

TechnipFMC First Quarter 2018 Earnings Call Presentation

LONDON & PARIS & HOUSTON – (BUSINESS WIRE) – 9 May 2018

TechnipFMC plc (“TechnipFMC”) (NYSE: FTI) (Paris: FTI) (ISIN: GB00BDSFG982) announces the availability of its Earnings Call Presentation in connection with its teleconference on Thursday, 10 May 2018 to discuss the first quarter 2018 financial results and outlook for 2018.

A copy of the Earnings Call Presentation can also be accessed on TechnipFMC’s website (www.technipfmc.com).

About TechnipFMC

TechnipFMC is a global leader in subsea, onshore/offshore, and surface projects. With our proprietary technologies and production systems, integrated expertise, and comprehensive solutions, we are transforming our clients’ project economics.

We are uniquely positioned to deliver greater efficiency across project lifecycles from concept to project delivery and beyond. Through innovative technologies and improved efficiencies, our offering unlocks new possibilities for our clients in developing their oil and gas resources.

Each of our more than 37,000 employees is driven by a steady commitment to clients and a culture of purposeful innovation, challenging industry conventions, and rethinking how the best results are achieved.

To learn more about us and how we are enhancing the performance of the world’s energy industry, go to TechnipFMC.com and follow us on Twitter @TechnipFMC.

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Q1 2018 Earnings Call Presentation

May 10, 2018

Disclaimer

Forward-looking statements

We would like to caution you with respect to any “forward-looking statements” made in this presentation as defined in Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended. The words such as “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” “may,” “estimate,” “outlook” and similar expressions are intended to identify forward-looking statements, which are generally not historical in nature.

Such forward-looking statements involve significant risks, uncertainties and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections, including the following known material factors: risks related to review of our accounting for foreign currency effects and any resulting financial restatements, pro forma corrections, filing delay, regulatory non-compliance or litigation; the risk that additional information may arise during our review of our accounting for foreign currency effects that would require us to make additional adjustments or identify additional material weaknesses; competitive factors in our industry; risks related to our information technology infrastructure and intellectual property; risks related to our business operations and products; risks related to third parties with whom we do business; our ability to hire and retain key personnel; risks related to legislation or governmental regulations affecting us; international, national or local economic, social or political conditions; risks associated with being a public listed company; conditions in the credit markets; risks associated with litigation or investigations; risks associated with accounting estimates, currency fluctuations and foreign exchange controls; risks related to integration; tax-related risks; and such other risk factors as set forth in our filings with the United States Securities and Exchange Commission.

We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required by law.

Q1 2018 Overview

Financial Results and Operational Highlights

Doug Pferdehirt, Chief Executive Officer

Maryann Mannen, EVP and Chief Financial Officer

Q1 2018 Financial highlights

REVENUE

Total Company \$3.1B

Subsea \$1.2B, Onshore/Offshore \$1.6B

Surface Technologies \$372M

Adjusted EBITDA⁽¹⁾

Total Company \$387M

Operating segments \$437M

INBOUND ORDERS and BACKLOG

Total Company inbound orders \$3.5B

Subsea \$1.2B, Onshore/Offshore \$1.8B

Surface Technologies \$410M

Total Company backlog \$14.0B

CASH

Net cash⁽²⁾ \$2.4B

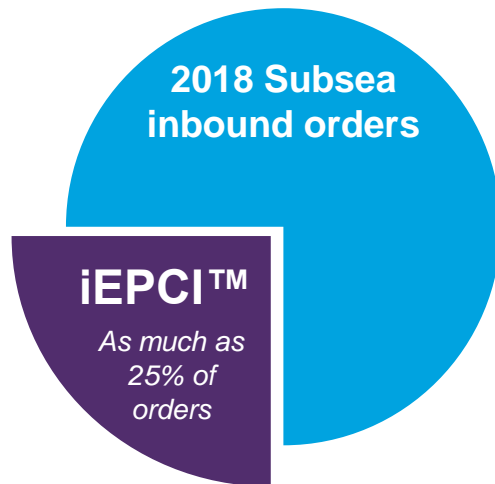
(1) Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA as presented excludes the impact of charges and credits from continuing operations as identified in the reconciliation of GAAP to non-GAAP financial schedules included in this presentation.






