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PRESENTATION

Operator

Good morning, everyone, and welcome to the Technip's fourth-quarter and full-year 2012 results conference call. As a reminder, this conference call is being recorded. At this time all participants are in a listen-only mode. Later there will be a question and answer session. I would now like to turn the call over to your host for today's conference call, Mr. Thierry Pilenko, Technip's Chairman and CEO. Sir, please go ahead.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Good morning, ladies and gentlemen, and thank you for participating in Technip's conference call. I'm Thierry Pilenko, Chairman and CEO of Technip. And with me are Julian Waldron, our CFO, Arnaud Real, Deputy CFO, as well as Kimberly Stewart, Apollinaire Vandier and Chuan Wang, from our Investor Relations team.

I will turn you over to Kimberly who will go over the conference call rules, and Julian, who will go over the fourth-quarter and full-year 2012 operation and financial highlights. Kimberly.

Kimberly Stewart - *Technip SA - Head, IR*

Thank you, Thierry. I would like to remind participants that statements made during the conference call which are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Readers and listeners are strongly encouraged to refer to the disclaimers, which are an integral part of today's presentation, which you may find on our website, along with the press release and an audio replay of today's call, at technip.com. I now hand you over to Thierry.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Thank you, Kimberly. 2012 was another year of growth for Technip. The teams generated revenue of EUR8.2b, which is an increase of 20% over 2011. Our operating margin is at 10% and that's for the fourth year in a row, with a net income of EUR540m. And at the end of the year we had a more than EUR14b backlog with a EUR12b order intake throughout 2012.

Key achievements in 2012, first of all, we have continued and maintained a good portfolio diversification; our order intake has been driven mostly by technology and expertise; and we have expanded our global footprint and strengthened our global footprint with a workforce that is now amounting to 36,500 people.

In addition to that we made a couple of strategic acquisitions and alliances that I will describe later on. And the performance is actually in line with our objectives.

And as a result of this good financial performance we will increase dividend, as our practice to regularly increase the dividend. And we will propose the dividend increase to EUR1.68 per share. And the dividend has been steadily grown and increased by 9% since 2008. For 2012 so we are going to propose a EUR0.10 increase.

So going back to more details on page seven and on the Technip revenue split by geography, you will notice that it remains very diversified with a very wide variety of projects worldwide. And going back a few years you will notice that our backlog has evolved very significantly over the past five years and provides us with a very solid platform for growth.

Back in 2006 we were heavily weighted towards the Middle East, which accounted for nearly 50% of our backlog. Today we are much more diversified and cover more markets. We cover more of these markets with both our segments too, for example, we carry out Subsea and Offshore platform work in both deep and shallow waters. We'll come back to that in a few minutes.

As you will see on page nine, we have also taken a strategic -- strategic initiatives to expand our capabilities in 2012 with, first, the acquisition of Stone & Webster and we also created a commercial alliance with Heerema that gives our client access to, in fact, the broadest range of skills from upstream engineering to all types of pipeline and construction assets.

And last, but not least, we continue to deliver on our investments in an expansion of our fleet. And I am delighted to show on page 10 the picture of our recently-delivered new-build medium construction vessel, the Deep Orient, which has been christened last week and will start its first job in the North Sea before we move this vessel permanently to South East Asia.

I would like now to hand you to Julian. Julian.

Julian Waldron - *Technip SA - CFO*

Thierry, thank you very much. Good morning, everybody. So I will start on slide 12 and look at the order intake for the fourth quarter.

Overall in the quarter we took in nearly EUR3b of new orders. Subsea order intake was just over EUR900m, which was down slightly due to the timing of awards. But overall in the year, as you know, our backlog increased to just over EUR6b.

The largest award in the quarter was in Angola for the GirRI project, and that was about one-third of the order intake in the quarter, and the remainder was a multitude of small- and medium-sized projects in a number of different basins.

Onshore/Offshore order intake was just over EUR2b, with a skew this quarter towards platform work. We took in three sizable orders for Total and Statoil in the North Sea and for our first tension leg platform project for Shell and Petronas for the Malikai project in Malaysia.

Having performed the FEED work, we'll also now execute the work on our chlorine plant for BASF in Germany. And we've started to win order intake based on our technology unit, including, for example, for the Westlake ethylene project in the USA.

Turning to slide 13 and the Group P&L, revenue for the Group was above our expectations. At quarter three we indicated revenue towards EUR8b and the outturn was EUR8.2b. The out-performance was in Subsea. Margins at the EBITDA and the operating levels were in line with our expectations in the fourth quarter and also in line, therefore, with the full-year expectations and performance. Overall for the full year revenue grew 20.4% and EBITDA and operating profit both over 15%.

On slide 14, to drill down by segment, Onshore/Offshore revenues were just below the bottom end of the indicated revenue range in the fourth quarter and the full year. But the operating margin was 7.2% in the fourth quarter, so slightly above the year average, which was 7%. And this was at the top end of our increased guidance at the end of Q3.

Subsea revenues were above EUR4b, so, as I mentioned, ahead of what we expected. We're seeing the strong recent backlog growth start to turn into revenue as some of our larger, multi-year projects move into their engineering and procurement phases. And this is a trend to which I'll want to return when talking about 2013.

Subsea margins in the fourth quarter were 14.9% on that increased revenue and the full-year margin was therefore the same. Full-year operating income grew 21% on revenues up 36%.

A few words on operations in Subsea. Fleet utilization was 78% in the fourth quarter. This compares to 77% in the third quarter. We think to have a slightly positive move from quarter three to the traditionally low quarter four is encouraging and, indeed, many of our flagship vessels were active, so, for example, the G1200 in Ghana and the G1201 in the Middle East, as well as both the Deep Blue and the Deep Pioneer on the BC-10 projects for Shell in Brazil.

Now, the 78% in the fourth quarter compares to 85% in the fourth quarter a year ago. But I'll remind you that the fourth quarter in 2011 was inflated by the abnormally-poor weather in the North Sea, which meant that our operations continued well into the winter. Overall, therefore, we view vessel utilization in the fourth quarter as a slightly positive trend.

