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TechnipFMC PLC at JPMorgan Energy Technology Tour (Virtual)

EVENT DATE/TIME: NOVEMBER 09, 2020 / 1:00PM GMT

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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.

Today, I'm going to make some forward-looking statements. These are based on our best estimates with the information we have at the current time. Outcomes are subject to change and also the outcomes are subject to risks, which are disclosed in our filings with the SEC, AMF, U.K. Financial Conduct Authority, and I encourage you to look at those filings.

When we created TechnipFMC, we formed a company with the vision to drive real change in the energy industry. Our corporate strategy has always been focused on the successful delivery of this vision with our fundamental beliefs represent our fundamental view that how we do business is as important as why we do business. Together, our strategy and our beliefs drive our ESG practices to reshape the industry for a sustainable future.

At a high level, our approach is simple, our environmental focus is built upon reducing the carbon footprint of both TechnipFMC and our clients as well as a focus on waste management.

With regard to social responsibility, we have built a culture of fair representation and are focused on serving the communities in which we operate.

And when we think about corporate governance, we will be unwavering in our drive to maintain a strong culture of safety and responsible business behavior.

I very much look forward to taking you through today's presentation, which will highlight both our past successes and future commitments to these important topics.

Following the formation of TechnipFMC, we laid out a 3-year sustainability road map that has resulted in a number of successes for our company. In 2019, we achieved a 27% reduction in our own emissions of greenhouse gases, and we are committed to helping our customers reduce their carbon footprint with innovative solutions and technologies like Subsea 2.0. We are driving inclusion and diversity in the workplace, demonstrated by our gender equality initiatives. And we are supporting the development of the local communities in which we live and work through educational programs focused on science, technology, engineering and mathematics. We are fully committed to the safety and well-being of our global workforce with safety protocols that routinely go beyond industry best practices. And we have delivered significant improvements in several key performance indicators over the last 3 years. And we will ensure that our actions continue to align with shareholders through executive compensation programs that are focused on driving behavior that creates sustainable shareholder value.

Today, we are announcing our most aggressive environmental target to date, 50 by 30. Simply put, TechnipFMC is committed to realizing a 50% reduction in Scope 1 and 2 equivalent emissions by 2030. While ambitious, we believe we can accomplish this in a number of ways. We are already using renewable resources for our own energy consumption. Since 2011, we have generated electricity using a wind turbine to power our manufacturing operations in Dunfermline, Scotland. Our facilities in Brazil are utilizing electricity generated from the country's vast hydro-based resources with our Macae facility running on 100% renewable power, and Rio de Janeiro at almost 90%. And as more resources become available, we will look to utilize hybrid battery and biofuel solutions as transportation fuel with the potential for significant conversion of our offshore fleet.

While 50 by 30 is a bold commitment for the intermediate term, we have also established an extensive set of new ESG goals for the next 3 years. I'll highlight a few of these commitments. In environmental, we are now targeting 1/3 of our order intake to be tied to lower carbon intensity offerings. In social, our belief in fair representation drives a commitment to increase the number of underrepresented populations in senior management by 20%. And in governance, as part of our human rights principles to protect workers' welfare across our supply chain, we are extending our risk management program that provides due diligence and audits on 100% of high-risk suppliers. Our ESG ambition is simple, to drive real and sustainable change that favorably impacts our company, our industry and our communities. And we will hold ourselves accountable for delivering on these commitments by publishing an annual scorecard on our progress. This level of ambition, accountability and transparency is what you should expect from a global leader like TechnipFMC.

Focusing now on the environment. We are an ideal partner to transition with our customers, delivering renewable energy infrastructure and sustainable energy solutions today while helping decarbonize their oil and gas production over time. Our unique capabilities are supported by a strong culture of engineering and innovation, project execution and integration and collaborative partnerships that enable us to quickly adapt and remain at the forefront of our industry.

Today, we offer many carbon-advantaged solutions. Our pioneering commercial models and technologies, such as iProduction, iEPCI, Subsea 2.0, robotics and Subsea Studio offer significant environmental and economic benefits. We already have a leading position in hydrogen and carbon capture as well as technologies and solutions that support our growth in sustainable chemistry, including biofuels and circular economy. And we will further leverage our leading capabilities in LNG as natural gas will continue to play a critical role in the energy transition. Longer term, we see exciting opportunities in lower carbon and carbon-free energy, notably in the emerging market for green hydrogen as well as an all-electric subsea system that can even be powered by novel renewable sources.

