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FTI.N - TechnipFMC PLC at Exane Bnp Paribas European CEO Conference (Virtual)

EVENT DATE/TIME: JUNE 08, 2020 / 1:00PM GMT

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Douglas J. Pferdehirt *TechnipFMC plc - Chairman of the Board & CEO*

CONFERENCE CALL PARTICIPANTS

James Matthew Evans *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

PRESENTATION

Operator

Hello, and welcome to Day 1 of the Exane BNP Paribas CEO Conference and today's Larger Group Meeting with TechnipFMC.

(Operator Instructions)

I'm now delighted to hand over to James Evans, Lead Analyst on TechnipFMC, who will be presenting today's session. Over to you, James.

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

Thank you, Sam. It's a great pleasure to be hosting TechnipFMC today during this -- our 22nd Annual Event. I'm delighted to be joined by not 1, but 2 members of management. So today, we have Doug Pferdehirt, who is Chairman and CEO of TechnipFMC; as well as Catherine MacGregor, President and CEO-Elect of Technip Energies.

Obviously, this is a very interesting time, operationally, for an oil services business, contending with the impacts of the virus and some very, very sharp adjustments from the clients. Now before I begin with some of my own questions, I'm going to pass over to Doug Pferdehirt, who would like to begin with some introductory remarks.

So, Doug, thank you for joining us today, and over to you.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Thanks, James, and thank you to Exane BNP Paribas for allowing us to participate in this conference today. And thank you to all of you who have dialed in to participate in this particular session, we greatly appreciate your interest in our company. First and foremost, we hope you and your loved ones are healthy, remain healthy and will remain in positive spirits. It has certainly been a challenging time, and it's one that I could not be more proud of the women and men of TechnipFMC, and how they've navigated through these unprecedented challenges that we faced. When I look at the company today, we are in a much different position than we were at the time of the conference call for the first quarter.

At that point in time, there was a great amount of uncertainty. We had very little client feedback, and we were working through a set of circumstances that were changing basically on an hourly basis. Through that period of time, we put the health and well-being of our team, our partners, our contractors and our suppliers (technical difficulty) it was the absolute right thing to do. In addition to that, we focused very much on the execution and the project execution across the company. We made ourselves available virtually, both to our clients, our employees, as well as our partners and suppliers. That was critical because we had to understand how others were navigating this period as well.

When I look to where we are today, we're in a very different situation. Uncertainty remains, but the degree of uncertainty and the frequency of radical changes has greatly reduced. So those hourly decisions are now daily decisions. The 50-plus percent of our total capacity that was offline at the time of the call, we now only have 1 small manufacturing plant in Argentina that is not operational today. That being said, we continue to address the challenges of repopulating and addressing the issues associated with the COVID-19 pandemic. This will have a longer-term impact on our ability to get back to 100% operating efficiency. But almost 100% of our operations are now back working. As pointed out, I'm joined by Catherine MacGregor, who's in our Paris Headquarters; Matt Seinsheimer and I are here in our Houston headquarters; and Phillip Lindsay is in London. So we are back at work. We are back in the offices. The offices are open. We're repopulating very successfully, I might add to this point.

We will continue to address the issues as they come along, and we'll continue to put the health and well-being of our people first. The client conversations that we're having are unique and very constructive. We're helping our clients meet their objectives, but they're also helping us by allowing us to be part of the conversation. And in some cases, the only company that is invited to be part of the conversation, given the long and intimate and many times a true relationship that we have with those clients, and the importance of the projects and the project portfolio that we are executing for those clients.

We have strengthened execution. We also have strengthened our balance sheet. Our balance sheet remains a differentiator for our company as well as strengthened our backlog. So we can do the right things. We can be prudent. We can continue to be very selective and pragmatic in the way that we address opportunities. We are not desperate. We are challenged, and the industry is challenged. But we will find opportunities within these challenges to make TechnipFMC an even stronger company as we continue to emerge.

Thank you, James, for allowing me to provide those opening comments.

QUESTIONS AND ANSWERS

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

Thank you for your response, Doug. I'd like to dig a bit deeper into the operational impacts first, starting with you and then maybe moving on to Technip Energies and Catherine.