Slide 15, between operating profit and net income there was a swing year on year in the financial results. Now, part of this is the unpredictable fair value of adjustments for hedging instruments under IAS 32 and IAS 39. There is a one-off cost of EUR9m. That's for the repayment of $71m of secured debt which we acquired with global industries and we repaid that at a premium in the fourth quarter. There was also lower interest income in the year and in the quarter, given were interest rates our deposits stand now compared to, say, a year or two years ago.

The tax rate was a little below the long-run average in quarter four; it was at 26.4%. This is essentially due to where the profit was made in the quarter geographically and, for the year, we were at 27.5% (sic - see presentation "27.4%").

Last, on slide 16, the Group's net cash position has been stable now for a couple of quarters. Working capital outflows, although they were strong in the first half, were almost nil in both the fourth quarter and the third quarter. We were operating at the end of the year at around 91 days net working capital and our longer on average, and by this I mean you have to go back well before 2005, is probably in the region of 80 to 90 days.

So looking at both advances and working capital we're probably something like a normalized level, or closer to a normalized level now. CapEx was 519, EUR519m, and will be around [these] levels in 2013. As you'd expect, about 60% of the CapEx was on capacity increases, both vessels and manufacturing, and the Subsea segment.

And, with that, I'll hand back to Thierry

Thierry Pilenko - *Technip SA - Chairman and CEO*

Thank you, Julian. So, as we said many times, we believe that a well-diversified backlog is a critical success factor in our industry and we actually try to maintain a backlog which is as varied as possible in many ways. In particular, we deliberately try to mix very large with small-and medium-size contracts.

So we have some data on page 18. For example, you see that out of the EUR6b Subsea backlog the largest project is Quad 204 in the North Sea, which is valued roughly EUR650m. So there are slightly over 10 projects in our backlog between EUR100m to EUR300m (sic -- see presentation "EUR350m") and over 70, seven zero, projects less than EUR100m.

So this is also reflected in our EUR8.2b Offshore/Onshore backlog, of which the largest contracts are Shell FLNG in Australia and Ethylene XXI in Mexico, the later accounts for roughly EUR850m. We then have in Onshore/Offshore around 15 projects in our backlog between EUR100m to EUR600m, followed by over 50 projects under EUR1m (sic -- see presentation "EUR100m").

It's not just the size; it's also the type of project which is equally important. Subsea contract mix varies from big EPCI or small EPCI tie-backs and installation as well as flexible pipe supplies, for example, in Brazil and early-stage involvement with field architecture with our Genesis subsidiary.

This is also carried through our Onshore/Offshore segment, where we offer, obviously, EPC solutions but with different contract configurations, from reimbursable, to lump sum, to progressive conversion also into lump sum.

For both segments, on page 19, we have succeeded in having strongly-differentiated assets and unique know how. For example, our yard in Pori is a reference facility for Spar construction. We are currently manufacturing -- fabricating two Spars in Pori. Our manufacturing plants in Le Trait and Acu produce -- or will produce, in the case of Acu, high-end equipment, some of which is unique to Technip, such as the 3,000 meter flexible pipes.

Technip proprietary technologies which we have combined with Stone & Webster process technologies this year, we have been able then to license and build better agreements so that we reinforce our position in many downstream markets, in particular, in North America and we see opportunities, in fact, absolutely worldwide for these type of applications.

On page 20 you have a selection of some of the Technip differentiating technologies and some of the firsts that we achieved in 2012. I am not going to go through entire list, but I'd like just to point out a couple of achievements, like the Islay electrically-traced heated pipe-in-pipe, which was a world first, installed in the North Sea, and also couple of ethylene crackers for Reliance Industry in India and CP Chem in the USA.

So technology and engineering services contracts which are here to design world-scale ethylene crackers are using the technologies from Technip and from former Stone & Webster, so our footprint is growing there in the petrochemical arena.

Now, moving to page 21, obviously, we have over the past two years enlarged our execution capabilities in Subsea, first of all, in Subsea heavy lift and ultra-deepwater, but deepwater-to-shore with, first, the Heerema alliance that we did in 2012, but also the acquisition of global industries and, of course, our own CapEx, as we show on the page 21.

Now, securing early involvement in projects very early in their life cycle, it's a core element of our integrated business model, and this is a strategy that has enabled us to grow our Onshore/Offshore backlog, that has allowed us to device better execution plans for our clients and also take larger scopes with a better view for risks. Many of the key contracts we won in 2012 actually came from FEEDs that we had performed in the previous years and we will continue to do that.

Now on page 23 you will also see that over the past couple of years we have won a number of projects that, over time, have spanned over all our segments. And progressively from winning and developing the relationship in part of a development we've been able to expand that to other parts by, for example, combining Subsea and Offshore development.

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Now last, but not least, we are growing closer to our clients by investing in talents worldwide and at the end of 2012 Technip is now employing more than 36,000 people worldwide, compared to 31,000 a year ago. And you can see that the growth has been particularly spectacular over the past five years -- six years in various areas.

And although we all say that finding human resources still remains the key challenge for our industry, we believe that when we have a broad global footprint that helps find the right resources and the right balance and that helps us hire more effectively.

I'll now hand you over to Julian who will go over the 2013 outlook.

Julian Waldron - *Technip SA - CFO*

Thanks again, Thierry. So our targets for '13 are set out on slide 26. We target Group revenues up between 11% and 16% in 2013, so to between, for the Group, EUR9.1b and EUR9.5b. And of that we expect Subsea to represent EUR4.3b to EUR4.6b and Onshore/Offshore EUR4.7b to EUR5.1b.

Now I'll deal with Onshore/Offshore margins first. We stick to our long-run expectations of a 6% to 7% operating margin and this has been our target and our outturn for two years now. And we believe that the diversification of the backlog in that segment is well placed to deliver growth and a reliable profit performance for the medium term at that level.

Now, turning to 27, we have got the backlog visibility for the two segments as far as revenue is concerned and, as you can see in the backlog scheduling, we've around EUR7b of business estimated for execution in 2013. Overall for the Group, and by segment, the revenue coverage for '13 is quite in line with what we have had in recent years. There is certainly more coverage than in previous years for forward-year two and beyond. And that's particularly the case in Subsea.

So I'd like to come back on slide 28 to Subsea margins for 2013. We target those at around 15%. And set out on page 28 are some of the drivers of this margin.