Our road map to cleaner energy includes real and diverse set of significant opportunities with offerings that provide both cleaner and zero carbon alternatives, address both upstream and downstream markets and are available both onshore and offshore. And longer term, our core competencies in subsea infrastructure, automation and control and digital and robotics will allow us to further redefine offshore through the transformation of new technologies into commercially viable renewable projects.

Starting with iProduction. We are replicating our subsea playbook by utilizing proven subsea process technology to transform the production phase of an unconventional development. Today, there is a substantial volume of greenhouse gases that are emitted daily

from surface-based production, most of which goes undetected. Using our proprietary technology and integrated ecosystem, over 50% of these emissions can be prevented during the production phase. In addition, iProduction streamlines operations and reduces the overall site footprint, accelerating time to first oil by more than 30% and reducing operator CapEx by more than 25%. We applied the programs in the U.S. that continue to validate the real benefits of our unique offering with strong potential for markets outside of North America. We estimate the potential global market opportunity for iProduction could exceed $7 billion through 2030.

TechnipFMC also has a long history in the development of biofuels, offering advanced solutions to meet increasingly stringent climate targets. Biofuels can have substantial environmental benefits with the potential to reduce greenhouse gas emissions by up to 90% when compared to conventional fuels. TechnipFMC has a strong presence today with references in biodiesel, biojet fuel and bioethanol. Additionally, we have a strong relationship with Neste, the world's largest producer of renewable diesel where we have delivered 2 world-scale renewable fuel units utilizing their innovative NEXBTL technology, and we are currently executing an expansion project for our renewable products facility in Singapore. Earlier this year, we further expanded this relationship with the formation of an alliance that we are extremely proud to be Neste's partner of choice for future renewable diesel projects.

While biofuels have historically represented more of a niche opportunity, strong government and policy support combined with growing consumer demand is enabling more rapid development. Global demand for renewable diesel alone is projected to more than double by 2030. And in capital investment terms, this translates into a market opportunity that could exceed $3 billion through the end of the decade, driven by expansion projects, refinery conversions and new greenfield projects, all of which provide opportunity for TechnipFMC.

Without question, the most widely discussed opportunity for the energy transition today is hydrogen. Hydrogen is a highly versatile, clean energy carrier that can be used as an industry feedstock or power source. The industry is rapidly evolving, and with further innovation, has the potential to fully decarbonize traditional sectors such as transportation and aviation. TechnipFMC is a clear market leader today with over 35% share of the installed base and a 50-year track record. More than 270 plants use our proprietary steam reforming technology. And when combined with our leading carbon capture solutions, we have the in-house capabilities to fully engineer and construct blue hydrogen plants.

And there is likely to be even more growth from the evolution of green hydrogen, where we have recently announced a strategic collaboration and investment in McPhy, a leading provider of zero carbon hydrogen production and distribution equipment. As part of this partnership, we will leverage an established brand with strong customer relationships, and we will bring our core competencies in engineering, technology integration and project execution to develop large-scale and competitive green hydrogen solutions. We estimate the combined market opportunity for both blue and green hydrogen could exceed $50 billion through 2030. And by 2050, many within the industry have suggested that the market capacity could increase by more than 500 metric tons of annualized capacity, equating to incremental capacity needs that are nearly 7x the current installed base.

And finally, our vision for subsea includes an all-electric system powered by renewable energy that will reduce infrastructure requirements and result in incremental tieback opportunities that have a lower carbon footprint. We believe our all-electric production system provides an ideal solution for long offsets from the host facility and unmanned fields and will be particularly relevant for the development of gas fields. We will further enhance the economic and environmental attractiveness of our offering by leveraging our expertise in automation and robotics. Using an all-electric system, we can reduce CapEx by up to 10% while extending the potential length of a subsea tieback by more than 4x, resulting in the reduction or elimination of infrastructure above the waterline. We see global tieback opportunities for an all-electric system that could exceed $8 billion through 2030.

In summary, we see many ways in which TechnipFMC will play a role in the energy transition with significant opportunities available to us across the entire portfolio. The 4 solutions we have highlighted today either serve existing markets where we have extensive experience and proven successes, or provides us with a broader portfolio of new technologies and clean solutions that are well advanced in their commercial development. Together, we estimate the potential market opportunity to be almost $70 billion through 2030. The opportunity set is even bigger when including the high potential we see in LNG, circular economy and CO2 management. And there will be additional opportunities in the future that we and the industry have yet to solve for.

