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TechnipFMC PLC at JPMorgan Energy Technology Tour (Virtual)

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CORPORATE PARTICIPANTS

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

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Sean Christopher Meakim *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

PRESENTATION

Unidentified Participant

Welcome, and thank you for standing by. I would like to inform all participants that parts of this meeting may be reproduced in JPMorgan Research. If you have any objections, you may disconnect at this time. This meeting is not intended for EEA clients that only subscribe for written research and members of the press are not permitted to participate. If you are with the press or subject to MiFID II and do not have high touch access, please disconnect now.

I will now turn the meeting over to our JPMorgan host, Sean Meakim.

Sean Christopher Meakim *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

Thank you. Good morning, everyone. Good afternoon to those of you in Europe. Welcome to the Fifth Annual JPMorgan Energy Technology Tour. Of course, this is the first one in a virtual format. I'm Sean Meakim, oil services analyst at JPM. And we're looking forward to a great couple of days of meetings focused on technology applied across a widening array of energy markets.

We're starting the tour with this keynote CEO presentation and fireside chat with TechnipFMC's CEO, Doug Pferdehirt. Doug has been CEO of FTI since 2016 and was COO before that, starting in 2012 after a 25-year career at Schlumberger. He's been instrumental in the company's transformation over the past 3 years as an enabler of offshore deflation. And today, he's going to give you a deep dive into the company's ESG capabilities.

So I'm going to turn it over to Doug for his presentation, and then I'll be back for some Q&A. Now we have a full hour for this session, but we want to make the most of our time. So Doug, great to see you.

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

Great to see you as well, Sean, and thank you, and thank you to JPMorgan for giving us the opportunity to make this presentation this morning. Good morning, and good afternoon to all the participants, and thank you for your interest.

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next 3 years, our goals that we're going to be measured against, will then that scorecard be tied to our executive compensation and management compensation, ensuring that we have alignment across the organization and that we deliver on these very important goals that we've laid out.

Sean Christopher Meakim *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

And then thinking a little bit, say, medium term, the 50 by 30 target is pretty interesting. It's a relatively short time frame compared to what we've seen from some of your peers. 2050 seems to be the more common bogey out there. So you showed a lot of progress just in the last 3 years, right? So I'm looking at my notes, 27% reduction. Help us understand what it takes to get from here to 2030. And then -- let's start with that, if you don't mind.

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

No, Sean, that's a great observation. Clearly, if we were starting today, achieving a 50% reduction within the decade would not be possible. And I guess that's really part of the message that we wanted to deliver. We're not starting today. We've been working on this for several years now. We shared those successes at the beginning of the presentation that we've accomplished thus far. And we're now able to continue that -- take that momentum and to continue that drive towards an even higher ambition, which is the target that we've now set at the 50%.

Sean, by no means, by no means is this going to be easily achieved. But I do think it's important that we set an ambition within a realistic time frame when management -- current management and the leadership is active and can be held accountable for the success or the lack thereof in achieving those ambitions. So that's just how we look at it, Sean, that we think that's really what's most important is to set a time frame to where we can hold the leaders of the company responsible for the delivery against those objectives. So a lot is going to have to happen to get to the 50%, Sean, to answer your question. And a lot is going to have to happen that isn't necessarily within the direct control of our company. But we think that's one of the benefits that we bring to the energy transition discussion.

No one company, no one company is going to solve this. We all have to kind of lay down our weapons, and we all have to take a very collaborative approach. And again, go back to the guiding principle of we're doing this because it's the right thing to do. We're not doing this for a competitive advantage. We're not doing this because it's a requirement. It's because it's the right thing to do. And if we take that approach, as we do with safety, then we'll have a very open and collaborative approach. And we think that's going to be the key to unlocking the success. So we're working with our supply chain, we're working with our current customers, we're working with emerging customers, we're working with local governments to really -- academia, to really try to put together kind of novel, collaborative teams that can help solve some of these challenges. And we believe that will be the key ingredient to success. And quite frankly, Sean, some companies collaborate better than others. And we believe that we've demonstrated, and the industry has certainly acknowledged, that the culture of our company is one of collaboration, and we think that will benefit us very much as we take on some of these new challenges.

Sean Christopher Meakim *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

So I want to dig into more of these individual opportunities. But first, I think to kind of wrap up the overarching perspective, I think that one of the most important things, as we talk about '21 and '23 and then out to 2030, you also have a proposed spin that's kind of hanging out there as well. And so by 2023, by 2030 this conception should be 2 different companies. You're also -- as we're going to dig into more detail here, you've also laid out some significant new energy opportunities and perhaps showing that your footprint, your capability is greater than maybe what investors have been discounting. How do we think about value maximization with respect to the proposed spin and/or some version of unlocking maybe some hidden value inside your portfolio?

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

Sure. So clearly, everything that I put to con tharent chto c- uit r



shifted quite a bit in the last 6 months. Green has gotten a lot of airtime, and there have been more concerns from investors that LNG doesn't reach its full potential, but it gets an effect [leapfrogged] by green hydrogen to some degree. Can you just talk about how LNG also fits into that spectrum of getting us from start to finish?

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

Now why is that so important, Sean? One of the big encumbrances when we look at subsea tieback opportunities or brownfield opportunities tied back to an existing host or tied back to shore for that matter is the distance in which you can go simply because of flow assurance issues, and quite frankly, the ability to be able to transmit hydraulic fluid over a very long distance through a very small diameter line inside of the umbilical. Friction pressure, it's as simple as friction pressure. And it has set a radius around the existing infrastructure today that once you remove that requirement can increase by 4x, particularly for gas reservoirs, 4x, Sean. So right now, the excitement is at the feed stage, we're sitting down with our clients and just laying out the map of their work. And we're sitting there and taking that radius, increasing it by 4x and then looking at what assets they own that they have not yet found an economic solution to produce because they would have required an additional host facility or the ability to acquire additional assets around their existing facility to be able to use that same capability.

So when we say \$8 billion, I will tell you, Sean, we believe that's a conservative number, and that is new market. That's not the conversion of existing projects in our portfolio to electric, which we believe that will happen as well. The environmental benefits of all-electric are significant. Less hosts, less above the waterline infrastructure, more subsea infrastructure. There's huge environmental benefits as well. So we're very excited about the all-electric subsea. And I do want to reemphasize, we will be in a position where we will be able to power this with novel offshore energy sources.

Now I don't want to go too far, but if you look at our pictures, you'll see some things that are pretty unique. We've been working with really innovative companies, not just within the oil and gas space, but outside of the oil and gas space to develop and work on some of those technologies and there'll be a lot more to come in that space. But imagine an all-renewable subsea infrastructure -- an all-electric subsea infrastructure powered by renewable energy that could be used for traditional hydrocarbon-based fuels or could be used for hydrogen in the future. We're really excited.

Sean Christopher Meakim *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

And so with the time we have left, I mean, I think one of the key messages of today is this idea of offshore as the next frontier for new energy. And then the Deep Purple initiative, we haven't touched on that beyond what you said in the prepared comments. So we've kind of touched on, to some degree, how subsea plays a role in energy transition. I think that's something that has not got a lot of attention until this morning. We've got renewables are going to be still, again, the clear winner here. But a lot of what we see is, as you said, terrestrial, right, as opposed to subsea. So with this Deep Purple initiative, a tangible example of how offshore and subsea can play that role. Can you maybe just talk a little bit more about how you see hydrogen or, I guess, in terms of the role that hydrogen can play offshore