First, the overall market, Thierry will come back to this, but it appears to us in good shape. We expect good order intake in '13. We see our clients moving forward with their projects and there is therefore no change to our market view. The utilization for our vessels, for example, the G vessels, will improve in '13 compared to '12, given the projects we've won '12. Dry dock and maintenance days are similar, although there will be a slightly different timing to those.

We've grown our backlog in Subsea sharply over the last 12 months and the growth has probably been quicker than we expected. [In addition], this growth has been particularly with multi-year projects and so, as I mentioned earlier, the Subsea backlog has a substantially longer duration than it has had previously.

Now, that's an important point, because we have a profit recognition policy which is closely linked to the risk phases of our projects and this is an area of focus that, if you wish, we can come back to in Q&A. But for the moment I'll note that in Subsea it's rare for us to record substantial profit on an EPIC project until we enter into the key Offshore phases.

So even if a project is moving as planned for its engineering and procurement phases in 2013, if the critical Offshore installation and construction phases are, for example, in '14 or '15, we will have revenue in '13 but little or no profit. And this is the case in many of the larger projects won in 2012, such as Quad 204 or Boyla. And we estimate maybe 7%, 8% of our Subsea revenues in '13 above the equivalent level in '12 will come from such projects, so maybe EUR300m, EUR350m of revenue.

The other impact for this which I'll mention at this point is probably a more volatile quarterly P&L in '13 and, whereas, the swing around the central guidance on a quarterly basis has been maybe a percentage point over the last three or four years, I'd like you to expect greater swings this year.

For example, in quarter one we don't have any significant projects coming to a close and, although I am not going to give quarterly forecasts, we'd expect quarter one in Subsea to be below the full year, whereas, the middle quarters will be more normalized. And I think it's important, as you look to model quarter by quarter, to take that into account.

Next point, we've a growing business in Asia Pacific. This is for the moment a competitive market and pricing is not similar to some of the other basins in which we operate. And that's a slightly diluted effect. Last, as we've mentioned, we'll bring on-stream a number of new assets in 2013; the Deep Orient, our umbilical facility in Newcastle; the Deep Energy; and the initial start-up of the Acuflex plant.

Now, as Thierry mentioned, we expect a good performance from the Deep Orient this year and Newcastle looks to have a good load. The Deep Orient enters service shortly and will work in the North Sea, and then she'll transit to Asia Pac. By contrast, the Deep Energy will start working in July and August, but we left time free after the first campaign for time to tune up and improve the efficiency on this vessel -- sophisticated vessel before her second project at year end.

And in Acuflex in Brazil we do expect to start production runs in test mode at the end of the year. However, the recent announcements concerning the use of flexibles in the pre-salt give us an incentive to move as fast as we can. And that means we've hired people. We're starting to train them and we're starting to train them actually at our Vitoria in Brazil.

And this and the other start-up costs in the Deep Energy will come into the P&L early this year. We can't capitalize this cost under IFRS. And we estimate the costs linked to the Deep Energy and Acu to be around EUR40m in 2013. So the impact of the projects with revenue and those two start-up projects are the main factors dampening down revenues -- sorry, dampening down margins in 2013.

I appreciate that was a lengthy explanation. I hope it was helpful. And I'll hand back to Thierry to cover our view of markets and our 2013 priorities.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Thank you, Julian. Before I go to the markets I'd like to come very clearly on what are our 2013 priorities and what I want Technip to focus on in 2013.

First and foremost, we want to maintain our focus on project execution to ensure reliability in our project delivery. We have to deliver and start using our new assets with the start-up of the Deep Orient that I just mentioned, the Deep Energy that will come in service in the second half of this year and the Acu plant which should be completed by the end of the year and will progressively ramp up in 2014.

Number three, we want to reinforce our leadership position in certain Offshore production facilities and, notably, on Floating LNGs where we have a strong differentiation, and on Spars. We want to leverage our downstream technology portfolio after the purchase of Stone & Webster, notably, but not only, in North America. And last, but not least, we want to grow equipment and technology in manufacturing, for example, confirming flexibles as technology of choice for deepwater developments, particularly in the pre-salts of Brazil.

So these are our top priorities for 2013. And you will notice that they are very operational and they are very technologically focused.

Now, moving to the business environment, the first thing I would like to say is that our view of the market hasn't changed significantly compared to what said in October. Our markets continue to be robust, continue to give us good visibility and that is true for both our segments. I am not going to do the entire tour of the world; that would take too much time.

But basically we see strong opportunities in North America, both Onshore and Offshore. We see clients that are willing to spend an increased budget and CapEx in -- particularly in exploitation and production to replace declining production in many parts of the world.

We see a sustained volume of activity in the Middle East and we should see over the next couple of years some very large projects being sanctioned, particularly in Africa, for the Offshore development both in West and East Africa. Brazil continues to be strong and Asia Pacific, as Julian was mentioning, is a growing market, so we should be in a very good position there.

Last, but not least, I would like to repeat something that you have probably seen many times, but basically this is on page 31. We have stuck to our framework -- our strategic framework.

And I believe these six boxes where we talk about the diversified portfolio, differentiations through differentiated assets, technology, execution, vertical integration and national content, this is really what we are continue to push and how we'll see (inaudible) continue to differentiate ourselves in this market. So it continues to be as relevant for us in 2013 and beyond as over the last four to five years.

And finally I'd like to say that our team can be particularly proud of what they delivered in 2012 and of what they will deliver in 2013. Thank you very much and we will turn over for questions.

QUESTIONS AND ANSWERS

Operator

Thank you, ladies and gentlemen. At this time we will begin the question and answer session. (Operator Instructions). One moment, please, before the first question. We have a first question from [Jean Franstan] from Cheuvreux. Sir, please go ahead.

Jean Franstan - *Cheuvreux - Analyst*

Yes, thank you. Good morning. I have several questions actually, first of all, starting with the Subsea margin. I just wanted to clarify what you said. Basically, the start-up cost in total will amount of EUR40m. Is that correct? So, meaning, both for the vessels and the manufacturing plants we should take into account a EUR40m negative impact. Is that correct?

Julian Waldron - *Technip SA - CFO*

Correct.

Jean Franstan - *Cheuvreux - Analyst*

All right. And then when you said that the multi-year projects will represent 7% to 8% of sales in 2013, what was the proportion in 2012?