Many of these future opportunities are likely to develop in our own backyard. With over 70% of the world's surface covered by water, we

believe that offshore and subsea are the next frontier for the energy transition.

We see significant opportunities in novel wind, wave energy, carbon storage and green hydrogen that can further advance our decarbonization efforts. However, offshore opportunities will require more technology innovation involved in expanding list of players and necessitate a higher level of collaboration. TechnipFMC has demonstrated success in unlocking some of the most complex and challenging hydrocarbons offshore, utilizing automation and control, digital and robotics, iEPCI execution and leveraging our extensive subsea infrastructure. Our core competencies now allow us to transform new technologies into commercially viable renewable projects. And we are well positioned to serve as the project integrator from technology development to project delivery and life of project services.

Today, I would like to highlight a very important initiative currently underway in our subsea segment, one that truly illustrates how we will leverage all that we know and all that we do in this arena. We call this initiative Deep Purple and we have been investing in this for the past 4 years.

This collaborative effort between TechnipFMC, our clients and partners is focused on integrating offshore renewable electricity and subsea hydrogen storage to provide power to subsea infrastructure and win at scale to provide new energy to consumers. And Deep Purple is just the beginning. We will continue to invest in new technologies and products to further develop offshore novel wind and wave energy. Our ability to leverage our extensive installed subsea infrastructure across the globe will enable the acceleration and realization of new energies at scale. This is all part of TechnipFMC's commitment in redefining our subsea business.

Looking beyond our environmental responsibilities, TechnipFMC is fully committed to supporting the communities in which we operate. We want to make a long-term positive impact through active engagement in health, education and local employment. In education, we are focused on working with schools and organizations to develop young talent for the future. Here, we can leverage the skills and experiences of our own global workforce to generate real excitement and advance educational efforts in the fields of science, technology, engineering and mathematics, or STEM, for both students and young professionals. In 2019, we launched 58 STEM projects, more than 4x the number introduced the year before. We also expect this rising trend to continue to give notable success as we have had a result of these efforts. Our Mumbai, India office recently received a national corporate social responsibility award for its Seed of Hope program, which has focused extensively on educational support for children as well as skills development training in support of diversity and women. To date, the India business unit has established 12 STEM, many science centers, benefiting 14,000 female students from the ages of 11 to 16 years.

Our volunteer efforts represent some of our most visible social initiatives. In 2019, almost 13,000 employees participated in 350 unique projects in 33 countries across the globe. Our iVolunteer program enables and encourages our workforce to get involved in local initiatives. In Malaysia, TechnipFMC team members, along with their families, participated in a beach cleanup that successfully removed over 200 kilograms of micro waste, and their efforts were very much aligned with the company's overarching goal to reduce the use of single-use plastics.

The safety and well-being of our people is my top priority. Our governance and oversight ensure that we retain the highest safety standards across the entire organization, and our efforts are often recognized by our clients. Earlier this year, Shell recognized our response to a COVID-19 outbreak that occurred aboard one of our vessels in February, prior to COVID-related management processes being in place. Through the swift actions of our crew and the close participation with local authorities, all personnel were safely cared for and made full recoveries. And the vessel was successfully remobilized to complete the project. Shell has identified this experience as a best-in-class practice amongst our industry peers and is something to replicate and adopt throughout the supply chain. Beyond our safety practices, TechnipFMC has identified -- has taken identifiable steps to protect human rights. The company serves on the Board of Building Responsibly, a group of leading E&C companies working to raise the bar on workers' rights and welfare. Launched just over 3 years ago, member companies now represent more than 1 million direct employees. And we believe we can do even more by incorporating our own requirements at the project level and throughout the supply chain.

In closing, our message should be very clear, we are very proud of what we have accomplished, and we are even more excited about the opportunities that lie ahead. We have delivered significant ESG-related achievements since the formation of TechnipFMC, and we have adopted a new set of commitments to be realized through 2023 that will have real impact and will be measured with full transparency.

At the core of our environmental initiatives is a bold commitment to reduce our greenhouse gas emissions 50% by 2030. That's a 50% reduction before the end of this decade. And over this very same time period, we will continue to deliver real solutions for the energy transition, much of which is available to the market today. And we have outlined specific opportunities that we believe will be available to us with a combined market potential of nearly $70 billion through 2030.

Sean, I would now be happy to take your questions.

