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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Hello, and thank you for standing by. My name is Regina, and I will be your conference operator today. At this time, I would like to welcome everyone to the TechnipFMC first quarter 2026 earnings conference call. (Operator Instructions)

I would now like to turn the conference over to Matt Seinsheimer, Senior Vice President of Investor Relations and Corporate Development. Please go ahead.

Matthew Seinsheimer - *TechnipFMC PLC - Vice President - Investor Relations*

Thank you, Regina. Good morning, and good afternoon, and welcome to TechnipFMC's first quarter 2026 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 risks 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.

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Thank you, Matt. Good morning, and good afternoon. Thank you for participating in our first-quarter earnings call.

Our quarterly results reflect strong operational performance throughout the company, driven by solid execution. Total company revenue in the period was \$2.5 billion. Adjusted EBITDA was \$453 million with a margin of 18.2% when excluding foreign exchange. Free cash flow was \$277 million with total shareholder distributions of \$285 million in the quarter. This early momentum positions us well to achieve our full-year financial targets.

Turning to Subsea. Orders in the quarter were \$1.9 billion, driven by robust services and unannounced project activity. Our inbound highlights the importance of strong and enduring customer relationships as we continue to benefit from a high level of direct awards to our company. Importantly, we see a strengthening trend in order activity as we move through the year, supporting our confidence in achieving \$10 billion of Subsea orders in 2026.

Turning to the Middle East. Our thoughts are first and foremost with the people who have been affected. The well-being of our employees and their families is paramount. We took immediate and comprehensive measures to ensure the safety of our teams in the region. We were able to operate safely with minimal disruption.

As a reminder, only 4% of our revenue is derived from the Middle East. This is almost entirely related to work we execute through onshore activities within our Surface Technologies segment. Our offshore operations in Subsea have not been impacted.

Even before the conflict, the queue of potential deepwater projects had been expanding over the last five years. The significant impacts to both security and energy supply resulting from the conflict are likely to have lasting impacts on the perceived risk assigned to the region. We believe this builds further momentum in the ongoing shift in capital flows toward offshore developments with the potential to accelerate opportunities in markets with extensive infrastructure, including the US Gulf and the North Sea in regions with previously discovered and well identified resources that can add material volumes to an operator's reserve base such as West Africa.

Our Subsea opportunities list highlights several of these opportunities. With our quarterly update, the list now identifies approximately \$30 billion of opportunities for potential award over the next 24 months, representing the seventh consecutive quarterly increase in value.

Over the last two years, this list has grown by more than 30% when using the midpoint of project values. While all global regions have experienced growth during this time, the most significant increases have come from Africa, Asia Pacific, and the North Sea. The average project size has expanded to nearly \$800 million driven by more than doubling our potential developments over \$1 billion versus just two years ago.

Additionally, this list now includes 22 distinct clients, which speaks to our expanding customer base. This trend has been supported by our unique capabilities an integrated execution as demonstrated by our proven iEPCI model.

Looking ahead, we believe there will be a step-up in inbound orders in 2027 and extending through the end of the decade. Importantly, this growth will be supported by iEPCI, Subsea 2.0, and Subsea Services, much of which will be direct awarded to our company.

I now want to close with a few key messages. First, we remain focused on the relentless pursuit of the reduction of cycle time. With every activity we undertake, with every change in process we pursue, and with every capital investment we propose, we ask ourselves, does this shorten project cycle time? This unique mindset continues to serve as the fundamental driver to improving project economics, benefiting both our customers and TechnipFMC.

Second, as we continue to drive a different paradigm around capital investment, we are delivering improved capital efficiency and higher free cash flow conversion. Importantly, we remain committed to returning at least 70% of free cash flow to shareholders through both dividends and share repurchases.

Lastly, our strong commercial success and high-quality backlog built upon an expanding mix of direct awards, iEPCI, and services position us well to increase Subsea inbound revenue and EBITDA margin in 2027. TechnipFMC is in full growth mode.

I will now turn the call over to Alf to discuss our financial results.

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

Thanks, Doug. Revenue in the quarter was \$2.5 billion, adjusted EBITDA was \$453 million when excluding a foreign exchange gain of \$13 million.

In Subsea, revenue of \$2.2 billion increased 1% versus the fourth quarter. Results in the period benefited from higher iEPCI project activity, particularly in Brazil. Project revenue grew sequentially in Latin America, Africa, and North America, partially offset by lower revenue in Asia Pacific and the North Sea. Adjusted EBITDA was \$441 million, up 6% sequentially, primarily driven by the increased project activity. Adjusted EBITDA margin improved to 20%.

In Surface Technologies, revenue was \$284 million, a decrease of 12% from the fourth quarter. The sequential decline was primarily driven by the scheduled timing of project-related activity in the Middle East with only a minimal portion related to the regional conflict. The decline was partially offset by higher completion activity in North America. Adjusted EBITDA was \$50 million, a decrease of 15% sequentially, largely due to the lower activity in the Middle East offset in part by higher collision activity in North America. Adjusted EBITDA margin was 17.4%, down 60 basis points from the fourth quarter.