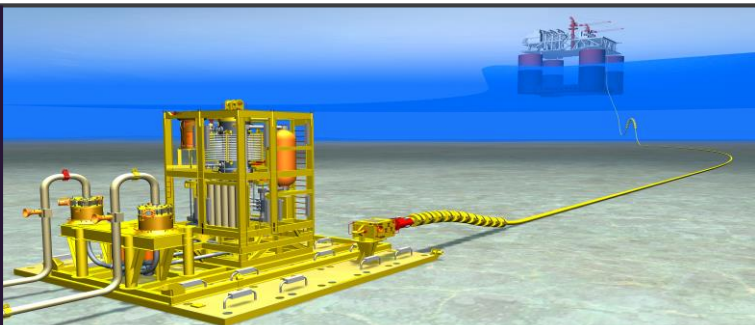

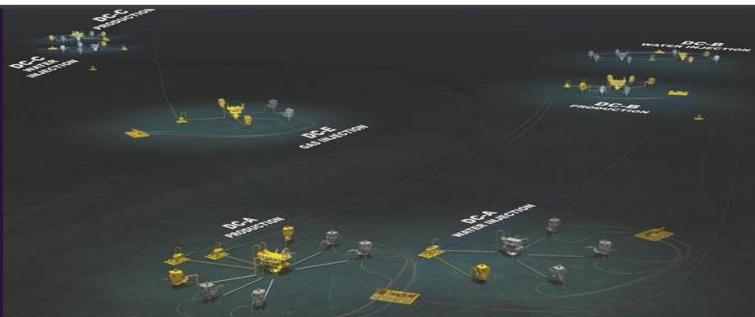
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iEPCI™: Leveraging capabilities, improving revenue mix

Q1 2018 iEPCI™ awards

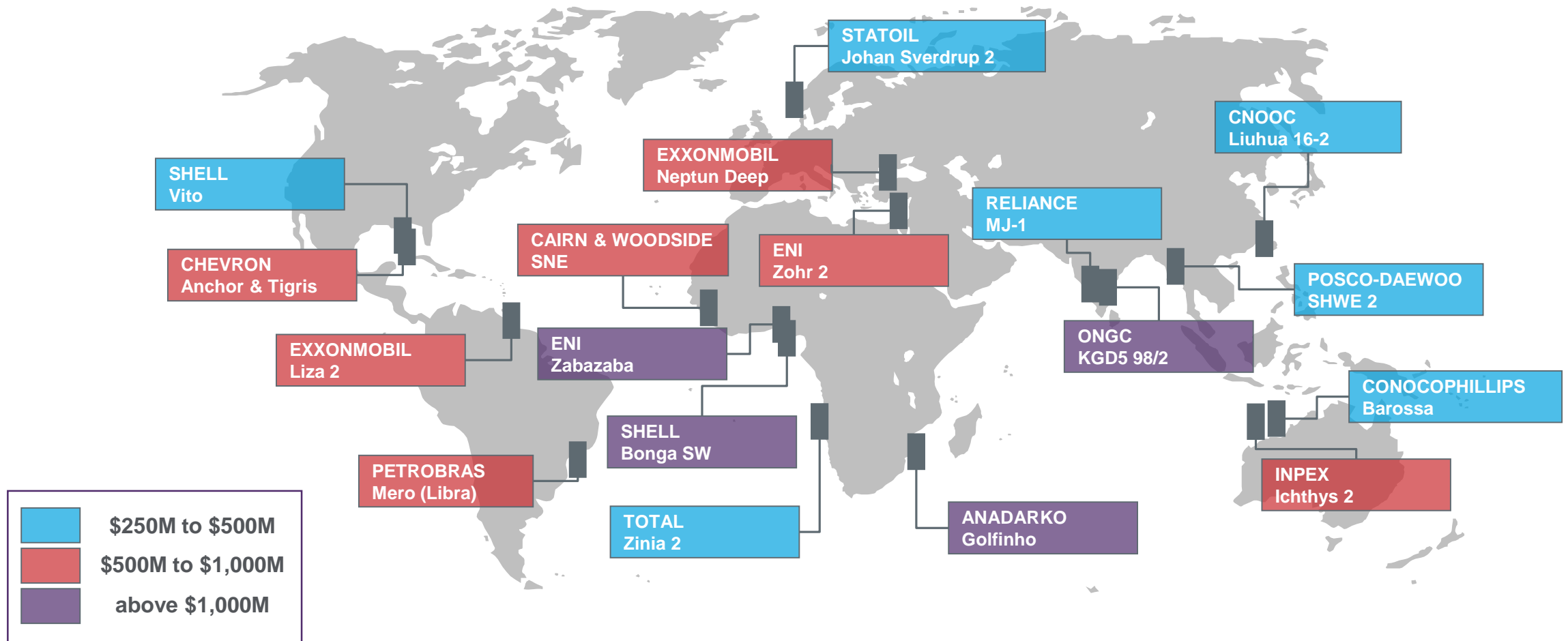
- ▶ **Energiean** Karish and Tanin: Leveraging capabilities across business segments – seabed to shore
- ▶ **LLOG** Who Dat: Leveraging capabilities in subsea processing to boost pressure, uptime and ultimate recovery
- ▶ **Shell** Gumusut-Kakap: Leveraging capabilities across geographies with first integrated project in Asia Pacific region