QUESTIONS AND ANSWERS

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

Great. Well, thanks, Doug. There's a lot of detail and substance in that presentation. So thanks very much for providing it.

It seems like you've made a lot more progress than maybe folks on the outside could have seen previously. So in terms of ESG, maybe we start with the E. It still seems like it's pretty early days. So a lot of progress, but a lot ahead of you. Where would you say TechnipFMC would be today in terms of making yourself along that journey?

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

Well, thank you very much, Sean. And indeed, I know there was a lot of information there. But as is the culture of our company, we like to deliver proven successes before we, if you will, start to market them. And as I've said from the beginning, the topic of ESG is one that you should do because you believe it's the right thing to do, not because someone else is influencing you to do so. So since we created TechnipFMC on the 17th of January 2017, Sean, this has been an ongoing belief within our company that we could drive real change in the industry and within the communities in which we live. And that's important to us, and that's important to the culture of our company. So today was an opportunity to share some of those successes over the last 3 years, highlight our ambition through the end of 2030, quite a significant ambition, reducing our greenhouse gases by 50%, but also laying another 3-year framework. And I think, Sean, to your question, that's what's really important.

We want to balance those long-term big ambitions with real proven -- or with real projects, if you will, and real metrics and real goals that we can be measured against. And we're going to be very transparent. I'll be updating that on an annual basis at our Annual General Meeting every spring to where I'll show the progress that we've made in these core areas. And I'll talk about what we've done well and where we can do better and other ideas that maybe come along throughout the journey. But it's really important that we all understand this is something that is going to take time, but it takes real commitment. So it starts with a commitment that we have to have real investment in technology, we have to be willing to form deep, intimate relationships with current clients and new clients and on the technology side as well. And you've seen us do that throughout this journey, and I tried to highlight some of those examples here today.

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

Thank you for that. And so maybe just we'll continue on the near-term for a moment. You touched on kind of accountability and an annual update. The scorecard is an interesting choice. I think in general, greater transparency is better, and we're certainly in favor.

Can you maybe talk a little bit about management compensation, how all this can tie into that component of the G? And just a little more, I guess, on how the scorecard will be updated and how you'll go about that process.

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

Sure, Sean. It's important in all of these items that we find relevant to our strategy that executive compensation and management compensation, in general, is linked to these objectives. And so just speaking personally, my compensation has been linked to these, including safety from the beginning of the company, and that's very clear and visible through the annual filings that we provide.

The scorecard gives us a way, Sean, even to have greater transparency in that area. So if we're going to put our objectives on paper, not just our ambition for 2 or 3 decades in the future, but our real projects over the next 3 years and our real goals and measures over the

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 forward today is based upon the parameters of the company, in other words, the TechnipFMC as it exists today. But what was very important -- and you picked up on it, Sean, thank you, was that we highlighted that there's opportunities across the portfolio, very clear distinct opportunities across the portfolio, many of which we've been investing in for a number of years. And we think it's maybe even highlighted by today's disclosure of our Deep Purple initiative for our subsea business, which is extremely exciting, brings together and leverages all of the strengths that we have built around our core competencies in subsea as well as the fact that we have 50% -- over 50% of the world's installed infrastructure on the sea floor. And you heard me say several times, at scale.

We may be wrong on this, Sean. Nobody knows the answer. But we believe strongly that in order to get renewable energies to the scale that are going to be required, you're going to have to go offshore, you're going to have to go to the seabed. If you look at what's being done today in wind and solar and the environmental footprint that it leaves behind, it's substantial. It's substantial. And then you look at the estimates and the projections of how that needs to grow to be able to meet the goals and initiatives that are being laid forth, the environmental footprint would be -- would probably be beyond that, that would be socially acceptable. Therefore, more and more to get to this scale, we have to go offshore, and that's not near shore. We need to go deepwater. And we are uniquely positioned in that space to enable large-scale renewable projects by using the seabed for storage and for -- and, in some cases, also for power generation.

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

So diving into the opportunities a bit here, let's start with hydrogen. This is the one that's getting the most attention today, certainly. Huge opportunity, but still a lot of unknowns. You're the leader in gray hydrogen. Can you maybe just help us walk through how you see the opportunity set to -- move going from gray through the rainbow all the way to green. And certainly, we have the McPhy investment, that was something that got a lot of attention. It'd be great to maybe just understand more of the strategic rationale there, how those pieces all fit together and the long-term vision for that component?