Turning to corporate and other items. Corporate expense was \$37 million. Net interest expense was \$6 million, and tax expense was \$96 million. Cash flow from operating activities was \$332 million, with capital expenditures totaling \$56 million in the quarter. This resulted in free cash flow of \$277 million.

We repurchased \$265 million of stock in the first quarter. When including \$20 million of dividends, total shareholder distributions were \$285 million. Cash and cash equivalents was \$961 million. We ended the quarter with a net cash position of \$540 million.

Moving to guidance. For the second quarter, we expect Subsea revenue to increase high single digits sequentially, with adjusted EBITDA margin improving approximately 300 basis points to 23%. For Surface Technologies, we anticipate revenue to decline low single digits sequentially with an adjusted EBITDA margin of approximately 17%. And as previously indicated, we expect corporate expense to decline approximately 25% in the second quarter. This assumes the remainder of our annual guidance is evenly distributed across the remaining three quarters when using the midpoint of the range.

In summary, I am pleased with the team's performance in the quarter. The solid financial results are tangible evidence of our continued success in driving greater operational efficiency. These results also reflect our continued success in winning high-quality backlog for future execution. The strong performance gives me confidence in our ability to meet our financial commitments for all of 2026.

The Middle East remains a key driver of long-term growth for Surface Technologies, but it's also important to put our exposure into proper context. Today, Middle East revenue for the segment represents just 4% of total company revenue. And for Subsea, when we consider the remaining \$5.2 billion of backlog scheduled for 2026, along with the balance of our expected services revenue, we have revenue coverage of approximately 95% when using the midpoint of guidance.

So let me close on just two simple points. We remain very confident in our ability to exceed \$2.1 billion of total company EBITDA in 2026, with each segment contributing to EBITDA, in line with their full-year guidance. And the operational momentum and improving commercial backlog gives us high confidence in our ability to deliver continued growth in 2027.

Operator, you may now open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) David Anderson, Barclays.

J. David Anderson - Barclays Services Corp - Analyst

So it's been a long time since I've heard a service company talk about being in full growth mode here. So obviously, when looking towards '27, you're getting pretty optimistic. Just curious how much of that has to do with what's happened in the last 60 days and how this impacted the deepwater cycle? Are you expecting FIDs to kind of accelerate from here? I'm just kind of curious, your customers, are they getting more confident in long-term oil prices? Just some insight into how they're thinking about deepwater, please.

Douglas Pferdehirt - TechnipFMC PLC - Chairman of the Board, Chief Executive Officer

Thanks for the question, David, and it gives me an opportunity to clarify. I could have made the same statement in prior quarters. Certainly, last quarter, we talked a lot about the growth of the market in terms of the Subsea opportunity list, which again grew this quarter for the seventh consecutive quarter, now achieving \$30 billion, a 30% increase over the last two years.

So we talked about that aspect a lot last quarter and how that was going to translate into a step-up in inbound orders for TechnipFMC from 2027 through the end of the decade. So the short answer would be we could have made the comment prior to the conflict.

What is true, David, is, indeed, our customers are looking at their portfolios. We are in discussions on opportunities to accelerate both brownfield tiebacks as well as some greenfield developments. At the same time, our customers are looking at replacing their reserve base. The reservoirs offshore are prolific. They're well known, and the economics now are extremely attractive by our ability to be able to reduce cycle time and accelerate time to first oil. If you complement that with a higher commodity price, yes, clearly, those project economics look increasingly interesting to our clients.

J. David Anderson - Barclays Services Corp - Analyst

So Doug, Subsea 2.0 has obviously been a game changer for you. You talked about reducing the cycle time that has been critical there. Just curious how that's tying into what you're seeing in terms of Subsea margins for '27. You're guiding them higher.

Can you talk about kind of what percent of that revenue you're expecting to be Subsea 2.0 within kind of the '27 number and how that's trending forward? I know we've been talking kind of looking historically, the last kind of year or two, Subsea 2.0 has been something like 80% of some of your orders. Can you just sort of talk about the orders and into revenue and how that's sort of impacting your margins in the '27?

Douglas Pferdehirt - TechnipFMC PLC - Chairman of the Board, Chief Executive Officer

Yeah, David, I don't have an exact number. We haven't rolled that forward, if you will. But if I think about where we are today and where we would likely to be in 2027 in terms of the revenue being recognized from the Subsea 2.0 orders, I would put it in the neighborhood of about 50%, perhaps a bit north of 50%.

What's important is what you also said, which is 80% of our new orders are coming in with Subsea 2.0 is representing about 80% of our new orders. So that obviously demonstrates the glide path that we have to improve the efficiency simply by converting the higher-quality

backlog as a result of our customers' acceptance and the significant impact of Subsea 2.0 and the integrated model, iEPCI, is having on shortening cycle times and improving their economics. And as I said in the prepared remarks, we're happy is when our client wins and we win.

Operator

Scott Gruber, Citigroup.