Julian Waldron - *Technip SA - CFO*

The 7% to 8% is what I'd look to be the delta between '13 and '12. So of course we had some in '12 and you'd expect that to carry forward to some extent in '13. So the 7% to 8%, or the EUR300m, EUR350m, is the change, is the increased amount.

Jean Franstan - *Cheuvreux - Analyst*

All right. Okay, thank you for this. And then turning to the Onshore/Offshore, one year ago, for 2012, you were expecting Onshore/Offshore to deliver sales of EUR4.3b to EUR4.5b and, finally, in fact it ended up below EUR4.2b. What makes you confident that this time around, in '13, you will be in a position to have significant growth compared to what you achieved last year?

Julian Waldron - *Technip SA - CFO*

First of all, the backlog is there. Secondly, the projects, you have some good view of how they move through phases. The complexity with judging revenue in Onshore/Offshore is occasionally the procurement campaigns that you go through. If you split from signing your procurement, say, from the middle of December into the middle of January, then you slip revenue from one period to the next.

And judging in larger Onshore contracts between one period of a month or two and the next, I confess, it's occasionally complex. We think we've guided to revenue which is a reasonable expectation next year and that's what we try to do every year. I don't think there is anything more or less complex in '13 compared to '12, but those are the issues which you're confronted with.

Jean Franstan - *Cheuvreux - Analyst*

All right and just a final one. Given the fact that you're going to be awarded more and more petrochemical projects in Onshore/Offshore, so we will probably see a change in mix there, is any reason why -- those project -- what kind of margins those project deliver? Is it anything different compared to what you already have achieved over the past few years?

Thierry Pilenko - *Technip SA - Chairman and CEO*

No, there is no reason to think that these projects are going to be less or more profitable than the mix.

Jean Franstan - *Cheuvreux - Analyst*

All right, thank you so much.

Operator

We have our next question from Ms. Fiona Maclean from Merrill Lynch. Madam, please go ahead.

Fiona Maclean - *Merrill Lynch - Analyst*

Thank you. It's Fiona at Merrill Lynch. My first question is on Subsea. I want to get a little bit of a better understanding on the recovery we should be anticipating to see in margins, particularly in 2014, given we're going to have now two years of margins at about 15%. Can we see a significant move back up over 100 basis points, or is it going to have to be a much more gradual process, given the phasing of the backlog that you can see in front of you?

And then, secondly, could you just give us an update on your specific areas of CapEx for 2013 and what type of level do you expect that would be? Thank you.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Okay, I'll start. Good morning, Fiona. We just gave you guidance for 2013. We are not yet talking about 2014. But I would say directionally we should progressively -- if the market continues to show robustness we should progressively see an improvement. Julian, would you like to add to that or --?

Julian Waldron - *Technip SA - CFO*

No, I don't think I have anything in particular. If you wanted me to add caveats, which at 12 months ahead I probably should, we will be producing in Acu in '14. Please don't expect it to go from one day to the next from zero production for full efficiency and full production.

I remember, Fiona, we talked a couple of years ago on Asiaflex and, you'll remember, that didn't. I mentioned Asia Pacific in the revenue. Those margins in -- on those projects are not the same as you get in some of the other basins. But with those things I have nothing to add to the strong comment that Thierry gave.

Thierry Pilenko - *Technip SA - Chairman and CEO*

The update on CapEx, I think you mentioned CapEx, Julian.

Julian Waldron - *Technip SA - CFO*

So, CapEx for '13, we'd like to start the year with an assumption that it will be at a similar level to 2012. At this point we don't expect to have any significant new commitments in terms of CapEx this year which would significantly impact this year. The additional projects which could come through are, for example, around PLSVs in Brazil, but, in line with our previous policy in Brazil, we intend to do that with partners. The timing of that's unclear at this point.

So the major CapEx spending this year is the remaining payments on the Deep Orient, the remaining payments on the Deep Energy and the remaining investment and payments on the construction of Acuflex. Those are the three big projects we have to complete this year. There are others, but those are where the bulk of our attention is focused -- sorry, the bulk of our spending is focused.

In terms of attention on CapEx, the steel [capping] on the two PLSVs with Odebrecht which we won for Petrobras just over a year ago, those move through construction phases this year and they are moving quite well, but there is no cash out on those vessels this year.

Fiona Maclean - *Merrill Lynch - Analyst*

Okay, thanks. And maybe just one follow-up. In terms of your backlog, you have been very successful over the last year in building up that number. And we have seen historically in the industry you do want to show a bit of a restraint sometime.

Can you talk about how much additional capacity you think Technip is going to be able to take in terms of volumes? Because you also mentioned that you had to quite a large increase in the employee number. Do you think there is going to be a sweet spot, or you think this has now reached a level that's good enough and the profitability will really start to kick in?

Thierry Pilenko - *Technip SA - Chairman and CEO*

Well, obviously, when we build the backlog we build it in line with our view of our capabilities being vessels, manufacturing plants and so forth. And, as you've seen, we have been building capacity and capabilities over the years. Now, we do have a longer backlog than we used to in Subsea because we are going to deliver more capacity, particularly this year, but we have the manpower and the capacity to continue to take, obviously, projects in 2014 and beyond.

What is critical to us is that we continue to have a very selective approach to projects so that it's not just backlog that we are targeting; it's the right level of profitability.

Fiona Maclean - *Merrill Lynch - Analyst*

Yes, okay. Thank you very much.

Operator

The next question is from Mr. Alexandre Marie from Exane BNP Paribas. Sir, please go ahead.

Alexandre Marie - *Exane BNP Paribas - Analyst*

Good morning, guys. I've got three questions, please. The first one is on your Subsea margin guidance. So thanks, Julian, for your comments on that. I know it's difficult to split global from the rest of the fleet, but could you please indicate at least whether your guidance assumes profits for the ex-global part of the fleet, or is it still making a loss in 2013?

The second question is on Brazil and Petrobras's decision to refocus on flexible risers. Obviously, this is good for Technip, but I was wondering if you think there's a risk that this decision may put some additional pressure on the timing of the center's development and could we see some further delays in Brazil driven by this?

And finally just a quick maintenance question. Could you indicate roughly how much of the Prelude contract has been booked already in the backlog and how much is left to be booked? Thanks.