At the time of the Q1 call, obviously, you did guide to create a headwind in Subsea in Q2. Now it sounds like you've got a bit more of a handle on the situation. So have you been able to mitigate some of that downside impact at all? And have the customers requested any further project rescheduling because of delays, for example, elsewhere in the supply chain or elsewhere on projects? And I guess, Catherine, if you could follow-on afterwards, it'd be very interesting to see to what extent is the virus impacted some of your onshore/offshore projects, the productivity, I know, particularly as you've got supply chain that span the world.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Sure, James. I'll be brief on the first part of the question because I think Catherine has some really great examples of the things that we've been able to do because, I mean, that's really what it comes down to is how do global companies react to these type of situations? And how do you navigate? I'm going to let her give some really solid examples of that. But at a high level, what's most important is across the portfolio for the entire company, it is important that I emphasize or reemphasize that we have had no project cancellations in backlog. I said at the time of the call, and it's important that I can reiterate that today.

We know that's not necessarily the case across the industry. But again, we need to be viewed in a slightly different fashion to some of the competition that are more working on commodity projects or let's say, the projects that were bid -- for bids and a buyer, maybe are operationally challenged at this point. We think.

(technical difficulty)

Areas that provides us a situation where we have not had any project cancellations. The biggest impact that we're seeing in our Subsea business is, one, just of the drilling activity. The drillers have been severely impacted. The ability to be able to stay on schedule and crews can't be rotated, rigs can't be mobilized, et cetera, has led to a slippage in the schedule on the drilling side. I remind those on the call, TechnipFMC is not a driller, we're not -- we don't participate in those activities. But after the wells are drilled, we're the company who makes them and allows them to reach their optimal operational or production performance.

But our clients have come to us and they've said, okay, our schedule has slipped. We can't recover that. Our contractors can't recover that on the drilling side, we're not going to need the equipment and installation of that equipment until a later date. Can you help us? Well, what's interesting, James, is we have a bit of -- you said, what's been some of the pluses in the situation. At the same time, we have clients who are coming to us saying, "Hey, we hear that so and so is having challenges, we're not. We were after them in the queue, can you now put us earlier in the queue?" Because in some parts of the world, the offshore campaigns are seasonal because of the conditions of the seas in the rough periods, let's say. So we're now actually able to accelerate some projects and bring them forward while others are sliding. But net-net, there is an impact of projects being rebaselined and, if you will, slid to the right. Other things that we're doing to offset some of this impact is we announced an expansion of our cost reduction program across the company. Initially, it was focused on surface technologies. We came out very quickly and very decisively and realized that the activity in North America was going to drop

(technical difficulty)

We follow that though with other actions, both in Subsea as well as in Technip Energies, and announced the total cost reduction plan for the company of $350 million. The other thing that we're doing is we're checking on the health and well-being of our supply chain. Companies will fail. Companies will exit as a result of this crisis, not just our suppliers but our peers. So we recognize that there's going to be a very different competitive landscape and a very different supply chain when we come out of this. What's interesting, James, is our clients also recognize that. And that's why the conversations we're having with our clients are so mature. It's not about us cutting costs. It's about how can they ensure and help us (technical difficulty) rely and we're so codependent upon each other, and they recognize that the landscape is going to shrink coming out, and they know that we're one of the companies that is going to be there to continue to provide them the goods and (technical difficulty) need for their project. Catherine?

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

Catherine, can you unmute?

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Catherine, perhaps you're on mute.

Catherine MacGregor - *TechnipFMC plc - President of the Technip Energies*

Can you hear me? Yes? Sorry. I did follow the instructions, but hello, everybody. So just to talk a little bit about the operational hurdles that we had to overcome during this period. Maybe I'll go back to the fact that we've always been really proud, within Technip Energy, about the strength of our execution. And I'll just say, as a high-level comment that it's been well tested during this period. It's been quite amazing how the teams have reacted and have been able to find solutions to pretty much most of the challenges that were thrown at them. Maybe starting with engineering, where our centers organized very, very quickly cost slowdown in order to equip our engineers with the right hardware to continue to access all the processing power that obviously had stayed in premises in order to continue to progress on the engineering side.

To talk a little bit about our supply chain, which, as you pointed out, is very much global, we had to come up with solutions and ideas, for example, to test equipment or to provide or to organize acceptance steps for critical equipment at a distance using remote inspection, and solutions that, frankly, hopefully, will stay with us in the future. In terms of the fabrication and construction side, it was all about managing workforce, making sure that our sequence, the planning of our sequences is such that people always have enough work front. And this meant very agile replanning and resequencing ways to work in order for people to always [be kept] busy. Maybe I will give you an example with Arctic LNG 2, which is obviously a very big project for us, and which has been very exposed to the China COVID, which started very, very early.

