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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Thank you for standing by and welcome to the TechnipFMC second quarter 2024 earnings conference call. (Operator Instructions) Thank you. I'd now like to turn the call over to Matt Seinsheimer, Senior Vice President of Investor Relations and Corporate Development. Please go ahead.

Matthew Seinsheimer - *TechnipFMC PLC - Senior Vice President - Investor Relations and Corporate Development*

Thank you, [Rochelle] Good morning and good afternoon, and welcome to TechnipFMC's second quarter 2024 earnings conference call. Our news release and financial statements issued earlier today can be found on our website.

I'd like to caution you with respect to any forward-looking statements made during this call. Although these forward-looking statements are based on our current expectations, beliefs and assumptions regarding future developments and business conditions, they are subject to certain risk and uncertainties that could cause actual results to differ materially from those expressed in or implied by these statements.

Known material factors that could cause our actual results to differ from our projected results are described in our most recent 10-K, most recent 10-Q, and other periodic filings with the US Securities and Exchange Commission. We wish to 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.

I will now turn the call over to Doug Pferdehirt, TechnipFMC's Chair and Chief Executive Officer.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Thank you, Matt. Good morning and good afternoon. Thank you for participating in our second-quarter earnings call. Our quarterly results reflect strong operational performance throughout the company. Subsea inbound orders were a robust $2.8 billion with a book-to-bill of 1.4. Adjusted EBITDA improved sequentially for both Subsea and Surface Technologies.

Results were particularly strong in Subsea, where adjusted EBITDA margin improved 370 basis points sequentially to 17.7%, which is a level of performance we expect to continue in the third quarter. With these results, Subsea is now trending above the high end of our prior full-year guidance range, and Alf will provide further details on guidance in his prepared remarks.

As highlighted in our earnings release earlier today, we now expect Subsea EBITDA -- adjusted EBITDA margin to exceed 16.5% in the current year. Let me put that number in context. In our Analyst Day in 2021, we provided a longer-term outlook that included the potential for a 450-basis point improvement in our Subsea EBITDA margin over the next four years.

Delivering on our updated guidance for 2024 will represent an improvement of at least 600 basis points in just three years. The much-improved performance has resulted from the bold steps we took to create a new business model that reshaped the subsea industry and to deliver innovative technologies such as Subsea 2.0 that further improve project economics. And today, those actions continue to provide sustainable differentiation for TechnipFMC, driving results higher than what could be achieved through a market recovery alone.

Continuing with total company financial highlights in the quarter. Revenue was $2.3 billion. Adjusted EBITDA was $379 million, with an adjusted EBITDA margin of 16.3% when excluding foreign exchange impacts. Total company inbound was $3.1 billion.

Subsea orders in the quarter were driven by partner collaboration and long-standing partnerships. Inbound included iEPCI projects for Woodside Xena Phase 3 and Energean's Katlan development, both repeat clients of the integrated model. We were also awarded over 100 kilometers of flexible pipe from Petrobras, which is incremental to the volume associated with our existing frame agreements.

Further expansion in Guyana also contributed significantly to quarterly inbound with the award of ExxonMobil's Whiptail project, which will utilize Subsea 2.0's systems and manifolds. Importantly, Whiptail represents more than just another sizable project in the period. It is the sixth project sanctioned in the Stabroek Block in just seven years.

Given the importance of Guyana to TechnipFMC, I would like to share how we established our presence in country, focusing on the development of partnerships and our people. In 2016, before the start of any tendering activity, we partnered with ExxonMobil to demonstrate the value of collaboration and innovation. That same year, we began hiring our first class of engineers from the University of Guyana and created training programs to support the further development of local employees.

We continue to invest in our people, and as of today, approximately 80% of our workforce is local Guyanese with nearly half of management positions held by local talent. This team has been highly successful in establishing our business in country, including the completion of our state-of-the-art services facility in Georgetown, which is also staged to support further expansion.

We are honored to be the premier supplier of subsea systems and services in Guyana. Based on our delivery track record, ExxonMobil has awarded TechnipFMC the subsea production systems for all six developments, and we have already delivered more than 100 subsea trees for these projects with a similar number in our backlog.