Scott Gruber - Citi Infrastructure Investments LLC - Analyst

So it looks like we're probably going from a good market to potentially a great market. And so I want to dovetail off the full growth mode commentary.

You guys have obviously increased your own internal capacity with Subsea 2.0. But just curious how you're thinking about preparing the organization for additional growth, especially if there are some kind of pull forward on some projects. Do you anticipate any constraints, whether that's potentially roofline or engineers or vessel capacity? Just give some color on needing that growth and what you're doing to prepare to meet that.

Douglas Pferdehirt - TechnipFMC PLC - Chairman of the Board, Chief Executive Officer

Sure. Thank you for the question and an important question. And I think something that really differentiates our strategy and the vision that we laid out now almost 10 years ago, and I have been executing against it, both in terms of Subsea 2.0 and iEPCI, creating TechnipFMC back on January 17, 2017. So I guess or approaching that 10-year anniversary.

What is true, Scott, is that every single day and every single decision that we make, we ask ourselves, will this, whatever this is a change in process, change in structure and investment, whatever it may be, will this reduce cycle time? Why is that important? Reducing cycle time allows our customers to win, while we also win. So it's a true scenario where both sides are satisfied and complementing each other.

But it also means we can do more with the same. It's as simple as that. If we can reduce cycle time, I can take whatever that is, people or plant, and I can get more capacity because I'm doing things faster.

So this doesn't just affect the manufacturing. This is everything we do in every part of our company. Alf has finance organization, and everyone else throughout the organization is looking at ways that we can be more efficient. That means our people, by the way, are more satisfied because we reduced some of the mundane redundant type tasks that they have to perform. They're doing more value-added work, which is much more motivating. And quite frankly, we can generate more with the same.

So our ability to be able to do that, which we have much more to go. There's more runway ahead of us to be able to continue this journey that we're on is what allows us to continue to grow without being constrained or without having to have a big significant CapEx expenditures. As you may have seen, CapEx this quarter was again in line, a bit actually below the guidance level, just a bit of a seasonal effect, but also demonstrates the fact that we are able to grow this company with the infrastructure that we have in place, and we'll continue to do that by becoming more and more efficient every single day by reducing cycle time.

Scott Gruber - Citi Infrastructure Investments LLC - Analyst

I appreciate all that color. And then turning to your initiative to industrialized SURF. I'm curious, Doug, as you reap those benefits, which I assume includes some installation efficiency gain, how does that impact your overall kind of vessel needs and your vessel strategy?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

I'll give you a short answer, Scott, since I gave you a long answer to the first one. It's really exactly what I said to the first comment. So it applies as much to Subsea 2.0 going through the manufacturing plant as when we start to think about the remainder of the industrialization of the work stream of Subsea. And just to remind everybody, we started now over a decade ago back in 2014, premerger, we started working on industrializing the sea floor. So all of the assets that sit on the sea floor not just the trees, but there's an entire village down there and really working on industrializing all of that infrastructure, and that's what we have referred to as Subsea 2.0 thus far.

When we -- post-merger, we obviously picked up the water column and products in the water column. I think about umbilical, risers, flow lines, flexible pipe, et cetera. And then we also picked up installation capability. And we've begun that process, but we're only in the very early stages of the industrialization of, let's say, the remaining two-thirds. So as we industrialize that, it will be the same concept. We'll do more with the same, or we'll do more with less. And that's the entire strategy of the company, and we think we can be as impactful or more impactful than what we've already experienced from what we've done on the sea floor.

Operator

Arun Jayaram, JPMorgan Securities.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Yeah, Doug, I know one of the core objectives of the company is to reduce cycle times. And I was wondering maybe as a follow-up to Scott's question, if you could maybe elaborate a little bit more on your SURF 2.0 strategy. It feels like you're putting together kind of a Manhattan project type of a group at FTI to tackle this objective? And maybe give us a sense of where you're at in terms of the process. You get any pilots going on today, maybe some of the technology you're thinking about bringing to the installation part of the SURF process to reduce cycle times?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Arun, I'd like to use the rest of the time on the call to talk about it, but it probably wouldn't be the right thing for me to do. And what I mean by that is we are in the concept select stage. We have a ton of really great ideas. We have a phenomenal team of individuals working on this, but I don't want to get ahead of them.

And I certainly don't want to disclose anything that wouldn't be appropriate at this time. I can only repeat Arun, I am as excited and I think the impact will be as important as what we did on the sea floor. And now having had the pleasure and the opportunity to have been involved in both of these, I can say with great confidence that the impact will be significant, but I really need to be careful not to go much further than that right now, Arun.

But we -- our customers and hopefully, you all have the confidence that we've demonstrated that we think differently that we approach challenges differently and that if we bring something to the market, it will be significant and meaningful and structurally change not only our company but the industry.

Arun Jayaram - *JPMorgan Chase & Co - Analyst*

Yeah. Fair enough, fair enough. My follow-up, Doug, I was wondering if you can give us a little bit of an update on the flexibles segment at FTI. One of your peers talked about their plans to maybe double some of their capacity in Brazil. I know the industry is working on some solutions to tackle CO2 corrosion for flexibles, particularly with Petrobras.

