Half-year Report

August 7, 2018

LONDON--(BUSINESS WIRE)--

IFRS Financial Statements
for the half-year ended June 30, 2018

TECHNIPFMC PLC
Company No. 09909709

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Revenue

Revenue decreased $1,134.1 million or 15.7% in the first six months of 2018 compared to the prior-year period, primarily as a result of declining

Operating profit as a percentage of revenue	5.4 %	9.3 %		(3.9) pts.

Subsea revenue decreased $696.6 million year-over-year, primarily driven by projects in Asia Pacific, Africa and North America that progressed towards completion. Subsea revenue continues to be negatively impacted by prior period lower inbound orders related to the market downturn.

Subsea operating profit as a percentage of revenue decreased year-over-year, primarily due to the anticipated revenue decline, partially offset by Merger synergies and other cost reduction activities, and the successful conclusion of key project milestones.

Subsea operating profit for the first six months of 2018 included $14.3 million in restructuring, impairment and other severance charges.

Onshore/Offshore

	Six Months Ended June 30,		**Favorable/(Unfavorable)**	
(In millions, except % and pts.)	**2018**	**2017**	**$**	**%**
Revenue	$ 2,915.8	$ 3,576.9	(661.1)	(18.5)
Operating profit	$ 374.2	$ 346.5	27.7	8.0
Operating profit as a percentage of revenue	12.8 %	9.7 %		3.1 pts.

Onshore/Offshore revenue decreased $661.1 million year-over-year. The decrease was primarily driven by major projects, including Yamal LNG and BP Juniper, that progressed towards completion. This decrease was partially offset by achieving strong progress on ENOC's Jebel Ali refinery expansion project, Shell's Prelude FLNG and SOCAR's Azerikimya petrochemical projects.

Onshore/Offshore operating profit as a percentage of revenue increased year-over-year due to a favorable mix of project margins.

Operating profit in the first six months of 2018 was favorably impacted by $5.6 million of restructuring and other expense rel f pr(e) 5 (n) 4 (s) 4 ( ) 4

(In millions of US dollars)	Order Backlog	
	June 30, 2018	December 31, 2017
Subsea	$ 6,177.0	$ 6,203.9
Onshore/Offshore	8,279.5	6,369.1
Surface Technologies	415.3	409.8
Total order backlog	$ 14,871.8	$ 12,982.8

Subsea - Order backlog for Subsea at June 30, 2018 decreased by $26.9 million compared to December 31, 2017. The decrease includes a one-time reduction of $50.8 million related to the adoption of International Financial Reporting Standard ("IFRS") 15. Subsea backlog of $6.2 billion at June 30, 2018 was composed of various Subsea projects, including Energean's Karish; Eni's Coral; Petrobras's PLSV service contracts and flexible pipe projects; VNG Norge's Fenja and Total's Kaombo.

Onshore/Offshore - Onshore/Offshore order backlog at June 30, 2018 increased by $1.9 billion compared to December 31, 2017. The increase includes a one-time adjustment of $800.8 million related to the adoption of IFRS 15. The adjustment is primarily related to additional revenue for future reimbursable work that is now included in backlog, reflecting a change in the timing of order recognition. Onshore/Offshore backlog of $8.3 billion was composed of various projects, including Y 3 (c) 4 (l) 3 (u)F4 (t) 5 (h) 4 (e) 4 ( ) 4 (t) 4 (i) 4 (m) 4 (i) 5 (n) 4 (g) 4 ( ) 4 (o) 4 (f) sog

risks, our insurance may not be adequate to cover our liabilities. Further, the insurance may not generally be available in the future or, if available, premiums may not be commercially justifiable. If we incur substantial liability and the damages are not covered by insurance or are in excess of policy limits, or if we were to incur liability at a time when we are not able to obtain liability insurance, such potential liabilities could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We may lose money on fixed-price contracts.

As customary for the types of businesses that we operate, we often agree to provide products and services under fixed-price contracts. We are subject to material risks in connection with such fixed-price contracts. It is not possible to estimate with complete certainty the final cost or margin of a project at the time of bidding or during the early phases of its execution. Actual expenses incurred in executing these fixed-price contracts can vary substantially from those originally anticipated for several reasons including, but not limited to, the following:

- unforeseen additional costs related to the purchase of substantial equipment necessary for contract fulfillment;
- mechanical failure of our production equipment and machinery;
- delays caused by local weather conditions and/or natural disasters (including earthquakes and floods); and
- a failure of suppliers or subcontractors to perform their contractual obligations.