In addition to these production-related projects, we were also awarded scope for ExxonMobil's gas to energy project, which will help the country utilize its natural gas resources for domestic power generation and other industrial uses.

Our success in the region has allowed us to establish a strong reputation for meeting the accelerated schedule requirements of an emerging basin. Importantly, our commitment, collaboration, and innovation have created a winning playbook for local development.

One, we also exported to Mozambique for the execution of the region's first offshore project, Eni's Corel South development. And we will utilize this very same approach in the emerging basins that follow with strong potential for countries like Suriname and Namibia. This playbook leverages our know-how and capabilities to support our customers globally and doing so in the right way.

For TechnipFMC, it's not about building capacity and growing headcount, it's about developing people and creating an advantaged ecosystem that provides growth and opportunities for decades to come. Successes like Guyana have also driven growth in our backlog. At quarter-end, total company backlog was $13.9 billion, a record level for TechnipFMC, driven by a book-to-bill above 1 in 10 of the last 11 quarters. We are well positioned for subsea orders to approach $10 billion for the year, also giving us continued confidence in achieving $30 billion in orders over the three-year period ending 2025. And we expect this will drive further growth in backlog.

Client discussions remain focused on project activity that extends beyond 2025, as they look to secure capacity for future phases of their developments towards the end of the decade. There is also momentum in new offshore frontiers, which are likely to yield additional inbound, well beyond the orders we are discussing today. Moving to Surface Technologies. Here we also demonstrated solid performance in the period. Despite the sale of measurement solutions in the first quarter, we experienced sequential growth in both revenue and EBITDA margin.

We are seeing tangible benefits from the targeted actions taken to optimize our portfolio in the Americas. And in the Middle East, the growth we anticipated is now occurring, allowing us to further utilize our new in-country capacity. When coupled with our first half results, the improved visibility gives us even greater confidence in our ability to deliver on our full year expectations.

In closing, I'm extremely pleased with our second-quarter results. The strong financial performance in the period clearly demonstrates the solid momentum we are experiencing in our execution. But more importantly, this success reflects the bold steps we have taken that provide us with unique market visibility, improved commercial success, and enhanced operational insight, all of which we expect will drive higher and more sustainable returns for our company.

The steady improvement in our results has also led to the recent achievement of a second investment grade rating. And this serves as further confirmation of our financial strength. And these factors, when combined with the proven success of our playbook, will allow us to capitalize on the expanding opportunities that extend beyond the decade.

I will now turn the call over to Alf to discuss the financial results and the favorable impacts to our 2024 outlook.

Alf Melin - *TechnipFMC PLC - Chief Financial Officer, Executive Vice President*

Thanks, Doug. Inbound in the quarter was $3.1 billion, driven by $2.8 billion of subsea orders. Total company backlog increased sequentially to $13.9 billion. Revenue in the quarter was $2.3 billion. EBITDA was $379 million when excluding a foreign exchange loss of $18 million and restructuring, impairment and other charges totaling $2 million.

Turning to segment results. In Subsea, revenue of $2 billion increased 16% versus the first quarter. The sequential improvement was largely driven by increased iEPCI project activity in the North Sea and Gulf of Mexico. Services revenue also increased, primarily due to seasonal improvement.

Adjusted EBITDA was $357 million with a margin of 17.7%, up 370 basis points from the first quarter. The sequential increase was due to strong execution, improved earnings mix from backlog, and higher project and services activity.

In Surface Technologies, revenue was $316 million, an increase of 3% sequentially. The revenue improvement was primarily driven by increased activity in the Middle East, largely offset by the absence of revenue from the measurement solutions business disposed of in March.

Adjusted EBITDA was $46 million, up 11% versus the first quarter. The improvement was driven by increased volume in the Middle East, largely offset by the absence of measurement solutions. Adjusted EBITDA margin was 14.5%, up 100 basis points versus the first quarter.

Turning to corporate and other items in the period. Corporate expense was $24 million, net interest expense was $21 million, and tax expense in the quarter was $59 million. Cash flow from operating activities was $231 million, capital expenditures were $51 million. This resulted in free cash flow of $180 million in the quarter.

Total shareholder distributions in the quarter were $122 million, including $100 million of share repurchases. This brings year-to-date distributions to $293 million, nearly a 20% increase versus all of last year. We ended the period with cash and cash equivalents of $708 million. Net debt declined sequentially to $260 million.