Thierry Pilenko - *Technip SA - Chairman and CEO*

I'll let Julian answer the Subsea guidance and I'll take the Brazil question.

Julian Waldron - *Technip SA - CFO*

So, I appreciate the question on global. I don't know how to split out the performance of assets on projects in 2013 from the projects overall. So, to give you an example, you know that in Ghana we have both the 1200 and the Deep Pioneer working on the Jubilee 1A project. At the moment the 1200 is in Venezuela, but she's not the only asset that will work on the Mariscal project, which is one of our larger projects in 2013 with Offshore phases.

I think the best way and the most helpful way, if I may, that I characterize is to say that the utilization of the global assets, the 1200, the 1201 in particular, is better, much better, if you will, in 2013 than in 2012 and really it has moved in the direction that we expected. If we were to go back to the time of acquisition there is nothing I think that we would change in what we said about global, what we hoped for global.

Alexandre Marie - *Exane BNP Paribas - Analyst*

Okay.

Julian Waldron - *Technip SA - CFO*

I think that's as precise as I can be, Alexandre.

Thierry Pilenko - *Technip SA - Chairman and CEO*

I'm going to take the question on Brazil, because, yes, you did notice that there was a major change in Petrobras's strategy for this pre-salt development. Based on the experience of two rigid riser projects that are ongoing with our competitors, Petrobras --- and following the qualification of flexible risers for 3,000 meter water depth with Technip, Petrobras have changed their plans and adapted those plans to use flexible risers for the next three projects; [Sapina A Noce], [Chamambi] and Lula. So we should be able to deliver those flexible pipes in the timeframe that has been given by Petrobras.

You need to know that the bottleneck is not the manufacturing capacity -- as we see it today it is not the manufacturing capacity. It is the speed at which the FPSO's are going to be delivered. Now, we are planning to use both our Le Trait and our Acu factory to satisfy the demand of Petrobras. But obviously it has been very good news for us.

But this is pretty much in line with what I have said for, now, many years, where I said there will be probably a mix of technologies for while as we are reaching the limit of the non-technologies that some fields could be developed with rigid, some fields could be developed with flexible. Now, in any case, the flexible technology is always present in any solution just for the -- for example, the flow lines and the injection lines, for example.

Now, Prelude contract, Julian, would you have the backlog?

Julian Waldron - *Technip SA - CFO*

We are probably 70%, 75% of the way through that, so most of -- most of the contract is in backlog. The only thing I'd note is that we have taken the Subsea portion of that. We were given --- Shell was good enough to give us some additional work on that. So it's an example where our involvement in the project has probably broadened over the last two years. But most of the FLNG is in backlog.

Alexandre Marie - *Exane BNP Paribas - Analyst*

Okay, thank you very much.

Operator

The next question is from [Mick Pickup] from Barclays. Sir, please go ahead.

Mick Pickup - *Barclays - Analyst*

Thanks for taking my question. A couple of questions, if I may, just continuing on that theme of the Subsea margin. And thank you very much, Julian, for giving us all the moving parts of it.

If I just take the negative moving parts you've given at the moment and then look back a year ago and give the negative moving parts on what you've delivered, so my back of the envelope said underlying margins in that Subsea business aren't going anywhere very quickly. I think I get seventeen and a bit percent and then 17% underlying this year.

You say the market's improving and you say you've got a move into smaller projects. Now, they tend to have less procurement, more engineering, so can you just explain what is going on with that underlying margin and why it's not moving faster than I'd expect?

And, secondly, thank you very much for today, for proving that you're not Italian. I know that you did a big process a couple of years ago de-risking the business, but obviously the last couple of weeks has shown complacency moves into the system. Can you just check if you've had any pressure from your Board to start looking at your processes and just check that you are perfectly safe, that there's nothing in there which could potentially cause problems? Thank you.

Julian Waldron - *Technip SA - CFO*

So, Mick, on the first one, thank you for the question. I think the only thing that I would point out --- that I would pull out again and restate is probably the growth of the business in Asia; it's gone from --- and this was included in slide --

Mick Pickup - *Barclays - Analyst*

28.

Julian Waldron - *Technip SA - CFO*

Where are we? Slide 28. Asia has gone from 5% to 16% of our business. Pricing in Asia Pacific is not --- pricing in two regions. Asia Pacific and Africa today is not where it was back in 2008, 2009, 2010. And I think that's one additional factor that I would call out. Now, over the last 12 months in Asia you've had, I think, a couple of things going on. The first is a growth of volume and, as volume grows, capacity starts to tighten, but that's very much early days.

The second thing that we've seen anecdotally from time to time is projects which are more technologically rich, more technologically complex and, therefore, an ability to win projects on the back of technology rather than price. It's anecdotal at this stage, but I think the volume increase [in] some of those projects are good early indicators that eventually Asia Pacific will be a good, fully profitable zone of business for the industry.

When you look forward over the next couple of years both with the gas projects, some of which still have scopes to award, and large projects in Indonesia, in India, in deeper water, there is certainly potential for that market to move further into areas that we consider to be our sweet spots. That's the only thing I think that I would call out over and above the points that you mentioned.

Mick Pickup - *Barclays - Analyst*

Thank you.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Mick, coming back to your comment about what is Technip. Well, Technip is Brazilian, is Norwegian, is American, is French, is Italian and is Malaysian and Australian and so forth. And the fact that we are all these nationalities is actually --- and close to our customers is people who are empowered to make the right decisions and who are measured on the performance, I think, is a great strength of Technip. So we are all these nationalities and we are very proud of being everywhere in the World and having people who will deliver everywhere in the World.

Now, you asked a very good question about our Board and is our Board very much involved in the processes of Technip and, in particular, in the processes of risk management. And we have been implementing over the past few years now on a very regular basis a review of -- a very extensive of all our risks, which we do, obviously, internally with the management team, and not only when we look at the project --- that project basis, but also as a portfolio of projects. This is presented regularly to our Board and we haven't changed anything here.

The risk management process at Technip has evolved over time, has been strengthened over time and we have a systematic review with the audit committee of the Board of the large projects, including difficult projects, if some of them require special attention. And this is why we have the full support of our Board for two aspects of --- obviously, all the aspects of the strategy, but two main aspects, which is, first of all, we want to have a diversified portfolio of projects in terms of size, in terms of technology, in terms of geography, in terms of customers.

