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PRESENTATION

Operator

I would now like to turn over the call to your host for today's conference call, Mr. Thierry Pilenko, Technip's Chairman and CEO. Please go ahead, sir.

Thierry Pilenko - *Technip - 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.

With me are Julian Waldron, CFO; Arnaud Real, our Deputy CFO; Virginie Duperat, our Group Controller; as well as Kimberly Stewart; [Aurelia Budazinyo]; and [Michelle Dechantie] of the Investor Relations team. I will turn you over to Kimberly, who will go over the conference call rules.

Kimberly Stewart - *Technip - 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 slide 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 turn you back to Thierry, who will go over the second- quarter 2014 highlights. Thierry?

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you, Kimberly. We have a lot of things to cover today, but of course we'll have time for Q&A.

So first we had a substantial improvement in our subsea profitability, an exceptionally strong order intake this quarter and we started up the Yamal LNG project. Looking forward we have increased our subsea guidance and clarified our view on onshore/offshore. We have comments on the business environment that we will want to share with you as well.

So looking at the highlights on slide 3, revenue was up 9% in the quarter and over 12% in subsea. Subsea revenue over the first half was up 11%, showing that the strong backlog that we had accumulated over the past is starting to come through.

Our operating margin grew to 9.2% from only 5% in the first quarter. And the subsea margin grew to 15.3% from 5.5% in the first quarter, while onshore/offshore operating margin is at 5.3% for the quarter.

I would say that overall this is very much in line with what we indicated would be delivered. Our cash at the end of the quarter was EUR611m, with a stable working capital.

In terms of project awards, they were truly exceptional this quarter, first with Kaombo in Angola, at over EUR1.5b and Yamal LNG at over EUR4b, which take our backlog to almost EUR20b overall. But it was not all about major EPC projects.

For example, the RAPID PMC project in Malaysia will bring a substantial amount of revenue and man hours over the next four to six years, even if the second- quarter order intake associated to this PMC is not very substantial yet. But PMC, as you know, has the right level of risk in our portfolio.

With this I'd like to hand you over to Julian to comment on operations in the quarter.

Julian Waldron - *Technip - CFO*

Thierry, thank you very much. Good morning, good afternoon, everybody. I'd like to start on subsea on slide 5.

We thought it would be useful to give you a bridge between the low quarter one and the substantially improved profitability in quarter two. And I'll go through the five points which impacted us in quarter one and comment on the comparison.

So, as you may recall in quarter one, we had about EUR100m of revenues from the Gulf of Mexico projects which impacted us the back end of last year and those projects carried no margin. This was not material in quarter two.

All the major offshore pieces of those projects had finished and the Deep Energy has left the Gulf of Mexico, and the Deep Blue and the G1200 are now both busy in newer projects, notably, Delta House.

Second point. We had around EUR300m of revenue from the large early-stage projects that we booked in 2013. And although we still have such revenues in quarter two we've also started operations offshore, for example, on Block 15/06.

Third, in quarter one we still had start-up costs at the Acu flex plant in Brazil. The plant is now producing in quarter two. It still made a loss, as we indicated it would, and we reiterate today that we expect the plant to be break even over the second half of the year.

Next, we had about twice the level of vessel maintenance in quarter one compared to the quarter in 2013. In quarter two the level was about equal to last year and in general I would say that it was at a much more normalized level.

Last, in the early months of a typical calendar year we don't do a lot of work, for example, in the North Sea, as the weather is not conducive to doing that. But in March those activities start to ramp up and in the second quarter we were very busy.

Overall vessel utilization in the second quarter was up strongly, was 88% compared to the 69% we had in quarter one. And it was actually better than a year ago, when it was at 84%. Overall I'd say our seasonality was relatively normal. So that's the bridge Q1 to Q2.

On slide 6, how does that busy picture look overall? Well, during the second quarter we had offshore phases in Australia and China, both sides of the North Sea and Angola, and in the US Gulf of Mexico.