In June, we received an investment grade rating of BBB- from Fitch. This announcement follows a ratings upgrade to investment grade from S&P in early March. With investment grade ratings from two agencies, the company will now benefit from lower interest rates and fees, and the elimination of all collateral requirements for both our $1.25 billion revolving credit facility and $500 million letter of credit facility. Importantly, we now have access to lower cost investment grade bond market for any future term debt needs.

Moving to our guidance. For the third quarter, we expect revenue and adjusted EBITDA margin for both Subsea and Surface Technologies to be in line with the second quarter. For the full-year outlook, we are providing several updates to our guidance. In Subsea, we are increasing our guidance range for both revenue and adjusted EBITDA margin. Subsea revenue is now guided in the range of $7.6 billion to $7.8 billion, with adjusted EBITDA margin in the range of 16.5% to 17%.

In Surface Technologies, we continue to expect revenue at the midpoint of the existing guidance range, and we now expect adjusted EBITDA margin to be in the upper half of the range. When these items are taken together, we now anticipate total company full-year adjusted EBITDA to be approximately $1.35 billion when excluding foreign exchange.

Given this higher level of financial performance, we are also increasing our guidance range for free cash flow to now be in a range of $425 million to $575 million, which includes the PNF payments, approximating $170 million. Importantly, we fulfilled this obligation with a final payment made in early July.

Let me now address our outlook for Subsea in 2025. We do expect to exceed our guidance calling for Subsea revenue of $8 billion and adjusted EBITDA margin of 18%. We will update our 2025 view for both metrics with our third quarter results in October. And in keeping with prior practice, we will provide the remainder of our 2025 financial guidance with our fourth-quarter earnings.

In closing, our strong execution was particularly notable in the quarter, and this should serve us well given the continued growth in backlog to $13.9 billion, which is the highest level achieved since the formation of TechnipFMC. The increase in our full-year estimate for adjusted EBITDA to $1.35 billion equates to a nearly 45% increase over the prior year when excluding the impact on foreign exchange.

And the expected increase in our free cash flow generation further supports our outlook for at least a 70% increase in shareholder distributions versus the prior year, while still allowing for a further reduction in net debt.

Operator, you may now open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

David Anderson, Barclays.

David Anderson - *Barclays Capital - Analyst*

Great. Good morning, Doug. How are you?

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Great, Dave. And yourself?

David Anderson - *Barclays Capital - Analyst*

I'm well. So steady stream of announcements and FIDs going on during the quarter. Clearly, you're very confident in the $30 billion in orders for the 2025 target with Guyana and Brazil at the core. But I want to ask you about the sustainability of this market beyond that. You touched on that a little bit, but I'm just kind of curious how you see subsea evolving beyond just kind of what you can see in front of you.

You mentioned new frontiers, Namibia, Suriname, maybe kind of what other basins are you eyeing for that next leg? Is it Gulf of Mexico, Mediterranean, something else? And kind of related to that, where do you see electric trees and kind of electrifying the subsea fitting in that and creating new opportunities for you, either certain markets or maybe certain applications that are best suited for electric? So just sort of thinking beyond kind of how long this market can kind of go on for you in terms of subsea.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Thank you, Dave. Let me kind of walk through a few growth opportunities in the subsea market as we see them playing out. You have the new horizons within the existing basins. So last quarter, we talked about the Paleogene and the strength of the Paleogene, not only in our current orders, but potentially in upcoming orders as well. And you'll see that more and more where, within an existing basin, operators will look for other opportunities, other horizons, other reservoirs to develop. And in this case, a great example of that is the Paleogene in the Gulf of Mexico, which continues to be quite attractive.

The second area is really, as you start to look at growth opportunities within existing basins, but relatively new to the mix, and Guyana is obviously the leading example of that, but also Mozambique. There's been a successful project completed in Mozambique. We will anticipate additional activity in Mozambique. And as that unlocks, I think Mozambique could surprise to the upside in terms of activity.

And then you get into the emerging basins, and now realize you're now getting towards 2028 and beyond. This is what keeps the durability of the cycle. That's when you start -- I should have -- let me add Suriname in the second bucket. It's likely to come a bit earlier than the others, but also a very prolific opportunity.