The realization of any material risks and unforeseen circumstances could also lead to delays in the execution schedule of a project. We may be held liable to a customer should we fail to meet project milestones or deadlines or to comply with other contractual provisions. Additionally, delays in certain projects could lead to delays in subsequent projects for which production equipment and machinery currently being utilized on a project were intended.

Pursuant to the terms of fixed-price contracts, we are not always able to increase the price of the contract to reflect factors that were unforeseen at the time its bid was submitted. Depending on the size of a project, variations from estimated contract performance, or variations in multiple contracts, could have a significant impact on our financial condition, results of operations or cash flows.

New capital asset construction projects for vessels and plants are subject to risks, including delays and cost overruns, which could have a material adverse effect on our financial condition or results of operations.

they have not been previously utilized by distribution or capitalization, less its accumulated, realized losses, to the extent that they have not been previously written off in a reduction or reorganization of capital duly made. In addition, as a public limited company incorporated in England and Wales, we may only make a distribution if the amount of our net assets is not less than the aggregate of our called-up share capital and non-distributable reserves and if, to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

Following the Merger, we capitalized our reserves arising out of the Merger by the allotment and issuance by TechnipFMC plc of a bonus share, which was paid up using such reserves, such that the amount of such reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to our share premium account. We implemented a court-approved reduction of our capital by way of a cancellation of the bonus share and share premium account in the amount of $10,177,554,182, which completed on June 29, 2017, in order to create distributable profits to support the payment of possible future dividends or future share repurchases. Our articles of association permit us by ordinary resolution of the stockholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the Board of Directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring payment of a dividend, the directors are required under English law to comply with their duties, including considering our future financial requirements.

We may not be able to pay dividends or repurchase shares of our ordinary shares in accordance with our announced intent or at all.

The Board of Directors' determinations regarding dividends and share repurchases will depend on a variety of factors, including our net income, cash flow generated from operations or other sources, liquidity position and potential alternative uses of cash, such as acquisitions, as well as economic conditions and expected future financial results. Our ability to declare future dividends and make future share repurchases will depend on our future financial performance, which in turn depends on the successful implementation of our strategy and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand and selling prices for our products and services and other factors specific to our industry or specific projects, many of which are beyond our control. Therefore, our ability to generate cash depends on the performance of our operations and could be limited by decreases in our profitability or increases in costs, regulatory changes, capital expenditures or debt servicing requirements.

Any failure to pay dividends or repurchase shares of our ordinary shares could negatively impact our reputation, harm investor confidence in us, and cause the market price of our ordinary shares to decline.

Our existing and future debt may limit cash flow available to invest in the ongoing needs of our business and could prevent us from fulfilling our obligations under our outstanding debt.

We have substantial existing debt. As of June 30, 2018, after giving effect to the Merger, our total debt is $4.2 billion. We also have the capacity under our $2.5 billion credit facility and bilateral facilities to incur substantial additional debt. Our level of debt could have important consequences. For example, it could:

- make it more difficult for us to make payments on our debt;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, distributions and other general partnership purposes;
- increase our vulnerability to adverse economic or industry conditions;
- limit our ability to obtain additional financing to enable us to react to changes in our business; or
- place us at a competitive disadvantage compared to businesses in our industry that have less debt.

Additionally, any failure to meet required payments on our debt, or failure to comply with any covenants in the instruments governing our debt, could result in an event of default under the terms of those instruments. In the event of such default, the holders of such debt could elect to declare all the amounts outstanding under such instruments to be due and payable.

A downgrade in our debt rating could restrict our ability to access the capital markets.

The terms of our financing are, in part, dependent on the credit ratings assigned to our debt by independent credit rating agencies. We cannot provide assurance that any of our current credit ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency. Factors that may impact our credit ratings include debt levels, capital structure, planned asset purchases or sales, near- and

property rights of others. Infringement claims generally result in significant legal and other costs. The resolution of these claims could require us to enter into license agreements or develop alternative technologies. The development of these technologies or the payment of royalties under licenses from third parties, if available, would increase our costs. If a license were not available, or we are not able to develop alternative technologies, we might not be able to continue providing a particular service or product, which could adversely affect our financial condition, results of operations or cash flows.

Currency exchange rate fluctuations could adversely affect our financial condition, results of operations or cash flows.