But just maybe give us an update there and what kind of visibility do you have in that business and your ability to meet what looks to be a really good market for flexibles.

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Sure. I'm going to go a few different -- come out from a few different angles here. Let me start by saying flexible pipe is an integral part of our iEPCI offering. So as the Subsea architects, and we're the only ones out there actually involved very, very early in the life cycle of a project working with our clients to unlock the full economic potential of the project.

Often, flexible pipe is a key contributor to the architectural design, allowing us to have not only meet the functional requirements but to be able to do it in the most efficient manner. So it really is a key offering of ours. It's an area that we continue to be the market leader, both in terms of the specifications of our flexible pipe, but also in the ability to meet the market demand.

So that's important to us as well. It's an area we continue to invest in, not only as a result of what we're doing with iEPCI today, but as we look towards the future together. So very exciting about that.

On the stress corrosion cracking angle that you mentioned, yes, the industry has -- is a well-known industry problem. The industry has been working on it. We have been working hand-in-hand with Petrobras for several years. We are well into the qualification phase of our definitive solution for the stress corrosion cracking challenge. And we'll be able to say more as we continue to advance through that qualification program with Petrobras.

I was just in Brazil. I will tell you they are very pleased with our technical solution, which is different and unique to us. And they are also very pleased with the pace of the qualification and the success that we're having in the qualification.

Finally, in terms of the global demand and the global capacity, it's not just for iEPCI. We do use flexible pipe outside of iEPCI. We obviously prioritize it within the iEPCI projects that we have, but we also have just some direct flexible contract awards. An example of that would be Petrobras in Brazil. We have always been their leading flexible pipe provider.

I think you should expect that to continue to be the case. Often, we are the only ones who have the technical -- the ability to meet certain technical specifications. And in other cases, it's a more generic technical specification that others can also participate in that activity.

Keep in mind when I said we're industrializing more than just the seafloor. So when you think about our approach to our capacity, that's going to be by increasing efficiency through the plant. We have multiple flexible plants not only in Brazil, but outside of Brazil. And as we look every single day to industrialize and lean out the processes, we're finding the ability to increase the throughput quite significantly through those plants. So we are increasing capacity, but we're increasing capacity by improving efficiency, not extending roofline.

Operator

Victoria McCulloch, RBC.

Victoria McCulloch - *RBC Capital Markets Inc - Analyst*

Can we start with a quick chat on Subsea Services? There were notable contributor in 1Q order intake. Can you give us some color on how that addressable market has evolved on a quarterly basis over the last year? And how much of the \$10 billion order intake do you expect to come from Subsea Services?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Well, in terms of the how has it evolved, Victoria, it continues to grow quite significantly. I think if you look back over the last several years, we've indicated that it would be about \$2 billion or about 20% of our revenue this year. It continues to be quite a significant contributor. It's been growing at a pretty steady -- well, I'd say, a slightly accelerated rate. It's been in line with the growth of the overall segment.

Quite frankly, that's only because of the strength of the growth of the market. I think if you look at kind of the underlying and sustainable growth rate of Subsea Services, which is what gets us most excited, it is quite significant. And you should expect that this location at some point in time, and it's not going to be anytime soon just because, again, the overall market is growing so significantly. But the dislocation will be that the Subsea Services growth rate will continue for an extended period of time. And that's quite important to us.

As you know, this is an important contributor to the financial performance of our company. It's a differentiator. As we continue to grow and have the success that we've been having as a result of everything we've talked about earlier on this call, which has increased our position in the market, which means we have a much larger and ever-growing installed base on the sea floor, all of that needs to be maintained. All of that needs to be inspected, et cetera, and that is an OEM model where we perform all of that activity on our own infrastructure. So it's important today, and it will be even more important as we move forward.

Victoria McCulloch - *RBC Capital Markets Inc - Analyst*

And just a follow-up one for Alf. Obviously, Q1, incredibly strong free cash flow and CFFO despite working capital outflows. Can you give us some insights into how you expect cash and working capital to look for the remainder of the year?

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

Sure. No, thank you. Indeed, the first quarter free cash flow was to us a very solid start. We see consistent execution in both our segments really, and the strong Subsea backlog that we have continued to really fuel the free cash flow generation throughout the year. The working capital usage that you see in this period is primarily really due to the annual incentive plans that we pay once a year. And we do that in the first quarter.

So that is not something that we expect to see be a headwind in working capital in the same way as we go through the year here. And as you also -- as Doug already pointed out, the capital expenditures are well under control. We expect clearly to be at the guidance where we are anticipating capital expenditures to be, which is just above 3% of our revenue. We continue to see that we will convert from EBITDA -- at about 65% conversion from EBITDA into free cash flow.

And when it comes to thinking about how it goes for the rest of the quarter, the best I can say at this point is we expect a fairly evenly distributed free cash flow across the remaining quarters of the year.

Operator

Marc Bianchi, TD Cowen.