 <p>Karish and Tanin in Israel</p>	 <p>Subsea Production System</p>	 <p>SURF</p>	 <p>FPSO</p>
 <p>Who Dat multiphase pump in Gulf of Mexico</p>			
 <p>Gumusut-Kakap in Malaysia</p>			

iEPCI™ = integrated engineering, procurement, construction and installation

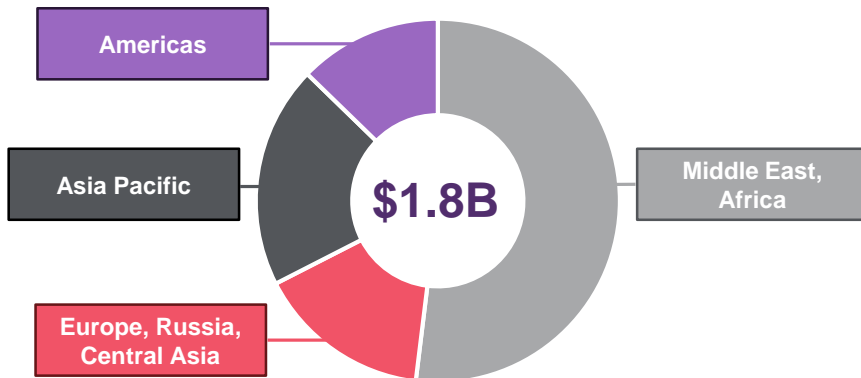
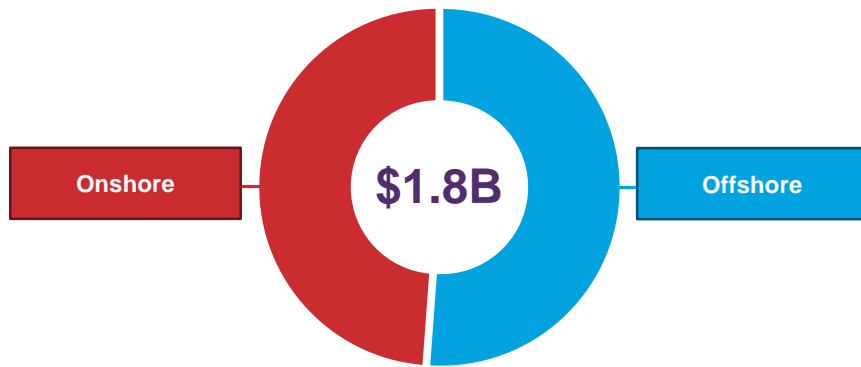
Subsea opportunities in the next 24 months*



*Unchanged from February 2018 update

Onshore/Offshore inbound – from FEED to EPC

Q1 2018 inbound orders: *Onshore/Offshore*



Strength across multiple end markets



FEED = front end engineering and design
 EPC = engineering, procurement, and construction
 FPSO = floating, production, storage, and offloading

Growth potential driven by LNG market leadership

Leadership

90 Mtpa

Global production delivered

>20%

Of operating LNG capacity⁽¹⁾

7.8 Mtpa

World's largest LNG trains delivered

▶ 50 year track record in LNG

- **World's first LNG** Algeria (1964)
- **World's largest LNG trains** Qatar
- **Largest Arctic project** Yamal

▶ Pioneer in floating LNG (FLNG)

- **World's first** FLNG delivered Petronas Satu in Malaysia
- **World's largest** floating vessel Shell Prelude in Australia
- **New frontier** Eni Coral in Mozambique



Differentiation

- ▶ An **integrated offering** from wellhead to LNG loading
- ▶ **Diversity in scale and technology**
 - Solutions for remote locations; **modularization methodology**
 - Growing technology portfolio: loading arms, heat exchangers
- ▶ **Presence in all regions** with large gas reserves
 - Middle East
 - Russian Arctic
 - East/West Africa
 - North America
 - Asia Pacific
- ▶ **Next generation LNG/FLNG**
 - Economic solutions for large scale reserves

⁽¹⁾ Percentage is based on 71.5 / 340.2 Mtpa (million tonnes per annum) of TechnipFMC delivered and operating / industry operating capacity as of December 31, 2017; source: IHS.

Growth potential driven by new technologies

Magma Strategic Collaboration Agreement

- ▶ Magma's composite technology accelerates development of next generation Hybrid Flexible Pipe (HFP)
- ▶ HFP will complete our Subsea 2.0™ product offering (tree, control system, manifold, and hybrid flexible pipe)



Higher corrosion tolerance

CO₂ and H₂S resistance
100x improvement

Automated manufacturing

Cost reduction*
25%

More efficient installation

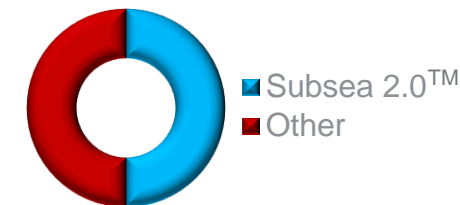
Weight reduction*
60%

**data obtained on typical 8 inch UDW application*

Subsea 2.0™

- ▶ Subsea 2.0™ components have been included in 50% of 2018 FEED studies
- ▶ Received first order for next generation control and automation system