And I think it's a good example to see how the teams have been able to overcome some of those challenges. First of all, by always planning for the worst, and in a way, we have yard management experience that allows us to plan for periods such as Chinese New Year. So while we didn't plan ahead of time for COVID, we obviously were getting prepared, we were getting ready ahead of time for Chinese New Year. So hitting a milestone early in 2019 to try and anticipate the downtime that Chinese New Year on a regular basis poses to the yard productivity. So when the COVID hit us, some of the impact of COVID was actually absorbed by some of the flow that we had in our schedule due to this anticipation.

Since then, the work in the yard has recovered. And in fact, the productivity, in some cases, is even better than pre-COVID. So extraordinary results. Obviously, sometimes solutions out of the ordinary, working extremely collaboratively with our customers with one common role, which is really to progress the project. That's been a little bit the overarching principle is to find solutions with our customers, with our suppliers, with in mind -- the project interest in mind. And so that's been quite successful so far.

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

Thank you, both. So we've covered existing projects, and I want to talk a little bit about future projects. So Doug, I think last year, great year for Subsea, $8 billion. I think in Q1, you talked about that the Subsea division, your orders could be down as much as 50%. Now we're a few weeks later, you've had a chance to speak to a lot more of your customers, hopefully, get a bit more visibility. Obviously, oil price rally doesn't hurt either. So do you see any reasons to think that the outturn for the year is going to deviate significantly from this level? And any other comments you could make around Subsea before we maybe turn our focus to Technip Energies and LNG afterwards?

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

No, I do not, is the short answer. And yes, thank you for allowing us to also comment on LNG because we're very excited about the win rate there. It will just be conversion to FID when those FIDs occur. Regarding Subsea, yes, coming off of a record year. Important to note, in that record year, almost 50%, or a little over 40% of that is a result of integrated projects, iEPCI projects that were converted from our [IOC] portfolio. Why do I emphasize that? We work on a set of proprietary projects that are exclusive to our company and are not known by the industry or our competitors. We do that at the -- in a front-end engineering and design on an exclusive basis or contractually, if we're able to achieve the project economics to our unique integrated solution, the only one available on the market through a single entity, allows us to then have that execution of that project, which we call iEPCI, Integrated Engineering Procurement, Construction and Installation, direct awarded to our company. So if you will, that's the missing part that some people are struggling with, James.

We have visibility into a proprietary portion of the market that is simply not available to the competition. In addition to that, we have a strong subsea services business that represents over $1 billion in revenue and is quite resilient through the cycle. We also have direct awards from our clients, our alliance partners, through unique alliances. Many of these are exclusive to our company, some of which were some of the largest oil companies that have been in place for over 20 years. So that's a set of opportunities, if you will, a portion of the available market, a large portion of the available market, it just isn't there for the competition. This was a result of many, many years of building deep intimate client relationships and delivering and providing best-in-class top quartile project performance for our clients and project returns, the strength of our installed base, which is now over 50% of all of the subsea installed equipment in the world as TechnipFMC's. And that's an OEM model when it comes to inspection, repair and maintenance. So if you will, that's direct award. And more recently was the courage during the last downturn to create TechnipFMC. We were the only once we moved in that direction. We're glad we did when we did, and we've now built up that resilient -- or that incremental backlog as a result of the tremendous success of the integrated model, which many of our clients are now considering to be their exclusive model going forward. So when I look at the 50% of last year, James, it will be plus or minus. But there's a lot of things that are going well. We've already secured $1.2 billion in the first quarter

(technical difficulty)

new integrated projects awarded to us in the first quarter alone, we still have subsea services on top of that. We still have many direct awards from our alliance partners in terms of smaller brownfield activity. And I would not be surprised to see 1 or 2 of the smaller or midsized greenfield projects move forward, which we are very well positioned for. The sum total of that would put us in that range of 50% of last year. Catherine?