Marc Bianchi - *Cowen and Company LLC - Analyst*

I wanted to ask about the Subsea orders first in the first quarter here. So maybe the headline was a bit lower than the midpoint for the year, and you talked about confidence going forward. But I'm curious about the composition of the awards in the first quarter because you didn't have anything large that you press released or large that you mentioned in the press release for the quarter.

So I'm wondering, is there a message here about the recurring small award composition and kind of the breadth that maybe we could take away as we think about the go-forward order level?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Sure, Marc. Fair question. As you know, and you've got the experience, there's no way that this is ever going to be linear. It always comes and goes. It can be a matter of a few days at the end of one quarter or a few days at the beginning of the other quarter.

I can only strongly reiterate my confidence that we will achieve \$10 billion for the full year, and nothing should be read into Q1 other than the kind of second part of your question, which was a very strong quarter, given the fact that the amount of announced awards -- versus the amount of announced awards.

So look, I just want to reassure everybody that the underlying business is very solid. You see the strength of having the installed base that you -- that we have. You see the show up in our Subsea Services. You see the strength of the customer relationships that we have in the direct awards as a result of that that shows up into the large portion of unannounced awards.

And look, embedded in the quarter, there was a large project that we will be announcing once the customer gives us the permission to announce that award here sometime in the near future.

Marc Bianchi - *Cowen and Company LLC - Analyst*

Okay. That's helpful, Doug. And then on the Surface guidance, I guess just considering the commentary in the press release, how it didn't seem like there was a big effect from the conflict, and it's only 4% of revenue. I was surprised to see it down, just given the strength that everybody is looking for in North America. Can you kind of unpack what's driving second quarter if there is an assumed war impact and what your sort of macro assumptions are around that?

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

Yeah. This is Alf here. I'll take that one. So first of all, as I as I kind of mentioned in my prepared remarks, backlog scheduling in the Middle East is a big portion of the answer here. So even before the conflict, the backlog scheduling not as high in terms of activity levels in the first half of the year. So you're just continuing to see that spillover into the second quarter as well.

But the reality is that that is still a far bigger effect on the overall than the content itself. So that's an important point. We continue to see strength in the back half of the year. We continue to see that our US business is doing well. We are introducing technologies in our US business that is driving our activities, and they are creating efficiencies, both for us and our clients. And that is also supporting a more favorable margin mix.

So when you look at Surface for the full year, you should probably, at this point, expect that the revenue will be slightly lower compared to full-year guidance. But on the other hand, the offset is that we are seeing an opportunity for stronger margin performance. So overall, we expect that the total EBITDA dollars for Surface will be in line with whatever you see implied by the midpoint of the current guidance.

And just to be overly clear, the Subsea guidance remains unchanged. And thus, what we are confident in is what I said before. We will exceed \$2.1 billion of company EBITDA. It's just that the mix a little bit on the surface right now could be tilted a little bit towards lower revenue but higher margin.

Operator

Caitlin Donohue, Goldman Sachs.

Caitlin Donohue - *Goldman Sachs Group Inc - Analyst*

You mentioned seeing an order step up in inbound into 2027, which you anticipate to drive further earnings growth. Can you walk us through where you're seeing the most inbound geographically? Particularly as we now may see a move towards more incentivized exploration, whether this is greenfield versus brownfield work?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Sure, Caitlin. I'm happy to take your question. In terms of the 2027 inflection, it's really -- let me kind of talk about the big buckets that it's being driven by, and then we can maybe get into the geographies. 2026 is going to be a year of a lot of smaller awards as we just saw in Q1, fewer big announced awards. That was always -- we talked about that back in 2025.

We saw that kind of -- it was just a period of time. And a lot of that is a result of the contribution from some of the new and emerging markets that we've also been highlighting for quite some time. And what we're seeing is that those will really be -- they'll have some impact on 2026, but the larger impact will be on 2027 through the end of the decade. So think about it as new big contributors to the offshore space in terms of capital expenditures. That's one bucket.

The other bucket is this continual flow of capital from the unconventional US onshore to the offshore as customers are focused on reserve replacements, as customers are focused on bringing in some of these very prolific offshore reservoirs. Now that they have the economic means to be able to achieve that, not because of the increase in the current commodity prices I spoke to earlier on the call, but because of their increased confidence in our company being able to deliver an integrated 2.0 contract to them on time, on schedule or ahead of schedule, shortening cycle time, improving their economics, and giving them certainty in that outcome. That's very, very important to them.

And then finally, yes, we do see now with a higher commodity price potentially being around for longer than many anticipated that that will also have a contribution -- a positive contribution to those economics. And then finally, we were really seeing a shift towards offshore gas developments. And I would say we're going to see that a more balanced approach now with more offshore oil developments as well as the continuing drive up in the offshore gas developments.

So when you think about the offshore gas developments, now I'll get to the geographical part of your question, you're thinking about East Africa. You're thinking about Asia Pacific, Australia, Indonesia. You're thinking about the Eastern Mediterranean. When you think about the oil -- offshore oil developments, you're thinking about Latin America, be it Brazil, Guyana, Suriname. You're thinking about the US Gulf. You're thinking about West Africa. And I think those are areas that we'll start to see a lot of increased activity from as well.