We conduct operations around the world in many different currencies. Because a significant portion of our revenue is denominated in currencies other than our reporting currency, the U.S. dollar, changes in exchange rates will produce fluctuations in our revenue, costs and earnings and may also affect the book value of our assets and liabilities and related equity. Although we do not hedge translation impacts on earnings, we do hedge transaction impacts on margins and earnings where the transaction is not in the functional currency of the business unit. Our efforts to minimize our currency exposure through such hedging transactions may not be successful depending on market and business conditions. Moreover, certain currencies in which the Company trades, specifically currencies in countries such as Angola and Nigeria, do not actively trade in the global foreign exchange markets and may subject us to increased foreign currency exposures. As a result, fluctuations in foreign currency exchange rates may adversely affect our financial condition, results of operations or cash flows.

We may not realize the cost savings, synergies and other benefits expected from the Merger.

The combination of two independent companies is a complex, costly and time-consuming process. As a result, we will be required to devote significant management attention and resources to integrating the business practices and operations of Technip and FMC Technologies. The integration process may disrupt our businesses and, if ineffectively implemented, could preclude realization of the full benefits expected from the Merger. Our failure to meet the challenges involved in successfully integrating the operations of Technip and FMC Technologies or otherwise to realize the anticipated benefits of the Merger could cause an interruption of our operations and could seriously harm our results of operations. In addition, the overall integration of Technip and FMC Technologies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of client relationships and diversion of management's attention, and may cause our stock prices to decline. The difficulties of combining the operations of Technip and FMC Technologies include, but are not limited to, the following:

- managing a significantly larger company;
- coordinating geographically separate organizations;
- the potential diversion of management focus and resources from other strategic opportunities and from operational matters;
- aligning and executing our strategy;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- integrating two unique business cultures, which may prove to be incompatible;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating distribution and marketing efforts;
- integrating information technology ("IT"), communications and other systems;
- changes in applicable laws and regulations;
- managing tax costs or inefficiencies associated with integrating our operations;
- unforeseen expenses or delays associated with the Merger; and
- taking actions that may be required in connection with obtaining regulatory approvals.

The members of the Audit Committee of the Company, on behalf of the Board of Directors, confirm that, to the best of their knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34: 'Interim Financial Reporting', as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit or loss of TechnipFMC plc; and
- the interim management report includes a fair review of the information required by:
  - Disclosure and Transparency Rule 4.2.7R, which requires an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year, and
  - Disclosure and Transparency Rule 4.2.8R, which requires disclosure of material related-party transactions in the first six months and that have materially affected the financial position or performance of the enterprise during that period and any material changes in the related-party transactions described in the last Annual Report.

By order of the Audit Committee on behalf of the Board of Directors,

Douglas J. Pferdehirt
Chief Executive Officer
August 6, 2018

3 2018 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3.1 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

		Six Months Ended June 30	
(In millions of US dollars)	**Note**	**2018**	**2017**
Revenue:			
Service revenue	7	$ 4,684.1	$ 5,926.1
Product revenue	7	1,312.1	

(In millions of US dollars)	Six Months Ended June 30, 2018	2017
Net income	$ 189.8	$ 147.8
Exchange differences on translating entities operating in foreign currency	(139.8)	(35.0)
Cash flow hedging	(48.0)	87.5
Income tax effect	6.1	(23.5)
Other comprehensive income (loss) to be reclassified to statement of income in subsequent years	(181.7)	29.0
Actuarial gains (losses) on defined benefit plans	0.3	(2.4)
Income tax effect	(0.1)	1.0

	Shares	Shares Held in Treasury and Employee Benefit Trust	Premium	Reserve	Earnings, Net income and Other reserves	Other Comprehensive Income (Loss)	controlling Interest	Shareholders' Equity
Balance as of December 31, 2016	$ 114.7	$ (44.5)	$ 2,694.7	$ —	$ 3,328.8	$ (1,029.2)	$ (11.7)	$ 5,052.8
Net income (loss)	—	—	—	—	150.1	—	(2.3)	147.8
Other comprehensive income (loss)	(18.4)	—	(317.6)	—	363.6	—	—	27.6
Issuance of ordinary shares due to the Merger of FMC Technologies and Technip	370.3	—	(2,377.1)	10,177.5	—	—	—	8,170.7
Capital reorganization	—	—	10,177.5	(10,177.5)	—	—	—	—
Capital reduction	—	—	(10,177.5)	—	10,177.5	—	—	

IFRS 16 "LEASES"

Released on January 13, 2016, the new standard IFRS 16 on lease accounting will be mandatorily applicable for the financial years starting January 1, 2019 and should supersede the current IAS 17 and its related interpretations. This update requires that a lessee recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. Similar to current guidance, the update continues to differentiate between finance leases and operating leases, however, this distinction now primarily relates to differences in the manner of expense recognition over time and in the classification of lease payments in the statement of cash flows. The impacts the adoption of the new standard is expected to have on our consolidated financial statements and related

Basic earnings per share attributable to TechnipFMC plc	$ 0.41	$ 0.32
Diluted earnings per share attributable to TechnipFMC plc	$ 0.41	$ 0.32

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

There were no significant changes on fixed assets over the six-months period ended June 30, 2018. During the first half of 2018, no meaningful event occurred which might have caused to impair the value of goodwill or other intangible and tangible assets. Therefore, no impairment test was performed as of June 30, 2018.