And the second element, our Board every year is approving a very significant amount of investment into technologies, whether it is R&D or acquisitions, such as Stone and Webster, or Cybernetix, or Global Industries for technologies that we didn't have in our portfolio. And therefore they believe that this is the way to get involved very early with our customers and, therefore, better build that portfolio of projects.

So I would say there was no reason to change anything to our processes. Our processes obviously are involving, they have been strengthened significantly over the past few years and that's all I would say at this stage.

Mick Pickup - *Barclays - Analyst*

Okay, thank you very much. Cheers.

Operator

The next question is from Mr. Guillaume Delaby from Societe Generale. Sir, please go ahead.

Guillaume Delaby - *Societe Generale - Analyst*

Yes, good morning. In fact, I would like to push a little bit more the first question of Mick regarding future Subsea tightening. Is it premature to give, not a specific date, but maybe an idea about when we could have a better margin in Asia Pacific and in Africa? Is it a question of months, of quarters, or of years? So my first question is on that and then I will have another question.

Julian Waldron - *Technip SA - CFO*

Guillaume, thank you very much for the question. I think in Asia Pacific, again, it's on a few projects, but within the industry, within our portfolio in Asia there have been projects that we have taken based on technology, not based on pure price, if you will, or based on execution scheme based on technology.

I think that is a good early sign that that is a market that is moving to bigger, more complex developments which require the sorts of skills that Technip is best placed to offer. With larger projects over the next 24 months, whether it's Indonesia or whether it's India, we think that there is potential for those sorts of projects to be more prevalent in that region.

In Africa I think we would characterize things as being slightly different. If the major projects scheduled for sanctioning over the next couple of years, happen not necessarily all of them, but a few of them, whether that's Moho, whether that's [Combo], whether that's Egina, whether that's [Tem] -- there are other projects; [Block 15]. Whether --- if some of those projects start to come through then we think that will tighten capacity significantly in Africa. So two slightly different markets, one dependent I think on the type of projects, that's Asia Pacific, Africa dependant much more on volume.

Guillaume Delaby - *Societe Generale - Analyst*

Okay, that's very clear. So the second question is I saw that in 2012 you've been buying EUR108m of share buyback. In Q4 I also see that your --- the number of fully diluted shares is still going up, since we are still --- we are now above 125.5m shares. Could you elaborate a little bit on your plans going forward? I know that you've been recruiting a lot and you need, of course, to buy people, but can we expect at some stage maybe that the number of fully diluted shares to remain constant?

Julian Waldron - *Technip SA - CFO*

So, Guillaume, I think first of all we will continue over the next several months to buy modest amounts of shares for the existing plans. Secondly, the big change over the last two years has been in the two convertibles --

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Guillaume Delaby - *Societe Generale - Analyst*

Of Course.

Julian Waldron - *Technip SA - CFO*

-- and last year the share issue for employees that was done in June, July. We have no plans, clearly, for a further convertible and we have no plans for the foreseeable future for another stock -- for another share issue for employees. So what we hope is that shareholders will support, as they did last year, about 0.8% of the capital in terms of awards of options and performance shares. And that's the resolution that we'll put to shareholders at the general assembly this year.

So dilution plan for the next 12 months would be 0.8%. I think we're getting towards the end of, if you will, the mechanical increase of the share count around -- the fully diluted share count around the convertibles. So I think the comparison base would be more benign around about the middle of this year.

Guillaume Delaby - *Societe Generale - Analyst*

Just one point, if I may. If I remember correctly, over the last three years you have been issuing roughly 1.7m or 1.8m of new shares per annum for the employees. So for 2012 -- or for 2013 what do you plan to do? I missed your initial --

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Julian Waldron - *Technip SA - CFO*

We've actually been bringing down the amount that we've been asking to issue for employees.

Guillaume Delaby - *Societe Generale - Analyst*

Okay. To 0.8m, --

Julian Waldron - *Technip SA - CFO*

It was --

Guillaume Delaby - *Societe Generale - Analyst*

-- okay.

Julian Waldron - *Technip SA - CFO*

-- 0.8% last year and it will be 0.8% again this year.

Guillaume Delaby - *Societe Generale - Analyst*

Okay, thank you very much.

Operator

The next question is from Mr. David Phillips from HSBC. Sir, please go ahead.

David Phillips - *HSBC - Analyst*

Thanks. Morning, everyone. A few questions. Just on your outlook slide, looking at the business environment, the word Nigeria was probably unsurprisingly not on that slide. I just thought --- in general what is your level of confidence for some of these big West African awards in the next 12 months to 18 months?

Do you still feel --- I know some of it is very hard to tie down, but do you still feel there's a good likelihood these will really come through? And if they do, does that have any change on the shape of your working capital in terms of maybe some outflows or inflows? And how does that change?

And the last question was a more general one on staffing. I remember a while ago, Thierry, you mentioned that soon Portuguese would become the most common language in Technip. I wonder what you view is on -- whether the ability to hire the right people with the right skills and so on, is that any better or any worse than it has been now versus, let's say, a year ago? Thanks.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Okay, well, two good questions. First of all, I would not put all the countries of West Africa in the same basket. You've heard me, I think, many times that I think the business is much, much slower in Nigeria than it is in the rest of the countries in West Africa. Now, I do believe that at some stage we will see the award Egina, even though this has been announced almost every quarter for the past two years that it was imminent.

I would not make any forecast here about when are the decisions and the awards going to be made, but it looks like this is the most likely large project to be awarded this year in Nigeria.

Now, the momentum in Angola is building up and we should see awards this year in Angola, [as] we will see in Ghana and Congo, so I think the dynamics is slightly different from one country to another.

Staffing compared to one year ago. You've seen that we've been able to increase our people by about --- our headcount, sorry, by about -- more than 5,000 people in 2012. About 1,200 are coming directly from the acquisition of Stone & Webster, so very highly-qualified people in petrochemicals.

I would say the good news today is that Technip has been recruiting everywhere we work and this is part of our national content and a part of creating a very strong anchoring and long-term engineering and project management capacity in the countries which have significant potential for oil and gas. And the reputation of Technip has actually grown in 2012, because we have been acquisitive. We have been driven by technology. We have won very good projects. And when you want to recruit engineers you have to attract them with the right projects.