And I don't want to forget my Norwegian friends. Also, when you think about the offshore gas, you should think about Norway and the significant contribution that it's making to Continental Europe gas supply by being able to accelerate projects in the Norwegian sector of the North Sea.

Caitlin Donohue - *Goldman Sachs Group Inc - Analyst*

That's helpful. And then just a follow-up there. For the magnitude of the step-up post-2027, I know you said FTI is in growth mode, and we're going to see some of these larger projects come in and towards the end of the decade. Can you just help frame the magnitude of what orders might look like over the longer term for FTI?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

That's a fair question, Caitlin, and I thought I filibustered enough on the prior question, I might have gotten away from it. No, I'm just teasing you, fair question. Look, if we thought it was going to go from 10% to 10.1%, we wouldn't make such a bold statement. So I would consider it a bold statement.

Operator

Derek Podhaizer, Piper Sandler.

Derek Podhaizer - *Piper Sandler Companies - Analyst*

So I appreciate the company's advancement in making offshore markets more short cycle than longer cycle. But given the current oil prices and macro, renewed focus on energy security, just wanted to ask about the shortest cycle barrel of the offshore markets, maybe from a regional perspective and how FTI can support that and have exposure through that maybe whether it's brownfield tiebacks, electrification or the Subsea Services piece.

So maybe, Doug, just some thoughts around the shorter-cycle barrel of offshore and your exposure into those markets.

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Sure. An important question, and I referred to it earlier in the conversation when we were talking about some of the recent client conversations that we're having. So as they look around their portfolio, they've always got a list of what they would call stranded reservoirs. That does not mean poor quality reservoirs. It just means the reservoirs don't have the reserves in place or the barrels in place to be able to justify their own development.

So then the way that those get developed is through technology and innovation that will allow those smaller or stranded assets to be tied back to an existing infrastructure, wherever that may be floating something or a fixed bottom something or back to the shore, just depending upon which country and which we're working.

So we are absolutely spending a lot of time on working on those stranded assets. It's the shortest cycle time to bringing barrels online because you're not waiting and building or having a large capital expenditure around building a host facility. In this case, the host facility would exist.

The role that we're playing is one, from a technology point of view, it's Subsea 2.0 plays a big part of that because remember, in the old Subsea world or, let's say, the way that the rest of the industry is operating today, when they take an order, from the moment they take that order, that order is a fixed to that client and that project. It can never be used for someone else or for a different project even for the same client because it's built to a unique specification.

With Subsea 2.0, when we take a 2.0 order, pretty much up until the time it's delivered, we can modify that because it's just a series of features that we add or subtract onto that core product, meaning it can be shifted from one asset to another from one client to another, and we have real examples of how we've been able to do that to help our clients accelerate their developments and accelerate their production levels by doing such.

And again, we always refer to the automotive industry. Think about the automotive industry. When you order a car, that is not your car. The engines already been designed. The transmission has been designed. The frame and the chassis has been designed. It's only yours when they put everything on when they put all the pieces together, apply the final paint color, then it's yours.

And so it's a very similar approach, and it's really changed the game for our customers, and they're really beginning to recognize that attribute that it provides. So that helps in the short -- that helps shorten the shortest cycle barrel.

The other way that we do that is through our all-electric system. And the all-electric system allows us to increase the distance from those host facilities to look for these stranded reservoirs and to tie those back.

And then finally, it will be the way that we do the rest of the project or the rest of the work stream, meaning the water column as well as the installation. And as we talked about earlier, that's a portion -- that's a big effort that's going on within our company today to look at how we can industrialize that.

So we have the 2.0 seafloor. We have the all-electric today, and in the future, we'll have even more. So our belief that today that we can continue to reduce a significant portion of time off of an offshore development where as we've already taken anywhere from 9 to 15 months off of the cycle time of a project, we believe there's even more to come in the future.

Derek Podhaizer - *Piper Sandler Companies - Analyst*

Got it. That's very helpful and encouraging. Maybe just switching gears up. Just curious if there's any updates around some of the new technologies or R&D projects you're working on with third parties or start-up communities in the new energy sector or bringing some onshore industries to the Subsea. Just maybe some updates around there -- around that, some of the advancements you're making?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Derek, that's another one I'd love to talk about, but it's probably not appropriate. But yes, please -- rest assured, as a company, we are looking at challenges that are occurring in the world today. We look at them from a different perspective. We look at them from what could be done. 70% of the world is covered by water. The seabed is quite attractive. At least to us, it's quite attractive, and how can we leverage that portion of the geography in a different way than people have considered using it today. I won't go much further than that, but so lots of kind of innovative thinking around that, in the area of new energy specifically.