FEED Studies Incorporating
Subsea 2.0™ Technologies
March 31, 2018 YTD



Acquisition of Epicerol® technology

- ▶ Epicerol® is a chemicals technology used to produce epichlorohydrin (ECH)
- ▶ ECH used to produce epoxy resins found in coatings, composites, and adhesive applications in various industries
- ▶ Included in Process Technologies portfolio

Q1 2018 Financial highlights

Revenue
\$3.1 billion

Adjusted EBITDA⁽¹⁾ \$387 million
\$437 million from Subsea, Onshore/Offshore, Surface Technologies

Adjusted Diluted EPS⁽¹⁾
\$0.28

Net Cash⁽²⁾
\$2.4 billion

Backlog
\$14.0 billion

OTHER ITEMS

- ▶ After-tax charges and (credits) of \$36 million
- ▶ Corporate expense of \$52 million, excluding charges and (credits); includes \$19 million of net foreign exchange loss
- ▶ Net interest expense of \$87 million, including \$71 million related to liability payable to joint venture partner
- ▶ Effective tax rate of 26.9%, excluding discrete items
- ▶ Depreciation and amortization expense
 - ▶ Reported: \$132 million; adjusted: \$110 million⁽¹⁾
 - ▶ Purchase price accounting impact of \$22 million

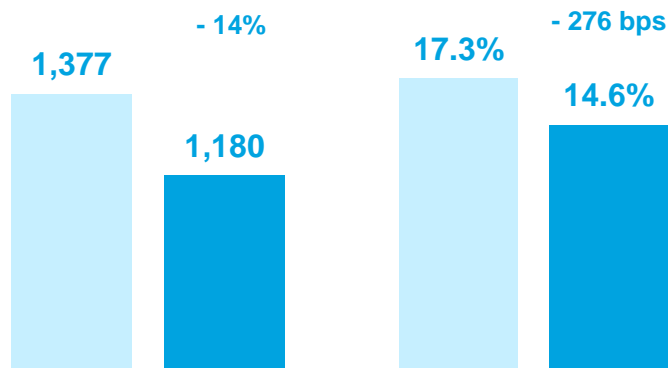
(1) Adjusted results exclude the impact of exceptional charges and credits from continuing operations as identified in the reconciliation of GAAP to non-GAAP financial measures schedules included in this presentation.

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Q1 2018 Segment results

Subsea

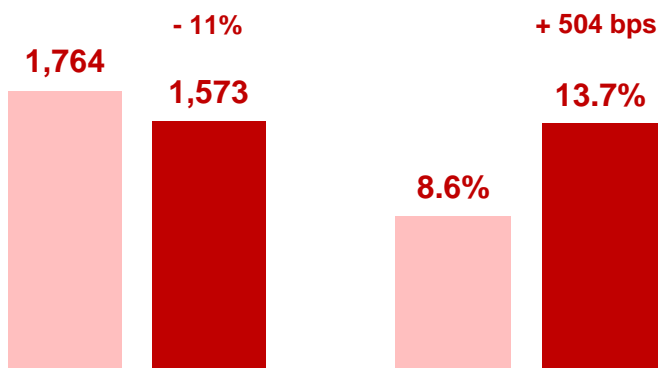
USD, in millions



Revenue Adjusted EBITDA margin
 ■ 1Q17 ■ 1Q18

Onshore/Offshore

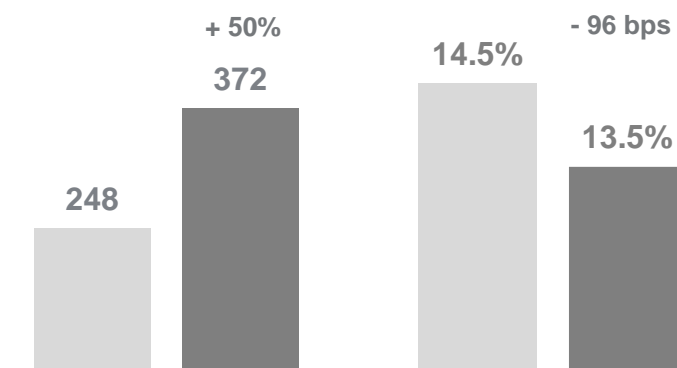
USD, in millions



Revenue Adjusted EBITDA margin
 ■ 1Q17 ■ 1Q18

Surface Technologies

USD, in millions



Revenue Adjusted EBITDA margin
 ■ 1Q17 ■ 1Q18

Operational Highlights

- ▶ Revenue declined 14%: projects in Africa progressed towards completion, partially offset by higher activity in Europe
- ▶ Adjusted EBITDA margin declined 276 bps: revenue declines and lower vessel utilization, partially offset by cost synergies
- ▶ Inbound orders of \$1.2 billion; book-to-bill of ~1.0x; period-end backlog at \$6.1 billion