And then you start to look at the other basins, and that's where you -- obviously, Namibia is one everyone's talking about. South Africa, Tanzania, Colombia, Mexico, Eastern Mediterranean. There's a lot of activity out there and a lot of gas-focused activity out there that will likely continue to occur towards the latter part of the decade and into the beginning of the next decade.

So, lots of activity, lots of durability of the cycle, largely enabled by improved project economics. We support that through our iEPCI and Subsea 2.0 offering by accelerating the time to first oil and significantly de-risking the execution. That's the customer's primary focus today.

Let's say most are opportunity-rich. Certainly, the offshore space is opportunity-rich today. So, what they're really looking for is to partner and collaborate with companies that they are confident in the -- that they can deliver per schedule to ensure that the project economics remain very favorable. I'm humbled to say our track record there has been exceptional, which has led to 70% of our business being direct awarded, but also multiple direct -- multiple repeat orders from existing clients on both the iEPCI and the 2.0.

The All-Electric, as you mentioned, is also extremely exciting. We've actually seen two awards now. We announced the first award in the first quarter and there was an award also announced here this quarter as well. Both are great examples of how All-Electric will create additional opportunities.

The first is in the CCS market. We believe that will be the primary market for the All-Electric subsea system. The reason why is just the long-extended reach that's required. The project that we're excited to be working on is the BP Northern Endurance Partnership Project, where we'll be -- the gas will be -- the CO_2 will be sequestered from the emitter onshore, and we'll be taking that 145 kilometers offshore and storing it permanently and safely for the future. So to be able to achieve 145 kilometer distance could only be done with an All-Electric system.

In the oil and gas market, the All-Electric -- the primary market will be in brownfield tiebacks. This will be the same idea that you can go a bit further with electric controls than you can with hydraulic controls, a greater distance, if you will. And we approximate that to be about four times the distance that you can go with hydraulic controls.

So if you look around the world today, most of the oil and gas production facilities are only operating at about 60% to 70% of nameplate capacity. That's not unusual. That's because reservoirs decline over time. They're designed for the initial production, which is the highest level, and then it declines over time.

By being able to expand, if you will, the radius by 4 times around those host facilities with an All-Electric brownfield or tieback solution, we'll be able to tie back stranded reservoir -- reservoirs that would otherwise be stranded, we'll be able to tie those back to these existing host facilities, which will have very attractive economics as well. So very excited about the future, both in terms of new energy as well as in terms of conventional energy in the offshore market.

David Anderson - *Barclays Capital - Analyst*

Great. Thanks for that. Maybe I can shift over to on the Surface side. You mentioned Middle East a couple of times in the release. You've done -- I believe you have a new facility that's in-country. Is the opportunity set mostly in Saudi, as we're seeing some of the unconventional gas basins build out? And I guess, secondarily, is there an opportunity from this facility? Can you export to other regions in the Middle East? What's the strategy overall as you're looking at Middle East with your Surface business over the next couple of years?

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Thanks, David. Timely question. I just returned from Saudi Arabia. So the first part of your question, though, it's not just Saudi Arabia. Just as importantly for us is the UAE. And the activity level is fairly similar between the UAE as well as within the kingdom. And also Qatar. Qatar, there's a lot of activity. Although these are offshore platforms, they're dry trees. The trees are on top of the platform. So technically, it's offshore. But again, because it's a dry tree, it doesn't go under the water. That's part of our surface business line.

But for us, certainly Saudi and the UAE are really, really important. We have local facilities in both. Both are ramping up, as we speak, which is why we're beginning to see the real benefit and the strength of that. And I can just say, following my visit here just real time, the opportunity set is significant for the Surface business. And we're really beginning to see and get the payback on the investment that we've made.

David Anderson - *Barclays Capital - Analyst*

Right. Thank you, Doug.

Operator

Arun Jayaram from JP Morgan.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Good morning, gentlemen. My first question. I was wondering if you could go through the drivers of the guidance raise in 2024 on the Subsea side. Would love to better understand what drove the $300 million increase in the revenue. And, more importantly, just the drivers of the EBITDA margin raise between maybe pricing, better cycle times, better mix. Love to get more specifics around that.