Catherine MacGregor - *TechnipFMC plc - President of the Technip Energies*

Yes. James, to discuss a little bit, Technip Energies positioning. First thing, I'll just echo Doug's comment regarding the strength of our backlog. Our backlog at the end of Q1 was USD 13.8 billion. 65% of that will give us revenue for '21 and beyond. So we have a good solid position. 50% of that backlog is LNG. And the discussion with our customers have only made us more confident about the strength of this backlog, i.e., those projects that tend to be under execution are not the ones that are being cut. So we're very comfortable about what we have to execute, hence, the very strong execution focus that you've heard us talk about earlier.

Now in terms of order intake, for sure, customers, as they made the decisions to cut CapEx, had to make some of the decisions for applying or -- concerning new and upcoming projects. And some of these projects have been pushed to the right. So one of them is Rovuma, which ExxonMobil has decided to push to sometimes next year as fast action. But this project is still ongoing. We're still working with the customers, looking at ways to optimize it further. So we are very, very much involved. Now we've also talked about a few other prospects that we are looking at very positively. One of them, which is a very interesting mid-scale LNG, Costa Azul project for Sempra, which is located on the West Coast of Mexico, and we are very hopeful that this project will get sanctioned in the near future.

This is a project, which when you think about all the boxes that we look to check when we consider a prospect attractive for us. That one really checks a lot of the boxes because we were engaged very early. We know the technology. We know the country, we've worked before. And so very closely -- close relationship with Sempra Energy. So this is a very, very nice project that we hope will move forward. Obviously, another one, which is very talked about these days as a project likely to happen, which is Qatar LNG, also corresponds to a lot of the criteria because we've had such an extensive experience in country. Again, we have a great strong partner, both on the engineering side. But also on the construction side, we're working very, very early. We were involved in the feed. So this project, Qatar, QP, our customer has reiterated all to Technip several times that this project was very strategic to Qatar. And so we're hopeful it will get sanctioned at some point in a not-so-distant future. And that prospect would be an interesting one for us if we were indeed the winning partnership. So if I just look at the LNG in a very near-term outlook, a few of those prospects that are likely to be sanctioned actually align very nicely against our strengths.

Now moving out into the future, we're very comfortable that additional infrastructure will be required. And so in terms of LNG, there too, we are comfortable. Now to go back to your question, which was a little bit near-term, on top of the LNG prospects, we also have talked about downstream prospects and one of them that we're very comfortable, again, checking all the boxes of selectivity because it is a proprietary technology, customers that we know, region, country, logistics that we're very familiar with. And that prospect is likely to move ahead sometimes in a not-so-distant future. So while our order intake of last year, which was USD 13 billion, is unlikely to be repeated this year. We're hopeful that we're going to continue to have some good news in 2020, in a year where, frankly, not many projects are going to be sanctioned. But our position is such -- so differentiated that we are looking at that list in a comfortable manner. Thank you.

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

Doug, I'd like to get your thoughts on, particularly this downturn in subsea and offshore. And how it compares to previous downturns? And I guess the most recent is 2014 to '16 or '17. So how does it compare in terms of the speed of slowdown, the pricing pressure and conversations you're having with clients, the structural cost reduction opportunities, and I guess other factors, particularly around competition and the potential for consolidation. Any thoughts as we hopefully emerge to a recovery would be welcome.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Thank you, James. Three big questions. So let me try to address it as well as I can. So there's -- I think there's really 3 elements to that question. First, I would say, what is the big difference between 2014 cycle and this cycle is in the 2014 cycle, and I'm just speaking of the subsea industry because that's where you focused your question. The competition was -- all of the competitors, all of our peers had strong backlogs. They had come off of a period of tremendous growth. Everyone was pretty much at capacity, near capacity in terms of their project portfolios, the execution, they were in the middle of some very big mega projects in West Africa, et cetera. This cycle is fundamentally different in that they -- not everyone has the benefit of the backlog that we have. Our backlog is actually very strong going into this cycle. That is not the case across the landscape, point number one. Point number two, yes, we believe, because of that, it will lead to consolidation or, I think, maybe not even consolidation, but some of the more diverse big conglomerates that it's not a core business of theirs, may choose to deemphasize/exit that business during this cycle, and go back to focusing on their core businesses where they have differentiation. That's a likely outcome in a cycle like we're going into where they have, let's say, weaker backlog than they had going into the 2014 cycle.