Operational Highlights

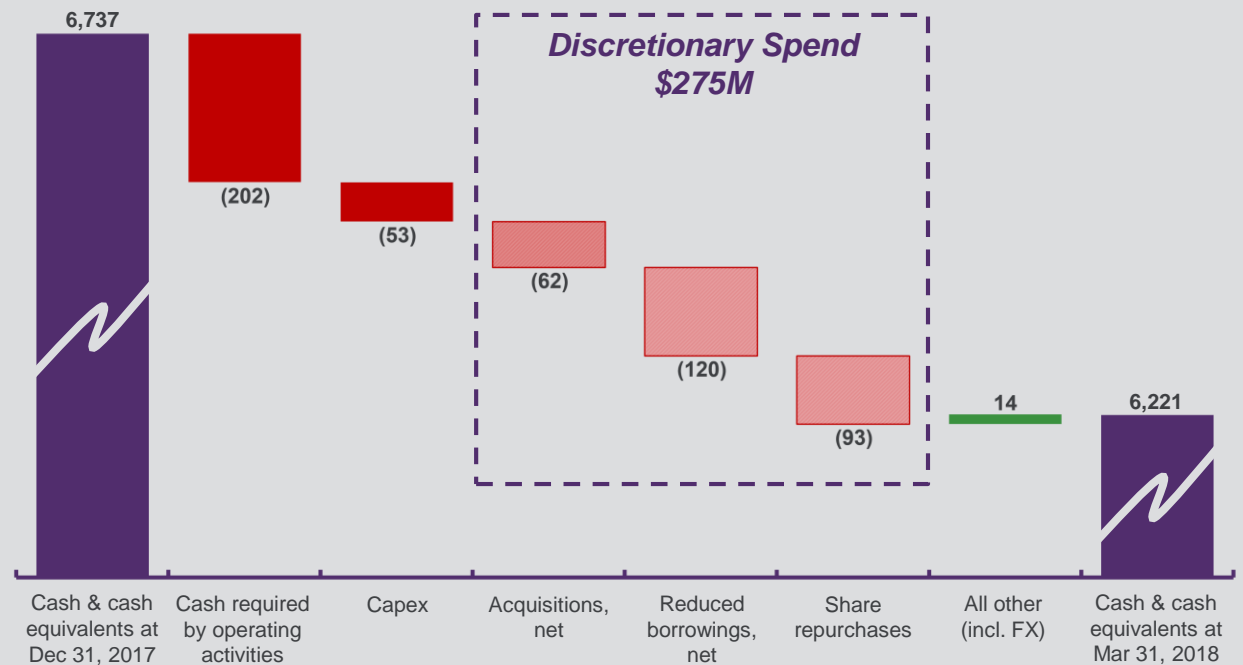
- ▶ Revenue declined 11%: moved closer to completion on major projects, including Yamal LNG, partially offset by increased project activity in EMIA and Asia Pacific regions
- ▶ Adjusted EBITDA margin increased to 13.7%: increased activity outside of Russia and solid execution across many portfolio projects
- ▶ Inbound orders of \$1.8 billion; book-to-bill of ~1.2x; period-end backlog at \$7.5 billion

Operational Highlights

- ▶ Revenue increased 50%: increased North American activity; good demand for hydraulic fracturing, wellhead and flow metering equipment; more modest international growth
- ▶ Adjusted EBITDA margin declined 96 bps to 13.5%; lower priced backlog and project award deferrals impacted international results; weather, transitory issues in North America
- ▶ Inbound orders of \$410 million; period-end backlog at \$410 million

Cash flow impacted by discretionary items, supported by strong balance sheet

- ▶ Cash required by operating activities of \$(202) million; working capital draw a function of project cycles
- ▶ Discretionary items totaled \$275 million
 - ▶ \$120 million: Reduced borrowings, net
 - ▶ \$93 million: Share repurchases
 - ▶ \$62 million: Acquisitions, net
- ▶ Capital expenditures of \$53 million



Financial impact of ASC Topic 606 / IFRS 15

Revenue from Contracts with Customers

Income statement, backlog adjustments

- ▶ Modified retrospective method; no prior-period adjustments
- ▶ Financial impact to future periods:
 - ▶ Revenue, EBITDA: +\$115 million
 - ▶ Net income: +\$92 million
- ▶ Opening backlog adjustment of +\$712 million; increase is not reflected in Q1 2018 orders
- ▶ Most of financial impact occurs in 2018, largely in Onshore/Offshore; revised guidance incorporates these changes

Margin guidance increased – Onshore/Offshore

2018 Guidance - Onshore/Offshore

- ▶ **Revenue** in a range of \$5.3-5.7 billion
- ▶ **EBITDA margin**⁽¹⁾ at least 11.5% (excluding amortization related impact of purchase price accounting, and other charges and credits)

Key drivers of revised guidance

- ▶ Strong project execution in the first quarter
- ▶ ASC Topic 606: Revenue from Contracts with Customers

⁽¹⁾ Our guidance measure, segment EBITDA margin, is a non-GAAP financial measure. We are unable to provide a reconciliation to a comparable GAAP measure on a forward-looking basis without unreasonable effort because of the unpredictability of the individual components of the most directly comparable GAAP financial measure and the variability of items excluded from such measure. Such information may have a significant, and potentially unpredictable, impact on our future financial results.