Alf Melin - *TechnipFMC PLC - Chief Financial Officer, Executive Vice President*

Sure, Arun. This is Alf here. I'll start. So first of all, very piece of the quarter. Sequentially, Subsea revenue up 16% and not only from seasonal factors, but also from very strong operational performance. If you look at the revenue increase, majority of the revenue increase is really due to our iEPCI revenue coming through, in particular in North Sea and Gulf of Mexico.

And when you consider that, this is really us demonstrating our ability to convert this higher quality backlog that we've been talking about and really realizing the financial benefits that also includes the fact that we are going for shorter cycle times in our operating model, and meaning we are demonstrating our ability to convert revenue at a faster pace as well.

Then if you look at kind of the 370 basis points sequentially up, again, it's just a pull-through from these improved efficiencies as well as subsea services business that's continued to be solidly strong. So all in all, when you look at the raise, it's the first-half strong performance demonstrating to ourselves what we are able to do. And then we continue to have a favorable outlook. And that's again why we are raising our guidance to the ranges I gave of $7.6 billion to $7.8 billion for revenue and the 16.5% to 17% for the EBITDA margin.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Great. Thanks a lot. Follow-up question. Doug, you elaborated in your prepared remarks on the successful formula that you've put together in Guyana with Whiptail now. The sixth award in Hammerhead is still on your project list. I was wondering if you could maybe elaborate on the -- this formula as you think about Suriname, Namibia, and Mozambique. I'm interested to hear your comments that, in a lot of cases, not just the technical specs that you meet, but some of the ecosystem that you build, some of the local content. So I was wondering to see if you could elaborate on some of these softer, but important elements that you take on to secure project awards.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Thank you, Arun, and thanks for the question. I emphasized it in the script because it's who we are as a company. Again, this isn't about assets or equipment or vessels or people, headcount. This is about the development of talent, giving people an opportunity to improve their lives, to improve the economic well-being of their families, as well as giving them the training and the development so that they can be running operations and taking responsibility in the countries in which we operate. And Guyana is just a phenomenal example of that.

As I indicated, we were hiring at the university before there was any tender. Was there a risk associated with that? Of course, there was. But we were taking the Guyanese talent and training them in the Gulf of Mexico on ExxonMobil projects or in Brazil on other subsea projects so that they would have the proper training, so that when the activity started, we weren't just doing it with full expat crews. And more importantly, by the time activity really began, we were able to put 100% Guyanese crews led by Guyanese managers offshore.

The ecosystem we talked to, you brought up, which I appreciate, is also about working with academia in these countries at all levels, as well as the supply chain. Developing a supply chain that is, in many cases, exclusive to our company now, within these countries providing us the support that we need to be successful. All of this, obviously, benefits the countries in which we operate, and not just for the duration of the projects, but, again, trying to create a sustainable advantage for the future.

Quite frankly, that's what drives me. That's what gets me excited about moving into these emerging basins. Sure, there's revenue and there's profit opportunities. We all understand that. But what's more important is what we leave behind.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Thanks a lot, Doug.

Operator

Luke Lemoine, Piper Sandler.

Luke Lemoine - *Piper Sandler Companies - Analyst*

Hey. Good morning. Doug, I want to touch on a little bit with the 2025 subsea margins expected to exceed the 18%. You've previously discussed some of the additional drivers in the coming years. But could you talk about where the 2.0-line utilization is? And this might be tough without quantifying. Maybe frame how increasing production and utilization through the line helps propel margins further.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Sure. Thanks, Luke. This is a lot of what we're experiencing right now. In realize we're still in the very early phases of realizing the benefits of not only the 2.0 configure-to-order, but the overall changes in the operating model of the company, including our focus on SSI, sustainability, industrialization, and standardization.

And what we're seeing and experiencing now is the result of that. And as we see more 2.0 orders being inbounded and then ultimately flowing through the facilities, we expect to see continued or if you will, even greater benefit than we're seeing today, which Alf alluded to the quality of the projects and really beginning to see the results of those in the operational performance, hence are raising the guidance.

But if we just look at 2.0 alone, we could also look at iEPCI, by the way, because it's just as important. Or you could look at iEPCI 2.0 projects, which most are now becoming iEPCI 2.0. But when you look at those factors, let's start with 2.0. About 50% of our current orders are Subsea 2.0. Now, that means only about half of that, or about 25%, is running through the facility today, which will ramp up to 50%, obviously, to reflect the inbound orders.