The work that we're doing in carbon transportation and storage continues to be very important to us. I just got back from Brazil where we were focused on our HISEP project. And Petrobras is very pleased with the progress that we're making. This will be the -- again, this is a very novel technology, the first time that CO2 will ever be separated on the seabed and reinject it, meaning it doesn't come up to the FPSO. It's never exposed to the atmosphere. So it's a significant improvement in the way that things are done today and also debottlenecks in existing production facility for Petrobras, allowing them to produce more oil and generate, obviously, the financial benefit from that. So that's a really interesting project and it's going well.

And then in the North Sea, we are going in June to participate with my peers there. And with our clients, we're looking at -- that's where we're taking CO2 that's being captured from the meters onshore and then we're taking at 145 kilometers offshore for permanent storage offshore. Again, these are really novel technologies. That one is enabled by our all-electric system because you wouldn't be able to do that with hydraulics and certainly not be able to do with hydraulics all on the seafloor like we can with the all-electric.

So yes, some really neat things, Derek. There'll be more to talk about in the future, and we look forward to the opportunity to do so when the time is appropriate.

Operator

Samantha Hoh, HSBC.

Samantha Hoh - *Hsbc International - Analyst*

Hey, Doug. Thanks for all the information that you shared about Subsea, and very exciting what's in store. I wanted to spend some time on Surface. I was surprised to see in your prepared remarks that you called out higher completion activity in North America. And I was just wondering if you could elaborate on that.

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Sure. So thank you, Samantha. Your question was on Surface and completion activity in Surface?

Samantha Hoh - *Hsbc International - Analyst*

In North America.

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Yes. Okay. Sure. So we did see North America had a strong contribution. As you know, there was a an acceleration in the conversion of wells that had previously been drilled but uncompleted to complete those wells that obviously consume. We provide the surface assets to be able to allow that to be accomplished.

We're not seeing a big recovery in the North America business, if that's maybe what you're wanting to -- if that's where you're wanting to go. It's been a pretty steady business for us.

What's most important for us in that business is how we're transforming our product offering within that business, so moving away from the commodity products where there's a significant number of competitors doing the same thing we are and really focusing on our digital offering, which we call CyberFrac, which allows us to be able to automate the entire completion well site and actually allows our customers to be able to monitor and operate the assets remotely from their own office, wherever that may be.

And you would have heard about this in the past. The drillers do that for the drilling and the frac companies do that for the fracking, but we've actually put in place now an architecture that is an open architecture, allowing us to plug in the various service providers, including ourselves, on the well site, but in a fully integrated approach allowing a single interface for our clients. And that continues to make good inroads. And that's a very different business model for us as again, it's a digital offering with very minimal capital investment. But a very important financial contribution to the segment.

Samantha Hoh - *Hsbc International - Analyst*

And as a follow-up, I was wondering if you guys have looked into maybe expanding into Argentina or Venezuela?

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

So we have -- certainly, we are and have worked in Argentina for quite some time like everyone else -- or most everyone else, I should say. We worked in Argentina up until the sanctions, and then we recognized and did the right thing and left when the sanctions were put in place.

As we move forward now in Venezuela, we are looking at the opportunities as they present themselves. We are talking to our clients, both -- remember in Surface, our clients are both the E&P operators, but also the service companies. So we are talking to our clients in Venezuela.

And as they start to put together their plans their plans to potentially move back into Venezuela, then we will be there to support them as they need us.

But we're going to allow them to really identify an environment, an investable environment. And once they achieve that, then we'll support them. And again, back to Argentina, we've been there for a long time. We continue to be there. And yes, when we have a technology offering in the US, we also -- Argentina is a natural extension to take those type of unconventional technologies to that market as well.

Operator

Saurabh Pant, Bank of America.

Saurabh Pant - Bofa Merrill Lynch Asset Holdings Inc - Analyst

Maybe I want to just go back to some of the line of questioning initially, right? Full growth mode, uptick in inbounds in '27 and beyond. But just from a supply chain standpoint, right, I want to go back to that. I know Subsea 2.0 makes things easier, right? But as you look at your supply chain, Doug, right, I'm thinking things like castings and forgings and your own vendor base, how are you preparing your supply chain for the growth that you see coming?

And then related to that, things on the partnership side of things, right, especially on the vessel ecosystem, maybe just give us some color on how you are thinking that partnership structure you have worked to put in place. How is that looking in terms of supporting your growth outlook?

Douglas Pferdehirt - TechnipFMC PLC - Chairman of the Board, Chief Executive Officer

Sure, Saurabh. So let's do the -- let's tackle the supply chain first. First and foremost, I want to recognize my team. They've done a tremendous job, not only dealing with the uncertainties around the tariffs, which we manage quite effectively, but now looking at potential disruptions and how we can manage that. And at the same time, we're growing the company. So yes, indeed, that means the supply chain is also growing.

You said it earlier, Saurabh, the shift to a configure-to-order system or Subsea 2.0 and has significantly reduced our reliance upon the supply chain, and it has significantly reduced and/or eliminated their requirement to build things for the first time on a project-by-project basis. So when we talked about in the Subsea 1.0 world or again, the way that the rest of the industry is still operating, when they get that order, they've never built it before. So everything is specific to the specifications of that project. So by definition, it's a novelty or a new product.