Summary

Q1 2018 – strong inbound orders

- ▶ Total company orders of \$3.5 billion; orders exceeded revenues in all segments
- ▶ Subsea book-to-bill > 1 one on a trailing 12-month basis
- ▶ Onshore/Offshore inbound diverse by end-market and geography

Market leadership – integrated model and LNG

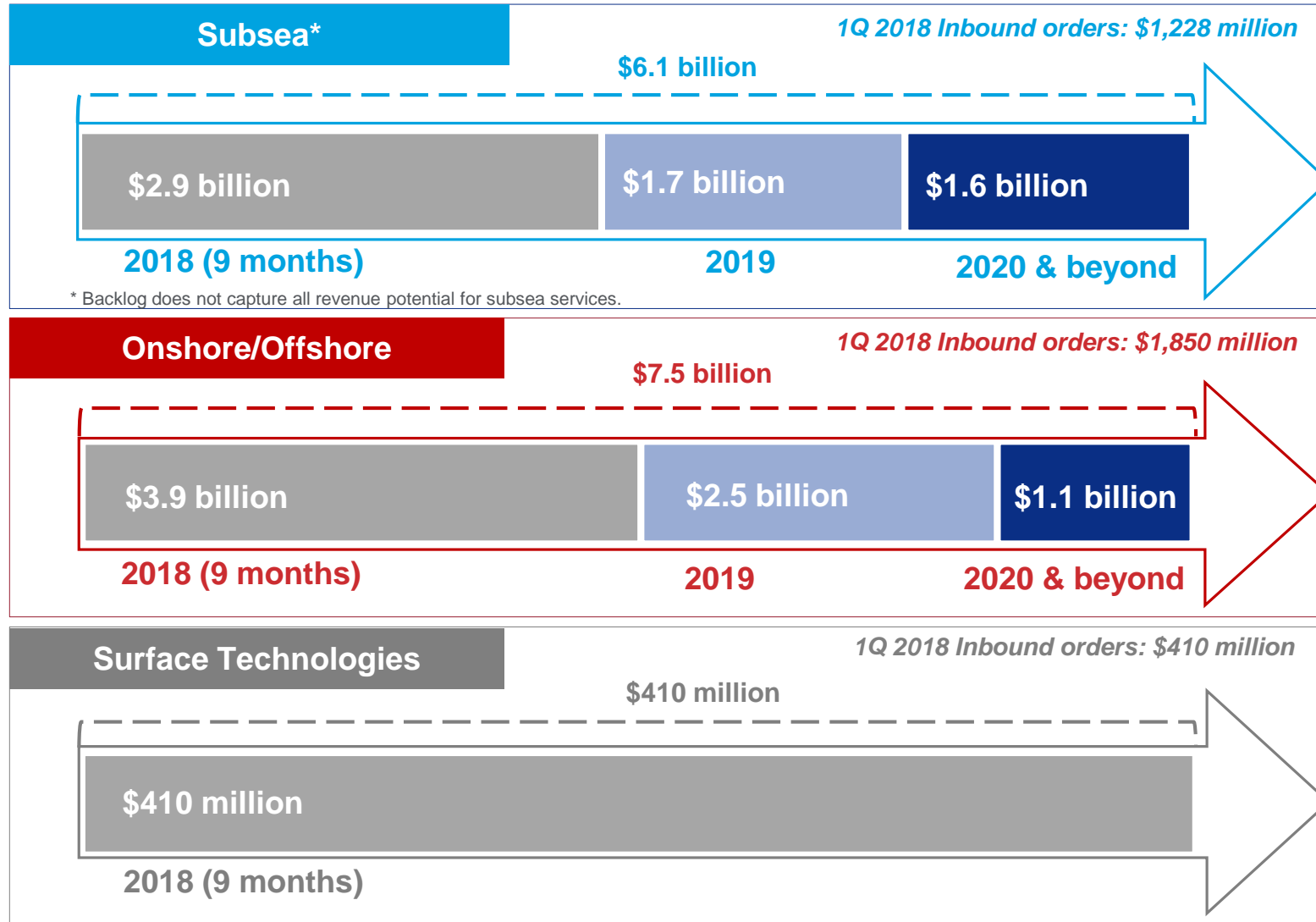
- ▶ 3 iEPCI™ project awards in Q1 2018 further demonstrate leadership and success of the integrated model
- ▶ Integrating beyond Subsea; Energean's Karish integrates entire subsea scope with host production facility
- ▶ Leadership in LNG; differentiated and well positioned to capitalize on improved market dynamics