But I'll also tell you that the bids that we're working on today are significantly higher than 50% of those being 2.0. So that kind of gives you a feeling of the runway here. So you've got a multiyear runway of which will continue to get greater benefit from the internal execution model.

Now, we'll also benefit from the macro market environment. We all know that it's favorable, both for the offshore as well as the landscape in which we participate. What we're building now is a company that's going to have higher sustainable through-cycle margins than we've ever achieved before and far greater than what others are able to do in the market that are only benefiting from the market uplift alone. And that's a commitment we've made, and that's a commitment that we'll continue to follow, and 2.0 is a major part of that.

Luke Lemoine - *Piper Sandler Companies - Analyst*

Great. Perfect. Thanks, Doug.

Operator

James West, Evercore ISI.

James West - *Evercore Inc - Analyst*

Hey. Good morning. Doug. Good morning, Alf.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Good morning, James.

James West - *Evercore Inc - Analyst*

Doug I wanted to dig in again on a topic that we -- I know we've discussed before, but as this backlog just continues to grow and you guys bring in all these, especially the direct awards, capacity, I'd love it if you could elaborate a bit on the capacity, both your capacity, but also as you're talking with your partners and suppliers on their capacity because there is -- it seems to me there could be a pinch point at some point, not soon, but at some point. And I know you guys are probably actively planning to work your way around that.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

No, look, great question and a very fair question. And I will say if we had not reinvented the company, i.e. iEPCI and 2.0, that would be a real issue today. And I don't say that lightly. We've had two customers reach out to us in the past quarter to ask us to support others, competitors if you will, who aren't performing. So it's real. James, your question is real.

So why is it that it's not happening to TechnipFMC? And we get that question often. When we went to a configure-to-order from an engineer-to-order, which we're the only ones who have this platform, it allowed us to really work closely with our supply chain and change the way that we operate.

So in a traditional subsea business, like everyone else, like the others, you bring in an order, you do nine months of detailed engineering specific to that project or that product, before you can place the very first purchase order, either with your internal supply chain or your external supply chain, then you hand them a drawing that they've actually never built before

So then they go about looking at it. They might agree to it. They might ask for some modifications, which then have to go back to the supplier, go back to us if it was us, and then they would have to go back to the client. And it just creates an enormous amount of latency and an enormous amount of new order defects or the new order defect rate is quite high because people are learning real time on the project.

Today, when our clients order Subsea 2.0, there are zero product engineering hours at the time of the order. It simply goes into manufacturing, assembly, and test. So our suppliers know what they're going to be building. And on top of that, because of our success and because of their confidence in us, they will actually pre-manufacture subcomponents for us because they have a good idea of what's coming because we can now give them commitments on an annual basis instead of on a project after it's awarded basis. So they're able to work on that. So they'll flex their capacity. They're adding capacity as required to be able to meet our needs, James.

Now, again, we're not naive. Every day is a challenge. And certainly, there is some point in time. But we've built -- we've gone from a very rigid, non-scalable business model, Subsea 1.0, to something that is -- has a lot of leverage, has a lot of scalability, not only for us, but also for our supply chain. And that's what's made the difference.

In addition, we get the much shorter cycle times, as Alf alluded to earlier. Well, that means we create capacity within our own internal capability, either on the installation side or on the manufacturing side. So we don't have to spend more CapEx on new assets. It's just doing things better, doing things faster. It benefits the customer greatly because they see improved economics. And it benefits us economically because we're able to deliver more with less.

James West - *Evercore Inc - Analyst*

Great. Thanks very much, Doug.

Operator

Sherif Elmaghrabi.

Sherif Elmaghrabi - *BTIG - Analyst*

Hi. Good morning. Thanks for taking my question. You added a new customer to your configure to order platform in Q2. And Subsea has been pretty broad-based. But are there many more customers that could migrate to Subsea 2.0 who haven't already and wondering how those conversations are going?