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

Yes, I'm smiling. The hydrogen rainbow, I never thought of it that way. So gray, blue, green would be the hydrogen rainbow. As you pointed out, we're very proud of our market position in gray hydrogen today. We are the leader. We have 35% market share, 270 installations around the world. That gives us real credibility. And when you're in the projects business, it's about having references, which provide that credibility.

Now to go to blue hydrogen, you're basically taking the gray hydrogen and you're adding the carbon capture. This is something we're very knowledgeable of and we're very capable of. Now the question is, what portion of the rainbow -- and I'm going to use your terminology, what portion of the spectrum of the rainbow is actually going to become blue versus green? And that's really a technology question, which is the theme of your -- of the tour here and this discussion this morning, and that's the underlying question. To be able to accelerate the technology associated with green hydrogen to scale would minimize, if you will, the gray spectrum of the rainbow -- I'm sorry, the blue spectrum of the rainbow, excuse me. And then ultimately, the gray spectrum as well. But the real question is how much of the blue spectrum actually develops.

Where we want to be a leader in all 3, we're established in gray. We have the capabilities and competencies and ability in blue. The question is, are the capital dollars going to go to blue? Or are they going to go directly to green? Green is not yet proven at scale, Sean. And there are multiple competing technologies and all of the major players, including TechnipFMC, are invested in the green hydrogen technology space.

You asked about McPhy. We're very proud and very excited to be part of the McPhy collaboration, along with Chart Industries. We think this is a winning combination of companies to really accelerate the development of the technology and more importantly, to bring it to scale. But this will take time, Sean. And it's really hard. I often get asked, well, how much time? None of us know that answer. None of us honestly know that answer. We all believe we're betting on the right technology, we all believe we're in the right consortiums and collaboration, and we clearly do, but it will take time. We'll continue to be active in the green hydrogen space and looking at technologies that we believe will continue to develop that space.

The longer it takes, the more blue hydrogen that there'll be. So it's not that the hydrogen market will slow down. It's how much of the hydrogen market will be green versus blue, and that's really a technology question and the reason why we made the investment in McPhy, and we're very proud to be in the consortium to develop that green hydrogen solution.

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

And that dovetails into one other topic, which didn't get a lot of airtime today, but there's a lot of ground to cover which is LNG. So clearly, you're a leader in LNG. I think that kind of goes in concert with the notion of how much is blue versus green. Similarly, the longer it takes for green hydrogen to scale, the more room there is for LNG to serve as that transition fuel. So investor sentiment seems to have

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***

I think that's a great question. And it somewhat answers the -- it's a key element of the answer to the prior question. Think about where we were with LNG just 20 years ago, even less, natural gas was not a fungible commodity. It was really stranded in the country in which the resource existed. It was highly utilized within those countries, but it really wasn't fungible because you didn't have the gas -- the liquefication and the regasification infrastructure in place in the consuming markets that didn't necessarily have the natural gas resource base. That was a huge investment. It took a couple of decades to put in place. But as a result of that, LNG is now a fungible commodity. It finds its own way to the market. It supports decarbonization efforts of many governments around the world that otherwise were relying on other fuel sources that have a much higher carbon footprint.

So the question is, it's not just finding the technology and scaling the technology for hydrogen, we still need the infrastructure for hydrogen. Now there are certain aspects of the existing infrastructure -- energy infrastructure that can be utilized, but not entirely. Hence, why we're so excited, as I alluded to earlier, about our subsea role in hydrogen. Because if you think about it, the subsea infrastructure that exists in the world today is actually pretty well located. If you roll out the map of the world and you kind of plot where the main hubs are of subsea infrastructure, you could say, okay, this could become an opportunity set to scale hydrogen infrastructure around this installed base, if you will, without having to start from a blank sheet of paper. That could be very interesting. And the location of such is actually near the consuming markets as well, which could be very, very unique.

I don't think many people are really thinking about this, Sean, because rightfully so, the focus right now is on the technology, but we can get the technology right and it could still significantly defer the growth of the green hydrogen market if we don't address the infrastructure side. So you start to think about where are you going to store all this hydrogen. If you just look at the projections, Sean, it's staggering. It's staggering. And we know how -- there's ways to store natural gas today, both in its gaseous form as well as in its liquefied form. But that is likely not, likely not, going to be the same infrastructure to store hydrogen. So where are you going to put it? So when you start to think about it, subsea makes a lot of sense. The sea floor makes a lot of sense. You can establish subsea storage with the bunkering capability and you could really start to have a global infrastructure and distribution hub of hydrogen much quicker than if you try to do it on a terrestrial basis, if it's even allowed by local communities and local regulation, given the potential environmental impact of hydrogen storage. So you couple the 2 together, and you start to draw the conclusion that people need to be thinking about this. We're thinking about this as a company. We've been working on this for 4 years. We'll continue to invest in this area, and we really think it's going to be the big change. And to me, that's the analogy with LNG.