So I think the fact that we recruit everywhere in the world, and the fact that our reputation in terms of our ability to tackle the most interesting projects, I think both these elements are helping us recruit the talent that we need. But of course we need to be very vigilant, because people who have been trained by Technip are also very attractive. Particularly, our clients like to hire Technip people.

David Phillips - *HSBC - Analyst*

Okay, and just quickly following up on the working capital question about the big Offshore projects. If --- you made the comment that your working capital is probably towards a more normal level now. If you do see a few big awards, well, let's say one or two this year, do you --- in West Africa, do you think you would see a material change in that position in the next couple of years?

Julian Waldron - *Technip SA - CFO*

David, no I don't. I think that the days of --- if I can use the word. I think the days of Qatar in 2006, 2007 are not coming back any time soon.

David Phillips - *HSBC - Analyst*

Okay, great. Thanks a lot, guys, very helpful.

Julian Waldron - *Technip SA - CFO*

We'll still get advances, but -- because that is the way the industry does and should work, needs to work, but they'll be normal.

David Phillips - *HSBC - Analyst*

Sure. Okay, thank you.

Julian Waldron - *Technip SA - CFO*

Thanks.

Operator

We have time for a few more questions. The next question comes from Mr. Julien Laurent from Natixis. Sir, please go ahead.

Julien Laurent - *Natixis - Analyst*

Good morning. A question about your agreement with Schlumberger about the asset integrated on flexible. Do you have any kind of achievement? So far a very significant contract. And do you expect to see more co-operation on the equipment side in the future?

And another question again on the flexible. You've mentioned three big projects in Brazil. Is it fair to assume that the average flexible for each FPSO is historically between 150 kilometers and 200 kilometers per [served] contract?

Thierry Pilenko - *Technip SA - Chairman and CEO*

Okay, well, I take those two questions. We have continued to work pretty actively with Schlumberger on the asset integrity initiative, but I don't think there is anything we can or should report at this stage.

The only thing I'd like to say is that there is a growing interest in the industry to make sure that we monitor, not only the flows and the production and identify the eventual bottlenecks in the production, but also we monitor very well the integrity of every single critical piece of the production systems, particularly in the Offshore and Subsea environment. So I think this initiative is a long term initiative, but is spot on when we look at the client's interests.

Now, going back to your question about Brazil, the --- it's a bit hard to give you a precise number at this stage. Your number, 150 kilometers to 200 kilometers, is based on an architecture of the development that was very preliminary, in the sense that the initial results from production from the sub-salt wells are much better than anticipated, which is very good news for Petrobras in the sense that those wells are going to be more productive and you will need to drill less wells.

Now, that will require larger diameters, particularly for the risers and some flow lines. Therefore, we are going to have maybe less kilometers but higher- end products because of the bigger diameter, because of the large flow rates. So it's a little bit too early to tell how we're going to give you a specific number, but 150 kilometers is probably not a bad number.

Julien Laurent - *Natixis - Analyst*

Okay, clear. Thank you.

Thierry Pilenko - *Technip SA - Chairman and CEO*

One more question?

Operator

We have a question from Mr. Ryan Kauppila from Citigroup. Sir, please go ahead.

Ryan Kauppila - *Citigroup - Analyst*

Yes, good morning. Obviously, order intake in Subsea and Onshore/Offshore exceeded your expectations for 2012. How has that impacted your approach to bidding in 2013?

And then, Julian, just on the tax rate and how the geographical mix of backlog affects that. Any guidance you could rough ride on 2013 would be much appreciated?

Julian Waldron - *Technip SA - CFO*

Thank you, Ryan. So I think for bidding in 2013 I think we felt that we were bidding with the same principles; diversification; focus on the ability to execute; focus on profitability in 2012. And I don't think that's going to change in 2013. And given that we're bringing on assets, equal, given the geographic diversification in both Onshore/Offshore, and in Subsea, we have an ability to take on more orders and grow.

Tax. So it's a little difficult to forecast on a short-term basis on exactly how margin and profit recognition will come through. We've historically guided for around 30% for the tax rate and I wouldn't want to change that significantly. We may over a few quarters come more 29%, 30% than around 30%.

I think we're making --- we're seeing a number of countries around the world who are in lower corporate tax rates and, given that we're geographically diversified, clearly, you see that come through the P&L. There's no particular thing at this point I'd call out over and above that. So that's -- it's not a terribly clear answer, but I'm not sure there's anything clearer to say, if I may.

Ryan Kauppila - *Citigroup - Analyst*

Okay. And just, on the first point, I appreciate there's still an attractive bid pipeline, but how have you had to adjust your win rate and then expected probability of success as that backlog's exceeded expectations?

Thierry Pilenko - *Technip SA - Chairman and CEO*

Well, you have to realize that with the --- in the Subsea business we're going to have new assets coming on-stream. We haven't yet announced any of the potential projects that we could be bidding with Heerema, so we have access two additional capacity there for ultra-deepwater.

We have on the radar screen some projects that require everything from ultra-deepwater, high tension, rigid risers, flexible and deep-to-shore large diameter flow lines --- not flow lines, export lines, and which really fall into all the strengths of Technip; Heerema for the ultra-deepwater, Technip for the infield developments, including flexible pipes, and Technip for the deep-to-shore with the G1200 or the G1201.

So some of the projects, the larger ones that we will be bidding into 2013 present those characteristics. Now, when are they going to be sanctioned, which conditions and so forth I can't tell you yet, but they do exist. And our clients need to make those developments because they need to increase production, or at least compensate for production declines in other parts of the world.

Julian Waldron - *Technip SA - CFO*

Ryan, just a couple of technical points. [It's a] lot of the backlog increase if you look back at the backlog visibilities for forward-year two and beyond execution. So we --- although the revenue is beginning to come through into the P&L, the backlog growth has been consistently more for the outer years than the inner years. And if you look at the estimated backlog coverage for the '13 that I referred to, we're not higher or lower. We're pretty much bang in line in Subsea with where we've been in previous years.

So we enter the year with spare capacity in some of the assets, as we do every year. So we have the ability to take on a few projects for execution within 2012 as well as --- sorry, within 2013, as well as the ability to grow the backlog for '15, '16, '17 execution. And it does appear to be those longer- range projects which are coming through at the moment in greater volume.