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Well, thank you very much for the question. I kind of hinted at it earlier. Almost -- let's just leave it with a large portion of the tendering that we're doing now is 2.0. Obviously, there's some selectivity. We have the opportunity to be selected given our position in the market. But our customers are also asking for it, right? I mean, they are seeing the benefits.

So I would say, almost every quarter, we're adding new customers into the 2.0 mix. But we're also seeing these customers now going to it on an exclusive basis. And it's just become their standard, which leads to a direct award because, again, no one else has this.

So that's part of, if you will, the magic and the benefit of focusing on innovation instead of consolidation in terms of driving growth for our company. So yes, another nice quarter both for 2.0, also for iEPCI. We announced two new integrated awards.

And interestingly, both of those awards are also using 2.0. So they're both, if you will, iEPCI 2.0 awards. So, yes, very exciting for the company. And we'll -- as more and more orders flow, we'll get more and more internal efficiencies which will continue to give us the opportunity to deliver a greater financial performance.

Operator

Kurt Hallead, Benchmark.

Kurt Hallead - *The Benchmark Company, LLC - Analyst*

Hey. Good morning, Doug.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Good morning, Kurt.

Kurt Hallead - *The Benchmark Company, LLC - Analyst*

Hey. I just wanted to follow-up. About a year ago, you were in New York with a group of us and you were kind of talking about the outlook for the business at that point in time and the conversations you were having with your clients. And it looks like a lot of the things you were talking about a year ago are obviously coming to fruition, predicated on your revised upward outlook for orders and so on and so forth.

So maybe if you could give us a little bit of a refresher because I think, at that juncture, you also referenced that you were having multiple discussions about potential opportunities that extended out towards 2030. So I just wanted to see if the customer base is still gung-ho on these projects and still feeling comfortable and confident in the demand outlook to continue to push these projects forward and push them at pace.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Thank you, Kurt. Most definitely. I would say the difference between now and a year ago is not so much in the duration of the projects that they're looking at. I mean, they continue to look indeed 2028, 2030 and beyond. They continue to really focus on new opportunities in some of the emerging basins.

I would say the thing that has maybe changed the most between then and now is the level of commitment that they are prepared to make in order to secure quality capacity. And so that realization that the capacity is not infinite is leading to our clients making us earlier commitments, longer -- commitments for future projects.

Obviously, this is all in the direct award category, signing up for long-term partnerships exclusively with us to be able to use our proprietary Subsea 2.0 and iEPCI offering. So it's more about really getting things secured, not only for the next project, but for the future projects or for the emerging basins.

So we are in discussions today about you know, they want to work with us. They've seen the success that we've had in Guyana. They've seen the success we've had in Mozambique. They like the way we do business. And by the way, our customers stand for the same values that we do, and so they want to work with companies that share those same values.

That's the -- I'd say that's the biggest change, which is obviously a positive change for the industry, but specifically for our company, Kurt.

Kurt Hallead - *The Benchmark Company, LLC - Analyst*

That's great. I really appreciate it. And if you don't mind, I might put you on the spot with this last one, but you referenced a goal to have a higher through-cycle margins than at any point in time in FTI's history. So, I figured I'd be the first one to ask you what you think that sustainable margin could be.

Doug Pferdehirt - *TechnipFMC PLC - Chairman and Chief Executive Officer*

Well, Kurt, if we keep bringing in these high-quality orders and keep executing at the rate that we are, which goes to the 22,000 women and men of the company performing every single day, we're creating a lot of value for our clients by giving them first production, up to one year earlier than what others are able to do.

They're happy to share some of that economic value with us. That's what we're going to stay focused on and we'll let the numbers speak for themselves as they materialize. But as we've said all along, any numbers that we've ever put out there are simply major milestones on a more ambitious journey.

Kurt Hallead - *The Benchmark Company, LLC - Analyst*

That's great. All right. Thanks, Doug. Appreciate it.

Operator

That concludes our Q&A session. I will now turn the conference back over to Matt Seinsheimer for the closing remarks.

Matthew Seinsheimer - *TechnipFMC PLC - Senior Vice President - Investor Relations and Corporate Development*

This concludes our conference call. A replay of the call will be available on our website beginning at approximately 3 PM New York time today. If you have any further questions, please feel free to reach out to the investor relations team. Thanks for joining us. Rochelle, you may end the call.

Operator

Thank you. Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.