As far as projects in earlier phases are concerned, they're in Canada and West Africa and in Indonesia, where our projects -- our larger projects started going to engineering -- detailed engineering and procurement phases. As I mentioned earlier, the Deep Energy left the Gulf of Mexico. She's now in the North Sea where she has started laying pipes on the Boyla field.

Overall, revenues grew 12.4% compared to last year and the operating margin was 15.3%. This is just above the top end of the range of 13% to 15%, which we guided for earlier this year. On that basis we delivered EUR189m of operating profit.

We'll cover guidance later in the call, but we do expect a robust second half in subsea.

Just looking at the immediate future, the Deep Blue does go into planned maintenance for around 35 days shortly. And we're going to do a large -- as we said we would, the large amount of maintenance now and she'll only do about a five days' quayside at the end of the year.

We've also got a fair amount of transit between projects, so I'm not sure that we'll match the Q2 utilization in Q3, but please bear that in mind when you come to model the Q3.

So slide 7, turning to onshore/offshore, we characterize the quarter as challenging. Our first older projects continued to be closed out well. I think that's important. For other projects we are, as we noted at the end of April, entering a very intensive phase of project execution.

Revenue was up 5.4% in the quarter. Given that growth in the second quarter last year was over 23% and that we grew 34% in quarter one this year, that's actually pretty good growth overall in our view. Over the first half of the year onshore/offshore revenue grew 19%.

Our margin was a little lower than we would have liked; two reasons. [You're] seeing some impact from Yamal. We ramped up the project very rapidly to around 900 people from Technip and about 1,500 overall at the end of the quarter. We have further to go.

The projects proceeding well with client cash mobilized to enable us to start the procurement campaign. You saw that in the working capital movement.

We're starting to cement some key elements of the procurement and this will in turn give us greater clarity on revenue, notably, for 2015 and, of course, beyond, but where we started at this point with a prudent view of what Yamal will deliver.

In addition, we've got a disagreement with a client and we've preferred at this point to book a charge against that. We're in negotiations, so we're not going to comment from a specific case. It's not a particularly big amount.

I confirm that the costs of this is inside the OIFRA number and it's the major reason why the margin was 5.3% rather than, say, between 6% and 7%, as we would have preferred.

We do see, and Thierry will comment on it further, I think this is the main reason for us pointing this out, that our clients are becoming slower to negotiate managed claims and disputes on projects, either because they have additional layers of review to go through on these projects, or as a means to put pressure on their supply chain.

Turning on slide 8 to the Group, currency movements in translation reduced revenues by about EUR125m year on year in the quarter, or 4 to 5 point -- percentage points of growth.

The depreciation charge was EUR63m. That's up about EUR15m from a year ago. And we had EUR61m in the first quarter. Our EBITDA rose in the quarter, which I think is a good indicator. We're trending towards about EUR250m of depreciation for the full year.

Excluding R&D we were also managing -- looking to manage our costs in the quarter. OpEx was 8% lower in quarter two and 6% over the half. This is a good start. We need to maintain momentum on cost optimization going forward.

Underneath operating profit there was a non-current charge of EUR6.5m. That's the mix of gains and losses on the two disposals, Seamec and TPS that we booked in the quarter.

Interest charges stable, about EUR 17m, and there was almost no net impacts from the mark-to-market of hedging costs. Tax rate was 27.4% in the quarter, 27.5% in quarter one. It should be around these levels for the rest of the year.

Slide 9, cash flow. Cash flow from operations was robust in the quarter. There was a little movement in working capital, slightly positive. We had good intake of advance payments on newer projects. And we used cash advances already taken to move our more established projects further into their procurement phases.

CapEx was lower, as we indicated it would be, at EUR93m compared to EUR164m a year ago. And the main items during the quarter were the remaining delivery payments on the Acu flex plant and the Newcastle plant, and the initial payment for the replacement diving support vessel.

Taking into account the IFRS 11 impact we expect to have CapEx at around about EUR400 for the year. Just one technical point on that. The debt raised by the joint venture companies in which we have jointly-owned PLSVs are considered joint venture debt under IFRS 11, not Technip debt.