Ryan Kauppila - *Citigroup - Analyst*

Okay, that's very helpful. Thanks.

Julian Waldron - *Technip SA - CFO*

Take maybe two more, if we can answer quickly on them.

Operator

We have one last question from Mr. Christyan Malek from Nomura. Sir, please go ahead.

Christyan Malek - *Nomura - Analyst*

Hi, good morning, gentlemen. Just three questions, but brief. First, you talked about diversifying backlog to manage risk and it's been the right strategy, obviously, through the consistent earnings, but what do you consider to be the right proportion of Subsea versus Offshore and Onshore? And if you can do that regionally, is there a maximum level, so to speak, in one region or segment you wouldn't surpass?

And then, secondly, just coming back to your --- Thierry's point on FPSOs taking longer to build [as quickly], does that impact utilizations in your production manufacturing business? If you say it's R&D taking longer to sanction could utilizations come under pressure over the medium term? And I'll come back with the third question.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Okay. Well, I don't think there is an ideal number in our backlog and in the balance between Subsea and Onshore/Offshore, because particularly when we win a big project or seize a big project we can start to see big swings. But given the investment that we have made into the Subsea business it is important that we continue to grow that business. You see that our backlog is now around EUR6m --- EUR6b, sorry, EUR6b.

We want to keep it diversified. If we get some larger projects it may jump up on a quarter or two, but definitely this is the part of the business where we had a lot of differentiation and we want this part to grow over the years. And I think we went probably over the past five or six years from 30% to almost 50%. And I think that is quite good and directionally this is where we want to be.

Now, the FPSO's delays, you're right, could have an impact upon the production, but we never based our production in the plants on the schedule -- the initial schedule of the FPSOs. And you also should not forget that many of the lines that we produce in Brazil are being produced for the traditional fields which are already in production and where we have started to replace some lines.

So it is not just the pre-salt lines. And many of the activities that we have in Brazil are for the more traditional [campus], above-salt type of reservoirs. And this is the market that will continue to develop itself, because some of the existing lines, whether they're flexible or rigid, are reaching the end of their usable life and the reservoirs are still there and can still produce. So it's a mix of products that will come out of our factories.

Christyan Malek - *Nomura - Analyst*

Thank you. And then just finally, on CapEx, when do you --- when should we expect CapEx to come down over the medium term? And, related to that, if the Offshore outlook isn't as strong as was originally thought, is it safe to say that you're not going to be building a EUR1b vessel over the next few years?

Julian Waldron - *Technip SA - CFO*

It's a good question. I think we have a lot of assets to bring on-stream, so our focus is -- as Thierry mentioned, is and has to be getting those assets on-stream and using them. And I think that's priority number one over and above anything else.

So there are some opportunities to build and invest in additional capacity. I mentioned the PLSVs in Brazil. But we've done those up to now in partnership and we will continue to do --- if we get involved in those we will continue to do those in partnership.

The alliance with Heerema gives us --- along with Heerema, gives both of us the platform to bring into service and exploit the [Egeria] in particular, so neither of us at this stage see the need to invest in anything which would complement or follow the [AGM].

So I don't think we'll sit here and say that there's nothing over the next few years that we wouldn't invest in, but at the moment we don't see the need around a very major vessel, because we've --- we and Heerema have one together. The PLSVs we'll do in partnership. And the primary focus needs to be upping the utilization of the assets we've been building and are currently building.

Christyan Malek - *Nomura - Analyst*

Thank you very much.

Julian Waldron - *Technip SA - CFO*

Thank you. We'll take one last question.

Operator

We have one last question from Mrs. Amy Wong from UBS AG. Madam, please go ahead.

Amy Wong - *UBS AG - Analyst*

Hi, thanks for taking my question. I have two quick ones. The first one might be a bit longer. Could you just share with us -- on your success in winning quite a bit of FEEDs over the last 12 to 18 months, can you share with us how receptive your customers have been to your engineering services and how then that affects your view on your likelihood of wining EPC projects down the line?

And just a second question to that is, looking ahead into '13, '14 and '15, is there any one year that stands out with a lot more Offshore installation and project completion in your portfolio? Thanks.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Well, Amy, let me start with the FEEDs and so forth. If you look at what we've been doing over the past few years is that we -- whether it is in Subsea, Onshore or Offshore, we try to get involved very early with our customers at the conceptual stage, then at the FEED stage. And in fact many of the projects we are working on at the moment are projects for which we have done the FEED.

And I can tell you our FEED activity is --- well, is bigger than ever today. We are working on several FEEDs and this is through -- across the board, including, obviously, the [downstream] petrochemicals and fertilizers in particular. So I do believe that some FEEDS will transform into EPC or convertible EPC projects. I'm not sure I can give you more about that. You want to take the second one?

Julian Waldron - *Technip SA - CFO*

And just to come through on major installation phases in Subsea; Mariscal Sucre in Venezuela for '13; [Golean] for '13, '14; and then '14, '15 you're looking in particular at the North Sea projects, Quad, Boyla and others over '14, '15. Now, there are others, but just to give you some very quick highlights I think those are the projects I'd call out.

Amy Wong - *UBS AG - Analyst*

And does that then result in quite an evenly spread ending in projects in your opinion, '13 to '15?

Julian Waldron - *Technip SA - CFO*

There's certainly more in '14, '15 than there is in '13, that's for sure. After '13 the ramp up in the backlog over the last couple of years has been skewed probably towards the North Sea. So that will in terms of major projects coming into execution phase, particularly Quad, there's probably a slight skew in favor of the North Sea, but it does remain pretty geographically diversified.

Amy Wong - *UBS AG - Analyst*

Great, thank you very much for that.

Julian Waldron - *Technip SA - CFO*

Thank you.

Thierry Pilenko - *Technip SA - Chairman and CEO*

Well, thank you very much for attending our conference call today and have a good day.

Julian Waldron - *Technip SA - CFO*

Thank you, everybody.

Kimberly Stewart - *Technip SA - Head, IR*

Ladies and gentlemen, this concludes today's conference call and we would like to thank all of you for your participation. As a reminder, a replay of this call will be available on our website in about two hours.

Many of you were unable to ask questions. Technip's IR team will be available to answer your questions throughout the day. Once again, thank you and enjoy the rest of your day.
