your offering to clients over the coming few years? So is it primarily helping you maintain lower costs? Or are you bringing additional services to your clients and enhancing your offering on that side as well?

**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Probably like many, it's actually a bit of both. So to try to enforce now digital is having a positive impact on our business today, we've capitalized on reference IT software availability in the market to develop internal data platform that brings enormous benefits to our efficiency and our project execution and also the way we interact with our customers.

So in effect, those platforms, they do consolidate and connect the information that would have been previously available by multiple platforms. So imagine that when we think LNG plants, it enables us to really align between 1D and 4D representation. So we can now request information about an object in 1D, but we're also able to visualize it in 2D, 3D. And our project execution recipes, I would say, and protocols now integrate the fourth dimension. So what if that object is missing down the road in the project? What's the impact on how to erect the plan, resequencing and all that? So the fourth dimension is already there in our project management protocols, and we are able to, on that basis, a very, I would say, collaboratively communicate in a different fashion with our customers when it comes to erecting a project and the plant.

And then you've got front-end. And in our Genesis organization, we have an ultra front-end suite, which is a digital toolbox that enables a greater level of collaboration with our customers. And as they evaluate their assets, well, we can play with them by leveraging this cloud computing technology. It allows our engineers to focus on identifying previously undiscovered scenarios and it helps with our customers, and we can unlock more value usually for our customers' development. So really, that is an online interface that allows us to share study information with customers in real-time and mature -- and as it matures, it allows us to adapt and revise the scenarios.

And combined with that, that ultra front-end suite of solutions comes something we're very proud of. It's an industry-leading carbon assessment tool. We call it Gen-CAT. And it provides an assessment of direct and indirect emissions from procurement to asset construction through the operations of the plant.

So using digital through early engagement, like we are doing through the Genesis ultra front-end with carbon assessment, et cetera, all this naturally drive towards our ability to do a better job at delivering a digital twin. And you assess the growth opportunity for us in digital. Well, it's probably through delivering very mature and smart digital twins to our customers in a way they would like it to be, okay?

What they are looking for is certainty of success in terms of the results, the outcome, the model. In order to get certainty of success, you need prediction and to get to better prediction, you need data. And we are super well positioned to have -- to gather all that data. I mean, we have loads of data and, at the moment, probably undervalued but I would say that is probably going to be part of my job, together with the team at Technip Energies, to convert now and better define and convert this digital thread from ultra front-end to servicing the plant. That is certainly part of our ambition. And we will define a thread as we create Technip Energies, we're already working on it.

But we are an integrator. We have access to an immense amount of data. Therefore, that should drive a good level of predictability and prediction models and therefore, certainty of success and representability of the twin for our customers. So that's really, in short or maybe long, and really my answer on digital, which, yes, it contributes to us being more efficient but also it's converting into business opportunities, not major at the moment but definitely, it's changing the landscape. So yes.

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**Henry Michael Tarr** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Perfect. And just lastly and quickly before we head off, I guess we've been through several downturns in the industry through time. Is -- are the -- when you're having negotiations and discussions with customers, are they still looking to squeeze on pricing or terms at this point in time, given low oil prices? Or given that we really have only just come off the back of the last downturn in a sense, is there more of a sort of collaborative approach that you see with your clients?

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**Arnaud Pieton** - *TechnipFMC plc - President of Technip Energies*

Well, I will say that we see both. Now a very important word I mentioned earlier, I used earlier, is selectivity, right? There is no must-win for us and we will continue to be selective. And there are some key attributes to Technip Energies and the prospects we follow actively, which are: do we

know the landscape? Yes or no. Do we have the technology? Yes or no. Have we been involved early, the concept study and the FEED? Yes or no. Are we the incumbent? Yes or no. And from that, we can decide on our appetite for risk and -- but we want to believe that we bring differentiation.

So it's not -- it's about having the lowest cost, not necessarily the lowest price can -- lowest cost can convert into lowest price for the customer, sometimes. But being a cost leader doesn't mean necessarily being the cheapest all the time. And we want to believe that we are differentiated in other ways than simply through price. And -- yes.

So -- but now I will be honest with you. The good thing is, more and more of our customers, and I want to recognize them for that, when you look at -- you take a project Rovuma for example, LNG for Exxon, yes, they have a target to reduce the cost of their development. But it's not happening through, a, TechnipFMC and partner just slash their prices. It's about engaging collaboratively into a value enhancement plan or study for the project.

Therefore, they sit alongside with us and we study opportunities for cost reduction. And we propose, they validate and when they validate, of course, the costs come out. But it's a very collaborative and interactive approach at this stage. And that is not to the detriment of the partners or the contractor because it's about, okay, what less can we do? It's not about cutting margins at this stage. It's really constructive.

And I would say there's a -- I'm pleased to see that there is more and more this type of collaboration happening. It's very mature. It's a lot healthier as well. And therefore, we feel a lot better. So it fits nicely our selectivity road map. So it's good to be in that space.

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**Henry Michael Tarr** - Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst

Perfect. Well, great. With that, I think that's a good place to end. So Arnaud, thank you so much for taking the time. We really appreciate it. And yes, good luck with the next 12 months.

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**Arnaud Pieton** - TechnipFMC plc - President of Technip Energies

Super. Thank you, Henry, and thank you.

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**Henry Michael Tarr** - Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst

Thank you very much. Thank you.

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**Arnaud Pieton** - TechnipFMC plc - President of Technip Energies

Thank you. Bye-bye.

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