So one is the overall backlog (technical difficulty) sector, we're insulated from that because of the success of the creation of TechnipFMC. If we haven't created TechnipFMC and the integrated model in Subsea, we would have had 1/2 of the inbound we had in 2019, 1/2 of the inbound in 2019 in 2019. In other words, 50% of that inbound was because of the integrated model and was unlocked because of that unique integrated model. And that was 100%, that was obviously ours. Because we were the ones and remain the only company that has that integrated model. So it's a very different situation. And I think that's going to drive a very different outcome.

And our clients, as I noted earlier, more importantly, than what I see is what our clients see are observing that same situation. And that's why they're having the conversations with us that we know, according to them, at least, are very different than the conversations they're having across the industry. So I think that's very important. To talk about kind of structurally what's changing. There's a huge opportunity here for TechnipFMC and our Subsea business. We're now 3 years old. We consummated or created the company on the 17th of January 2017. And we've now had the ability to cross-learn and cross-pollinate that knowledge in the organization. So remember, this wasn't a consolidation of light companies. This was really creating something different. Never before had these 2 portions of the industry come together as 1. Now it was a risk at the time. But we've now validated the success of that through, again, the close to $4 billion of inbound in 2019, directly as a result of the merger.

Now when we look forward, we've had the -- we've now had the opportunity to, if you will, cross-learn, cross-pollinate. So we've been operating really -- even on the integrated projects, a little bit as 2 companies. And our clients have acknowledged that. And they've said, you -- drive that consolidation. Let's see that leverage. And that's what we're beginning to see now, James. So a part of the cost reduction program that we identified, and by the way, this was going on in 2019, but we've now, let's say, added it to the total cost reduction or emphasized it in 2020, gives us the opportunity to really bring that together. It takes a while. It's like learning to -- it's almost like 2 subsectors of the industry coming together. It takes a while to learn and to cross-pollinate that knowledge. But we've been very successful now, and have a very, very talented team of individuals to be able to execute these integrated projects now in a singular project team going forward, which will allow us to have more structure. And these are all structural and sustainable. That's very important.

And the cost reduction program, yes, there's activity-related cost reduction. Like in Surface North America. But most of what we're doing beyond that is meant to be structural and sustainable and create incremental leverage as we come through this cycle.

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

I actually want to follow-up on that. We've had a good question in picking up on a couple of the comments you've made just then about the stress in the industry, the stress in the supply chain. Do you think you're going to have to support some of your suppliers financially to get through this situation?

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Yes, thank you for asking. Look, this started all the way back in March. We would have weekly calls with all of our key suppliers, and would start the sun -- will follow the sun, if you will. So they were long days, but they were important days. And we would stay on top and have those conversations. We're still having those conversations, but now on a monthly basis versus a weekly basis. We do not intend to support them financially. But we do intend to help them and ensure their strength as they come through this cycle. So what do we mean by that? It's the same as our clients are doing with us. I referenced it earlier in the conversation. It's really unique, this cycle. Our clients are sitting down with us, opening up their portfolio and saying, is there activity that you can perform that someone else is performing because we know that you're going to be the entity that we want to align with long-term or is going to survive and others may not survive or whatever it may be. So we're doing the same thing. We're treating our suppliers as our customers are treating us. First of all, with respect. And second of all, really identifying those that will be key to our future success. And trying to ensure that they have the activity that they need through this cycle.

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

And then another question I had that I'm pretty sure you'll be keen to talk about this and respond to this. You mentioned strength in the balance sheet. But obviously, there's been a bit of commentary around the fact that you're getting closer to your 60% total capital ratio under your revolving credit facility. So do you have any comments there and how you manage it? And I don't know if there's any sort of comments you want to make on some of your recent actions to, I guess, access additional financing, both from the Bank of England and also from additional bank agreements as well.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Yes, sure. And let me -- I'm going to dive a little deep, James, just because I know not everybody follows our company as diligently as you do. It's important when we talk about the strength of the balance sheet, we have right now $5.6 billion in cash and net liquidity, $5.6 billion in [cash] and net liquidity. Of that $5 billion in cash, $3 billion of that is in joint ventures, with the remainder outside of the joint ventures. So operating cash and cash equivalents is $1.8 billion. Within the joint ventures of the $3 billion held in the joint ventures to support those projects that those joint ventures are involved in, we identified that $1.8 billion of that was associated with the Yamal LNG project, the project that continues to go very, very well.