Extending differentiation – strategic investments

- ▶ Island Offshore transaction strengthens presence in subsea well intervention services
- ▶ Next generation Control and Automation System added to Subsea 2.0 platform
- ▶ Strategic collaboration with Magma Global accelerates delivery of Hybrid Flexible Pipe

Appendix

Backlog visibility



2018 Full Guidance *Updated May 9, 2018

Subsea	Onshore/Offshore	Surface Technologies
<ul style="list-style-type: none">▶ Revenue in a range of \$5.0–5.3 billion▶ EBITDA margin¹ at least 14% (excluding amortization related impact of purchase price accounting, and other charges and credits)	<ul style="list-style-type: none">▶ Revenue in a range of \$5.3–5.7 billion▶ EBITDA margin¹ at least 11.5%* (excluding amortization related impact of purchase price accounting, and other charges and credits)	<ul style="list-style-type: none">▶ Revenue in a range of \$1.5–1.6 billion▶ EBITDA margin¹ at least 17.5% (excluding amortization related impact of purchase price accounting, and other charges and credits)

TechnipFMC
<ul style="list-style-type: none">▶ Corporate expense, net¹ \$40 – 45 million per quarter (excluding the impact of foreign currency fluctuations)▶ Net interest expense¹ approximately \$20 – 22 million per quarter (excluding the impact of revaluation of partners' redeemable financial liability)▶ Tax rate¹ 28 – 32% for the full year (excluding the impact of discrete items)▶ Capital expenditures approximately \$300 million for the full year▶ Merger integration and restructuring costs approximately \$100 million for the full year▶ Cost synergies \$450 million annual savings (\$200m exit run-rate 12/31/17, \$400m exit run-rate 12/31/18, \$450m exit run-rate 12/31/19)

⁽¹⁾ Our guidance measures adjusted EBITDA margin, corporate expense, net excluding the impact of foreign currency fluctuations, net interest expense excluding the impact of revaluation of partners' redeemable financial liability, and tax rate excluding the impact of discrete items are non-GAAP financial measures. We are unable to provide a reconciliation to a comparable GAAP measure on a forward-looking basis without unreasonable effort because of the unpredictability of the individual components of the most directly comparable GAAP financial measure and the variability of items excluded from such measure. Such information may have a significant, and potentially unpredictable, impact on our future financial results.

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, unaudited)

Charges and Credits

In addition to financial results determined in accordance with U.S. generally accepted accounting principles (GAAP), the first quarter 2018 Earnings Release also includes non-GAAP financial measures (as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended) and describes performance on a year-over-year basis against 2017 results and measures. Net income, excluding charges and credits, as well as measures derived from it (including Diluted EPS, excluding charges and credits; Income before net interest expense and taxes, excluding charges and credits ("Adjusted Operating profit"); Depreciation and amortization, excluding charges and credits; Earnings before net interest expense, income taxes, depreciation and amortization, excluding charges and credits ("Adjusted EBITDA"); and net cash) are non-GAAP financial measures. Management believes that the exclusion of charges and credits from these financial measures enables investors and management to more effectively evaluate TechnipFMC's operations and consolidated results of operations period-over-period, and to identify operating trends that could otherwise be masked or misleading to both investors and management by the excluded items. These measures are also used by management as performance measures in determining certain incentive compensation. The foregoing non-GAAP financial measures should be considered by investors in addition to, not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP. The following is a reconciliation of the most comparable financial measures under GAAP to the non-GAAP financial measures.

	Three Months Ended March 31, 2018						
	Net income (loss) attributable to TechnipFMC plc	Net loss (income) attributable to noncontrolling interests	Provision for income taxes	Net interest expense	Income before net interest expense and income taxes (Operating profit)	Depreciation and amortization	Earnings before net interest expense, income taxes, depreciation and amortization (EBITDA)
TechnipFMC plc, as reported	\$ 95.1	\$ 3.7	\$ 49.3	\$ (87.4)	\$ 228.1	\$ 131.8	\$ 359.9
Charges and (credits):							
Impairment and other charges	2.2	—	0.8	—	3.0	—	3.0
Restructuring and other severance charges	6.2	—	2.3	—	8.5	—	8.5
Business combination transaction and integration costs	4.1	—	1.5	—	5.6	—	5.6
Purchase price accounting adjustment	23.9	—	7.4	—	31.3	(21.7)	9.6
Adjusted financial measures	<u>\$ 131.5</u>	<u>\$ 3.7</u>	<u>\$ 61.3</u>	<u>\$ (87.4)</u>	<u>\$ 276.5</u>	<u>\$ 110.1</u>	<u>\$ 386.6</u>

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share amounts)