In the meantime, and we've said it, and we continue to believe that LNG will play a pivotal role as an energy transition fuel. And many of our customers believe the same. There's cleaner ways to do LNG, to be very candid, and we'll start to look at more LNG projects with carbon capture, as an example. LNG projects powered by renewable energies, as an example. We're looking at projects with both of these capabilities right now that would further reduce the -- further decarbonize LNG, yet still be able to use the infrastructure that's already in place and will be necessary, Sean, for the foreseeable future.

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

And so actually, that fits nicely to talk a little bit more about the all-electric subsea opportunity. So again, thank you for putting in the effort to size some of these opportunities. I think that's been one of the real challenges for public investors. So the $70 billion that you put out across the portfolio, $8 billion for all-electric subsea. Can we just talk about that opportunity set? And given your leading position in subsea historically, how do you see your market share in that type of electric subsea infrastructure?

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

Sure. Let me say it this way, Sean, because we don't necessarily like to talk about market share. We'll be first to market. We have a significant installed base already in electric subsea components, far greater, far greater than the rest of the competition combined, far greater. And now it's just going to that next step of basically combining all of that electric capability into a single subsea system. You've heard us talk about Subsea 3.0, well, maybe that will be a key element of Subsea 3.0.

Now why is that so important, Sean? One of the big encumberances 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 on a long-term basis? We touched on it to some degree, but I'd like to hear a little bit more about that.

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

Yes. I don't want to be too repetitive, but I will kind of maybe reemphasize a few points. It's all about scale. The key word here is scale. If you sit down and you convert the physical requirement and the physical footprint to be able to achieve the renewable projections that have been laid out, the thought about that being done on land or on a terrestrial basis is concerning, is concerning. And then you look at the world and you say, well, we have over 70% covered by water. We actually know how to do things on the seabed very effectively. Could we do -- could the seabed play a role in renewable energy? So let's just think wind -- or you could even think solar, but let's take wind. Putting it all along the coast lines and all along the beach fronts, I believe there will be some regulatory and/or social challenges with doing so. It's happening today. I understand that, but is it sustainable near large populations? I'm not -- I don't know that. But there are ramifications of such a plan.

If you move that further and further offshore, you need to be thinking about things like storage, and you can store it on a large floating structure or you can store it on the seabed. We believe that storing it on the seabed makes economic sense, and we believe that it's the right thing, and that's really what we're focusing on, is how do we scale. If it -- if we're not going to scale up, if wind's going to stay the percentage of the energy mix that it is today, this isn't really necessary. But it's not, and we all expect it to grow, and we expect it to grow substantially. We'll then start to do the equations and it becomes actually quite staggering. So that's really how we see the combination coming together. It's really about the storage. It's about the infrastructure to be able to get it to market because again, that infrastructure does not exist today. There's no infrastructure associated with that renewable energy unless you do it in my backyard, not in our presentation. We jokingly refer to that as offshore. But physically, in your own backyard or near very high densely populated

communities or you're going to have to do it nearshore. And again, I think that's going to have certain limitations as well. So then you start to say, well, you've got the rest of the ocean, how could we utilize it? And we know how we could utilize it.

And just one more quick thing before we run out of time, there's not been a lot of work done on tidal energy or wave energy. This is real. And you do it further offshore. If you just look at the currents, you don't do it nearshore. So again, how can we generate, but you've got to generate it, you got to store it and you got to be able to transport it and that's where the subsea infrastructure is going to play a key role going forward.

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

I think that's a good place for us to leave it here. Any final comments, anything you want to close this out with?

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

No. Thank you very much. Thank you for the opportunity to present it to everybody who tuned in, and we very much appreciate your interest. Sean, thank you. Thank you for this opportunity. And thank you to JPMorgan.

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

Yes, Doug, thanks again for spending time with us this morning. A lot to digest. So we'll have to continue the conversation from here. But I hope everyone enjoys the rest of the tour, but we'll sign off here for now. Thanks.

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

Stay well, stay healthy.