So they won't pass through our cash flow statement. There's an impact this year. I think the impact is rather more significant as you get out to 2016/2017 as the 366 50-tonne vessels complete construction.

Overall, even after paying a dividend of EUR206m, net cash increased, as Thierry mentioned, to EUR611m.

Slide 10, I'll pass relatively quickly over this. We made two small investments in the quarter in line with our strategy to increase technology competence and know-how. These two are in offshore, they are in Norway and the amounts are not material, about EUR11m in total.

Slide 11, the focus is on the fleet, but I think there's a broader comment to be made. We continue to divest non-core activities. Our non-oil and gas engineering business, TPS, was sold in April and we divested an initial 51% stake in Seamec, an Indian offshore company, in May and June.

Our fleet size has reduced over the last couple of years, but in our view is substantially more modern, more performing, more versatile, more differentiated than it was. And it suits well our vertical integration and our diversified business mix.

At the end of quarter two we had 30 vessels, of which nine are under construction. I suspect over the next two to three quarters we have decisions to take on further replacements of old diving support vessels and maybe one or two additional disposals to make.

Overall, I would comment that we continue to review our portfolio of activities and expect to be -- to continue to be active in disposals through the balance of the year. Again, I don't think it will be material, but we could expect to raise, say, around EUR100m by the close of the year from disposals.

On slide 12 you have some additional data on the backlog by contract size. In subsea, Kaombo adds just over EUR1.5b to the backlog between this project, Block 15, TEN and Moho and, for example, the supply contract we have on Egina. We have a lot of activity in West Africa, which Thierry will comment on.

We also have major projects to execute elsewhere, notably, Quad and Jangkrik, and, as you've seen, we continued to [take] smaller-and medium-sized projects as well.

In onshore the amount is much larger than the other projects currently in backlog. But it's worth remembering that Jubail when it was first taken, and that one was recently completed successfully, was just over $3.2b and Prelude probably about the same.

Jubail's now completed. Prelude advances in a satisfactory manner. We've got room for a large project in our portfolio again. Yamal starts to fill that.

I'm going to conclude on slide 13 to talk about guidance and I'll address the two segments both for 2014 and for 2015. I'll start with subsea 2014.

The year has started well, so our revenue guidance needs to be increased. We've seen our revenue between EUR4.6b and EUR4.9b. We'll make no change to our guidance for an operating margin of at least 12% for the year.

Second, subsea in 2015. To make it short, there's no change to any aspect of our 2015 subsea guidance.

We give some additional color on the revenue. We have EUR3.9b in backlog estimated for execution next year at the moment. Based on what we see today this is about 75% of what we would expect for revenue next year.

Turning to onshore/offshore and, first, 2014. Yamal will add some revenue this year, so we will increase our -- we do increase our revenue guidance for 2014 to between EUR5.55b and EUR5.8b. We bring the margin down to between 5% and 6%.

There are three reasons for this. Yamal is dilutive and will be next year. Over and above that we are concerned about the impacts of client behavior, and that's the one I referred to earlier, and Thierry will comment on it a little bit later. We've added some prudence for that.

And last, the events of, for example, last week have heightened the geopolitical risk around some aspects of our business. There's no impact today, just to be clear, but we expected a lot of questions over the results release from analysts and investors about this issue.

And accordingly it appeared ripe for us to respond to that and to try and give a quantified response to the impact of two risks. And that leads you to the qualitative comments around onshore/offshore that you see in the press release.

And finally onshore/offshore 2015, I'll start with revenue. At the start of the year we were suggesting that growth in 2015 would be modest in revenue against 2014. I would say that the revenue estimate that we give today roughly doubles that growth rate.

We'd prefer to be prudent at this point on two issues. The full contribution of Yamal next year I mentioned earlier all elements of the procurement campaign are not in place. And we want to time that procurement campaign to make the project, of course, the safest in terms of risk and also to optimize the cost and scheduling for our client, for us and for our sub-contractors.