So when you look at the cash position of the company, it's absolutely a position of strength. What is true is that when you look at the simple math, you can see that because of the write-down of goodwill, which was purely triggered from the accounting treatment as a result of the reduction in the market capitalization of the company, it increased that ratio. And we do have a covenant in place. So yes, very simple, basic math would lead one to (inaudible) that we are becoming closer to that debt covenant. But as you know, it's not about simple math. This industry has never been about simple math. There's many, many aspects. And if you only look at it in isolation of that one simple mathematical equation, you can get to a wrong conclusion. We believe the conclusion and concern is unwarranted. We believe that we will be able to address that more holistically in the coming month or so as we continue to prepare for our quarterly call.

Significant progress has been made with those institutions. They recognize the underlying performance and differentiated performance of our company within our industry is a strength. We remain one of the few companies with a credit -- with a strong credit rating. And as a result of that, we were able to, as you pointed out, go out and identify 2 additional sources of liquidity, not because they were required but because they were very -- they helped us diversify, and they also gave us some additional strength. I want to particularly point out, as you pointed out, the U.K. government's COVID-19 corporate financing facility. We think it was very well structured, and we're very pleased to be able to participate with GBP 600 million pounds of European commercial paper program as a result of that, which was, we think, structured very well and certainly benefited our company. As well as we were able to go back to some of those same banks that are in our current revolving credit facility and secured $500 million of additional unsecured revolving credit facility to, again, further differentiate and strengthen.

So when you look at everything we've done, we've done a lot to strengthen the liquidity side, but we've also taken some really strong actions, including reduction in executive pay, including reduction in our CapEx budget, including further reductions in our dividend. So we think that we're doing all the right things. We're very much focused on this subject, and we're just a little disappointed that simple math, when looked at in isolation, can lead to a wrong conclusion, and we're going to be able to substantiate that further within the coming months. So thank you for asking the question.

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

I'm going to switch gears slightly. And obviously, a topic on all of our minds is energy transition. Now Catherine, Technip Energies, I think, has probably got a footprint in somewhat obviously transition-friendly themes. It's very key to understand how you're strengthening these. And do you see the likelihood of making technology-focused investments, organic and inorganic to accelerate that repositioning? And then, Doug, on TechnipFMC, and you can call it RemainCo or what it may be. But to the outsider, there's few obvious areas that TechnipFMC has got exposure to. But I'm sure you're going to certainly rise on that and talk about some of the opportunities that are emerging in the transition. But also keen on how you adopt your R&D and CapEx, both on the existing business, but also on the future business as this conversation gained momentum particularly over here in Europe.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Sure. Catherine, would you like to start?

Catherine MacGregor - *TechnipFMC plc - President of the Technip Energies*

Yes. I'll make a start. You can hear me, right? Yes? So maybe I'll start by saying that, James, energy transition is really a topic that is generating a lot of excitement, not the least, internally among our workforce. The way we look at energy transition for Technip Energies is indeed more as an opportunity, but very much leveraging the fact that we are an asset-light business, was by definition. So we can keep up quite easily towards those new markets. We see energy transition having 4 main pillars, if you like. One, which is around LNG because we do believe that gas is going to be critical during this energy transition, very advantageously replacing coal. So that's 1 important axis. And obviously, we are very differentiated in LNG and I don't think I need to expand -- spend too much time on that.

We're very excited about the sustainable chemistry arena, also known as Green Chemistry, whereby here, you're going to see growth in biofuel, biochemicals or even secular economy. And when you look at what we've done in Technip Energies over the years, we have actually tens of references under each of these chapters. So we are present today, and any growth in that arena is only going to play our strengths. We have technology, we have, for example, in the biochemical openings like Epicerol, we have alliances with BP on the secular economy, on the recycling of plastic, and we have alliance with NIST on the biofuel, for example. So really a lot of strength that we can leverage on.

The third pillar, we call it decarbonization, and this spans anything from energy efficiency, to carbon capture, such as blue hydrogen. So we have a very, very strong experience in hydrogen. We have built, over the years, 270 plants. And so for us, associating that with carbon capture is enabling us to provide a blue hydrogen solution, which will thrive from the hydrogen growth that we are foreseeing. At the same time, it is a solution that is commercial today. So energy efficiency, we have solutions for that. We have solutions for carbon capture. And we also have advisory services where we can help and work with our customers who have put these big goals, net 0, are there, practically, how are we going to do that. And this is really around taking the existing downstream facility and helping them be more efficient, capturing the carbon and every step will help towards this overarching goal.