So the same thing when they place an order with the supply chain, so in order to place that order with the supply chain, they have to do the drawings. They have to create all the building materials before they can even go to the supply chain. That typically takes 9 to 12 months of engineering. So you get an order, you spend 9 to 12 months of engineering, and then you go to the supply chain and ask them to build something they've never built before. That's Subsea 1.0.

In Subsea 2.0, it's all pre-engineered preconfigure component, including the components that are being manufactured by our supply chain. So at the time of the order, we place -- it flows naturally straight into the supply chain. We eliminate the 9 to 12 months of engineering, one of the key reasons we can shorten the cycle time on these projects, but also it's very important. They now are building something, and they're getting quantities. They're not getting specifications to build something they haven't built before.

So Alf and I were actually hosting a charity dinner a while back for some of our key suppliers that were supporting a charity that we support TechnipFMC. And I always give them the opportunity and ask them, what could we do better? How could we work better with your company? And across the board, and this was suppliers from all around the world, they were thanking us for the way that we operate today.

And just to put that into context, we sit down with them now on an annual basis. And on an annual basis, we say we're going to need 50 of this or 500 of this or 5,000 of this, but this is a defined product that they built before. Then by giving them the quantities, they can decide to do it divide by 12 and do it over a monthly basis. They could accelerate it and do it early and hold it on their balance sheet for us for future consumption, but whatever is easy as for them and whatever is best for their business model and for their capacity.

So it really has changed the way that things are done. We obviously retain redundancy to address challenges that occur sometimes around the world. So we have redundancy, but we have a much more streamlined supply chain, I would say, a more sophisticated supply chain as a result of moving to the configure-to-order approach.

And I'm sorry, Saurabh, I've already forgotten your second question.

Saurabh Pant - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

No worries, Doug. So I was thinking on the partnership side of things, right? You addressed the supply chain side of things, right, to the partnership, especially the way vessel ecosystem.

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

No, no. Thank you for reminding me. So let me start by saying the partnership approach also applies to our suppliers. So we spend a lot of time with our suppliers like we do with our clients. We have partnership agreements like we have with our clients, we have with our suppliers. We like the way our clients treat us, and we think that's the way to treat our suppliers.

So first and foremost, they are part of the partnership. Beyond that, as you indicated, we also have partners with other providers of assets for us to be able to utilize on our integrated projects. The ecosystem is strong. And I will tell you the ecosystem is growing. Probably since the last time we've talked about it, we've added one or two additional companies to the ecosystem. There is a queue that will -- that also want to join the ecosystem. And we are considering those as we move forward.

So again, the success of the iEPCI model, the success of the direct awards to our company as other providers of assets, very interested and enticed to work with us to be able to have access to that market, which is now direct awarded to TechnipFMC.

Saurabh Pant - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

That's fantastic color, Doug. And just a very quick follow-up, Doug. I know somebody asked this question every quarter, right, but I want to make sure we get an updated view on this, right? We're talking about growth, obviously, a lot today than we did maybe a year back.

But in terms of the margin outlook, Doug, right, obviously, the 2026 outlook, we got Subsea 21% to 22%. Maybe just help us think through the moving pieces as you pursue the growth that you see ahead, right? Where can margins go? And what are the key moving pieces that we should bear in mind? Again, Subsea 2.0 is one of that, right? But just a reminder of the key moving pieces.

Douglas Pferdehirt - *TechnipFMC PLC - Chairman of the Board, Chief Executive Officer*

Sure, Saurabh. I also just gave you 2027. So I thought we were being pretty generous. Here, we are committing to not only inbound growth, but revenue growth and EBITDA margin growth in 2027 for Subsea, just to remind everybody of that comment, which I think is pretty spectacular and speaks to the high quality of our backlog, our execution capability and our deep insight into the market and our customers' need because of the privileged position that they allow us to be in.

Look, the underlying fundamentals, it goes back to the earlier question about Subsea 2.0, and it's ever increasing contribution to the revenue. So I indicated that it would be going to about 50% in 2027, yet inbound levels are 80%. So you know that's going to continue to go up. iEPCI, the amount of integrated work that we're doing today and inbounding today is at an all-time high. That will continue to be converted into backlog. There's less and less low-quality historical legacy backlog left. So as that continues to get worked off, that's obviously a tailwind as well.

And then sure, the market dynamics are also a position of strength, and we benefit from that as well. But I try not to focus on that one. It's why I said it last, but we really focus on what are the things that we can do, what are the things that are within our control, so that we build the sustainable business and continue to drive the financial results even higher. So thank you.

Operator

And we have reached our allotted time for questions. I will now hand the call back over to Matt for any closing comments.

Matthew Seinsheimer - TechnipFMC PLC - Vice President - Investor Relations

This concludes today's conference call. A replay will be available on our website beginning at approximately 3:00 PM New York Time today. If you have any further questions, please feel free to contact the Investor Relations team.

Thank you for joining us. Regina, you may now end the call.

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