The main variation on goodwill over the six-months period ended June 30, 2018 as described in Note 2 - scope of consolidation.

NOTE 7. REVENUE

Transition method

This segment also designs, manufactures and services measurement products globally. Contract-types include standard product or equipment and maintenance-type services where we have determined that each contract under this product line represents one performance obligation.

reported in contract assets and contract liabilities have been reclassified to trade receivables as of June 30, 2018.

The remaining increase not related to the adoption of IFRS 15 in our contract assets from December 31, 2017 to June 30, 2018 was primarily due to the timing of milestone payments, including $5.7 million in contract assets due to acquisitions.

The remaining increase not related to the adoption of IFRS 15 in our contract liabilities was primarily due to cash received, excluding amounts recognized as revenue during the period.

In order to determine revenue recognized in the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. Revenue recognized for the six months ended June 30, 2018 that were included in the Contract Liabilities balance at December 31, 2017 was $1,437.7 million.

In addition, net revenue recognized for the six months ended June 30, 2018 from our performance obligations satisfied in previous periods was $66.8 million. This primarily relates to the changes in the estimate of the stage of completion that impacted revenue.

Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations

Remaining unsatisfied performance obligations ("RUPO") represent the transaction price for products and services for which we have a material right but work has not been performed. Transaction price of the RUPO includes the base transaction price, variable consideration and changes in transaction price. The RUPO table does not include contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed. The transaction price of RUPO related to unfilled, confirmed customer orders is estimated at each reporting date. As of June 30, 2018, the aggregate amount of the transaction price allocated to RUPO was $14,871.8 million. The Company expects to recognize revenue on approximately 73.0% of the RUPO through 2019 and 27.0% thereafter.

The following table details the RUPO for each business segment as of June 30, 2018:

(In millions)	**2018**	**2019**	**Thereafter**
Subsea	$ 1,883.4	$ 2,286.1	$ 2,007.5
Onshore/Offshore	2,874.0	3,403.2	2,002.3
Surface Technologies	374.7	40.6	—
Total remaining unsatisfied performance obligations	$ 5,132.1	$ 5,729.9	$ 4,009.8

Impact on Primary Financial Statements

The impact to revenues for the six months ended June 30, 2018 was a decrease of $10.9 million as a result of applying IFRS 15. A difference between revenue recognized under IFRS 15 as compared to IAS 11 and IAS 18 exists for certain contracts in which physical progress was used as the measure of progress for which the cost to cost method best depicts the transfer of control to the customer.

A difference exists in the presentation of trade receivables, contract assets and contract liabilities. Upon adoption of IFRS 15, we recognize trade receivables when we have the unconditional right to payment. Previously, we reported certain billed amounts on a net basis within contract assets and contract liabilities when the legal right of offset was present within the contract.

Consolidated Statements of Income for the six months ended June 30, 2018:

	Six Months Ended June 30, 2018		
(In millions, except per share data)	**As reported**	**Effect of IFRS 15**	**Under IAS 11 and 18**
Revenue			
Service revenue	$ 4,684.1	$ 13.6	$ 4,697.7
Product revenue	1,312.1	(2.7)	1,309.4
Lease and other revenue	102.7	—	102.7
Total revenue	6,098.9	10.9	6,109.8
Costs and expenses			
Cost of service revenue	3,806.7	(18.7)	3,788.0
Cost of product revenue	1,079.8	(0.9)	1,078.9
Cost of lease and other revenue	68.5	—	68.5

Income before income taxes	298.6	30.5	329.1
Provision for income taxes	108.8	13.2	122.0
Net income	189.8	17.3	207.1
Net (income) loss attributable to noncontrolling interests	(0.7)	(0.5)	(1.2)
Net income attributable to TechnipFMC plc	$ 189.1	$ 16.8	$ 205.9

Consolidated Balance Sheets as of June 30, 2018:

	June 30, 2018		
(In millions, except par value data)	**As reported**	**Effect of IFRS 15**	**Under IAS 11 and 18**
Assets			
Property, plant and equipment, net	$ 3,895.5	$ —	$ 3,895.5
Goodwill	9,037.3	—	9,037.3
Intangible assets, net	1,253.8	—	1,253.8
Investments in equity affiliates	295.2	—	295.2
Other assets	382.4	(1.0)	381.4
Deferred income taxes	430.0	(23.1)	406.9
Derivative financial instruments	84.6	—	84.6
Total non-current assets	15,378.8	(24.1)	15,354.7
Inventories, net	1,086.4	25.0	1,111.4
Contract assets	1,412.9	409.9	1,822.8
Advances paid to suppliers	300.3	—	300.3
Derivative financial instruments	83.9	—	83.9
Trade receivables, net	2,199.2	(1,116.4)	1,082.8
Income taxes receivable	338.7	0.1	338.8
Other current assets	874.8	—	874.8
Cash and cash equivalents	5,557.7	—	5,557.7
Total current assets	11,853.9	(681.4)	11,172.5
Total assets	27,232.7	(705.5)	26,527.2
Liabilities and equity			
Ordinary shares	457.5	—	457.5
Ordinary shares held in employee benefit trust	(3.9)	—	(3.9)

(a) Dividends and Share Repurchases

The facility agreement contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type, including financial covenants requiring that our total capitalization ratio not exceed 60.0% at the end of any financial quarter. The facility agreement
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Liabilities				
Redeemable financial liability	308.1	$ —	$ —	$ 308.1
Redeemable liability (Put option over non controlling interests)	40.4	—	—	40.4
Derivative financial instruments				
Synthetic bonds - embedded derivatives	76.3	—	76.3	—
Foreign exchange contracts	109.9	—	109.9	—
Total liabilities	$ 534.7	$ —	$ 186.2	

Other non-current liabilities consisted of the following:

(In millions of U.S. dollars)	June 30, 2018	December 31, 2017
Payable on Tangible Assets	$ —	$ 13.7
Payable on intangible assets	7.1	0.4
Subsidies		

limited to, fines, penalties and modifications to business practices and compliance programs. These authorities have entered into agreements with, and obtained a range of sanctions against, numerous public corporations and individuals arising from allegations of improper payments whereby civil and/or criminal penalties were imposed. Recent civil and criminal settlements have included fines of tens or hundreds of millions of dollars, deferred prosecution agreements, guilty pleas, and other sanctions, including the requirement that the relevant corporation retain a monitor to oversee its compliance with the FCPA. Brazilian and French authorities also have a range of sanctions available to them and have recently imposed substantial fines on corporations for anti-corruption violations. Any of these remedial measures, if applicable to us, as well as potential customer reaction to such remedial measures, could have a material adverse impact on our business, results of operations, and financial condition.

In addition to the above-referenced matters, we are involved in various pending or potential legal actions or disputes in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions because of their inherent uncertainty. However, management believes that the most probable, ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

NOTE 13. MARKET RELATED EXPOSURE

We are subject to financial market risks, including fluctuations in foreign currency exchange rates and interest rates. In order to manage and mitigate our exposure to these risks, we may use derivative financial instruments in accordance with established policies and procedures. We do not use derivative financial instruments where the objective is to generate profits solely from trading activities. As of June 30, 2018, substantially all of our derivative holdings consisted of foreign currency forward contracts and foreign currency instruments embedded in purchase and sale contracts.

These forward-looking disclosures only address potential impacts from market risks as they affect our financial instruments and do not include other potential effects that could impact our business as a result of changes in foreign currency exchange rates, interest rates, commodity prices or equity prices.

Foreign currency exchange rate risk

We conduct operations around the world in a number of different currencies. Many of our significant foreign subsidiaries have designated the local currency as their functional currency. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. We do not hedge this translation impact on earnings.

When transactions are denominated in currencies other than our subsidiaries' respective functional currencies, we manage these exposures through the use of derivative instruments. We primarily use foreign currency forward contracts to hedge the foreign currency fluctuation associated with firmly committed and forecasted foreign currency denominated payments and receipts. The derivative instruments associated with these anticipated transactions are usually designated and qualify as cash flow hedges, and as such the gains and losses associated with these instruments are recorded in eou754 (d) 4 ( )54 (d) 4 ( )54 (d) 4 [(W) 3 (h) 4 (e(a) 3 (n) 3 4 ( ) 3 (e) 3 (5 (h) 4 (e) ( ) 3 (5 (h) 4 (e) ( ) 3) 3 (n) 4 ( )) 5) 4 (a) 4 (3