And the fourth pillar, which is more around the carbon-free solutions, this will play -- this is a bit more emerging for us. It will be more around the nitrogen, it will be more about looking at what we can do in offshore wind, but this is a little bit out there. So LNG, sustainable chemistry, decarbonization and carbon-free solutions are really the 4 pillars of our framework. And today, the really exciting thing about what we can do in Technip Energies is that we have references in every one of these pillars. So really exciting.

And I think you're right to say that with what's happening in the world, economic stimulus packages, particularly in Western Europe, you will see the component of energy transition being pushed quite hard, and we will be able to take advantage of that. So thank you for the questions, and I'll pass it on to Doug.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Yes. Thank you, Catherine. And obviously, very compelling, very strong examples of the -- where we're participating in the energy transition space today. I think it's important, James, that we back up and we kind of look at it at the corporate level. We've made some really fundamental decisions now 2 years ago. I mean, this isn't new. This isn't in the response to aspirational statements that are being made. This is fundamental to the way that we operate the company. In 2016, we chose to focus on sustainability when we created TechnipFMC. In 2017, we began reporting 3-year objectives on a 3-year rolling basis, where we provide those objectives externally. And each year, I report out on our success or lack of success in those areas.

In 2019 versus '18, we reduced greenhouse gas emissions, Level 1 and Level 2, by 27%. This is a company that is deeply, deeply committed to this area across the portfolio. We also tied executive compensation to those objectives, to those sustainability objectives. And again, we're doing more than just focusing on the environmental part, we're also doing things around diversity and inclusion, and we're also doing things around supporting the communities in which we work.

Now drilling down more into the non-Technip Energies portion of the portfolio. Again, it's fundamental in what we do. The footprint offshore is significantly less than the footprint onshore. Now that has been validated time and time again. Most recently, there was a report that was put out that showed by country, the amount of greenhouse gas emitted (technical difficulty) produced. There's a clear correlation. Those countries that are pretty (technical difficulty) lower than those countries that are predominantly onshore, just about the nature of the activity. Our role is to be on the leading edge of that. So what do I mean by that? We now have a solution offshore, Subsea 2.0, that reduces greenhouse gas emissions by 47% for a subsea project. The only company that has that.

So when you choose TechnipFMC to be your exclusive subsea provider, you're getting built-in a 47% reduction in greenhouse gas emissions as a result of your subsea architecture. That was Subsea 2.0. I can assure you, Subsea 3.0 is going to be much, much more significant than even what we've accomplished in Subsea 2.0. When we're offshore, there's things that we can do. By the way, we're already involved in offshore wind. We're already involved in carbon capture and storage offshore. These are realities today. When you think about the future, we could have a renewable energy source offshore, providing the power to the subsea infrastructure, provided to our customer in a total package that allows them to get to this net-net carbon position in a much faster way. So what we're providing is the real support behind those aspirational statements, the real tangible ways that we're going to get there, either from a Technip Energies' perspective or from a Subsea perspective and even from a Surface Technologies perspective.

We're now putting in place, in Surface, integrated production systems that don't exist in the industry. We are now that -- we are the first ones rolling them out, that allow us to reduce fugitive greenhouse gas emissions by over 50% of the methane that is produced and released into the atmosphere during the production phase of the unconventional development. And we have these plants now up and running in the U.S. and we can validate that. But when we look forward to the future, again, we see this benefit of the offshore. We see this unique differentiation offshore, and there's things we can do with wind and hydrogen offshore that will be very, very unique and make it almost a -- and make it a energy independent, if you will, situation to where we're able to actually generate that energy from a renewable source to provide the power to the subsea infrastructure. And James, you'll hear more about that when we talk more about Subsea 3.0 as we move forward.

James Matthew Evans - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

Excellent. Well, we look forward to that when the time comes. We've run out of time for today's group meeting. So once again, I really do want to thank Doug Pferdehirt and Catherine MacGregor from TechnipFMC for joining us today at the Exane BNP Paribas CEO Conference.

So I hope all of you enjoy the rest of your day, and any other meetings you're attending. Thank you for listening, and you may disconnect.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Stay healthy, stay well.

Catherine MacGregor - *TechnipFMC plc - President of the Technip Energies*

Thank you.