	(Unaudited)	
	Three Months Ended	
	March 31,	
	2018	2017
(after-tax)		
Net income (loss) attributable to TechnipFMC plc, as reported	\$ 95	\$ (19)
<u>Charges and (credits):</u>		
Impairment and other charges (1)	2	—
Restructuring and other severance charges (2)	6	7
Business combination transaction and integration costs (3)	4	39
Purchase price accounting adjustments (4)	24	95
Total	<u>36</u>	<u>141</u>
Adjusted net income attributable to TechnipFMC plc	<u>\$ 131</u>	<u>\$ 122</u>
Earnings (loss) per diluted EPS attributable to TechnipFMC plc, as reported	\$ 0.20	\$ (0.04)
Adjusted diluted EPS attributable to TechnipFMC plc	\$ 0.28	\$ 0.26

- (1) Tax effect of \$1 million and nil during the three months ended March 31, 2018 and 2017, respectively.
- (2) Tax effect of \$2 million and \$3 million during the three months ended March 31, 2018 and 2017, respectively.
- (3) Tax effect of \$2 million and \$16 million during the three months ended March 31, 2018 and 2017, respectively.
- (4) Tax effect of \$7 million and \$35 million during the three months ended March 31, 2018 and 2017, respectively.

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, unaudited)

	Three Months Ended				
	March 31, 2018				
	Subsea	Onshore/ Offshore	Surface Technologies	Corporate and Other	Total
Revenue	\$ 1,180.2	\$ 1,573.4	\$ 371.6	\$ —	\$ 3,125.2
Operating profit, as reported (pre-tax)	\$ 54.4	\$ 202.9	\$ 30.6	\$ (59.8)	\$ 228.1
Charges and (credits):					
Impairment and other charges	0.4	2.6	—	—	3.0
Restructuring and other severance charges	2.7	0.9	2.4	2.5	8.5
Business combination transaction and integration costs	—	—	—	5.6	5.6
Purchase price accounting adjustments - non-amortization related	6.0	—	3.6	—	9.6
Purchase price accounting adjustments - amortization related	21.9	—	(0.1)	(0.1)	21.7
Subtotal	31.0	3.5	5.9	8.0	48.4
Adjusted Operating profit	85.4	206.4	36.5	(51.8)	276.5
Adjusted Depreciation and amortization	86.6	8.6	13.8	1.1	110.1
Adjusted EBITDA	<u>\$ 172.0</u>	<u>\$ 215.0</u>	<u>\$ 50.3</u>	<u>\$ (50.7)</u>	<u>\$ 386.6</u>
Operating profit margin, as reported	4.6%	12.9%	8.2%		7.3%
Adjusted Operating profit margin	7.2%	13.1%	9.8%		8.8%
Adjusted EBITDA margin	14.6%	13.7%	13.5%		12.4%

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, unaudited)

	Three Months Ended				
	March 31, 2017				
	Subsea	Onshore/ Offshore	Surface Technologies	Corporate and Other	Total
Revenue	\$ 1,376.7	\$ 1,764.0	\$ 248.4	\$ (1.1)	\$ 3,388.0
Operating profit (pre-tax)	\$ 54.2	\$ 142.8	\$ (18.6)	\$ (59.7)	\$ 118.7
Charges and (credits):					
Impairment and other charges	0.2	—	0.2	—	0.4
Restructuring and other severance charges	6.5	(0.3)	1.2	1.9	9.3
Business combination transaction and integration costs	1.5	—	0.8	52.3	54.6
Purchase price accounting adjustments - non-amortization related	55.0	—	34.2	(3.0)	86.2
Purchase price accounting adjustments - amortization related	34.0	—	9.0	(0.1)	42.9
Subtotal	97.2	(0.3)	45.4	51.1	193.4
Adjusted Operating profit	151.4	142.5	26.8	(8.6)	312.1
Adjusted Depreciation and amortization	87.2	9.7	9.2	2.2	108.3
Adjusted EBITDA	<u>\$ 238.6</u>	<u>\$ 152.2</u>	<u>\$ 36.0</u>	<u>\$ (6.4)</u>	<u>\$ 420.4</u>
Operating profit margin, as reported	3.9%	8.1%	-7.5%		3.5%
Adjusted Operating profit margin	11.0%	8.1%	10.8%		9.2%
Adjusted EBITDA margin	17.3%	8.6%	14.5%		12.4%

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, unaudited)

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Cash and cash equivalents	\$ 6,220.6	\$ 6,737.4
Short-term debt and current portion of long-term debt	(87.2)	(77.1)
Long-term debt, less current portion	(3,735.8)	(3,777.9)
Net cash	<u>\$ 2,397.6</u>	<u>\$ 2,882.4</u>

Net cash (debt) is a non-GAAP financial measure reflecting cash and cash equivalents, net of debt. Management uses this non-GAAP financial measure to evaluate TechnipFMC's capital structure and financial leverage. Management believes net cash (debt) is a meaningful financial measure that may also assist investors in understanding TechnipFMC's financial condition and underlying trends in its capital structure.