Our expectation also is, as we've said in the release, that we'll be quite conservative in order intake in this segment for the balance of the year. We've about 65% of next year's indicated revenue covered in backlog, which is a very high number compared to previous years.

And we obviously have scope to take additional work. I suspect we'll re-visit the revenue number as we get closer to the end of the year.

Last, we guide to stable margins versus 2014. And at this point it appears to us prudent to assume that all the same factors that we've highlighted for 2014 persist into next year.

So, to conclude, in subsea we have a business performing at the high end of our expectations in H1 and it's appropriate to reflect that in increased guidance for 2014, and a reconfirmation of our expectations for 2015.

In onshore/offshore we have more moving parts and two new uncertainties in client behavior in geopolitics, and it seemed to us to look ahead with some prudence, therefore, for the coming 18 months.

With that commentary I'll hand back to Thierry.

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you, Julian. And let me start first of all with a longer- term view so that we can put all the information that Julian has given you in perspective. And I'll start with slide 15, which talks about the long-term forecast for the energy mix.

And those forecasts all point to a continued need for hydrocarbon as an important part of the energy mix. And you can see that over the next 20 years, which is about the life of many of our vessels, we have an increase of the natural gas demand, for example, which is going to be close to 43%.

So the shift is -- to gas is clear and as is the shift to more difficult hydrocarbon reserves in general. So oil and gas are more and more found in harsher and unconventional environments.

So the need for greater technology deployed safely to exploit those reserves is true absolutely across the supply chain, which calls for sustained investment by our industry through a closer partnership and long-term support from both national and international clients, as this [of course] is going to be coming from the mix of international and national [customers].

So inevitably my view this means that only service companies with the strength to invest and grow a broad base will be able to meet this challenge.

Now, near term, geopolitical uncertainty has been pushing up oil prices, whilst there are some concerns about the near-term price of gas. But, as I said before, you can look at the demand over the next 20 years for gas and it's showing a very, very positive trend. But some of our clients of course are reacting to these short-term trends.

Now looking to slide 16 and looking more closely at what is happening with our clients and our client behavior in general. So let's cover first what hasn't changed from three or six months ago.

First, nearly all our national oil company clients appear determined to invest and grow across a broad range upstream and downstream, so a very balanced view of investment both upstream and downstream. I take the example of Petrobras, as one example, with the launch of the RAPID project and the momentum that we see in the Pacific LNG project in Canada.

Now some NOCs are looking at reprioritizing their spending. Here on this slide 16 you can see that Petrobras is a good example here. They are directing spending to E&P and particularly to the pre-salt to some extent at the expense of the downstream, but it's a very significant investment.

An investment into the areas that are the most prolific from a production standpoint. This is where Technip can seize the opportunities.

Now, the international clients are sanctioning projects. In fact, we continue to see some momentum, but focusing really on production. And you can see with, for example, the award of Jangkrik that we had in Indonesia very recently, which is [a new area we bought there] and production focused.

So overall we see opportunities for Technip to take projects over the coming months and to continue to have a fairly good momentum in order intake.

Now, what is new is that as the IOC has imposed capital discipline they have also looked at putting pressure on their supply chains. First, they have been delaying or even canceling marginal projects. And you have a short list of projects that have been either re-engineered or delayed. And that includes projects which are fairly large.

And you can see there the impact of these delays and the shifts from exploration to development [in] the sharp fall in the drilling rig rates over the last few months. We have seen a re-allocation of drilling resources from exploration to development and production which explain partially that drop in the rig rates and, therefore, in the overall project cost.

Secondly, some of our customers are actually taking a much slower and, I would say more, combative or contractual approach to changes on current projects. And unfortunately we rarely see this as being very productive.

And in fact we see that the clients that work collaboratively with their supply chain, such as Technip, end up with generally the best cost and the best schedule on their project.

Last, the above pressure from our customers, when you put that together with a contrasting backlog in the service industry, increases the prospect of contractors bidding irrationally on projects, as we have seen in previous periods, for example, like in 2009 and 2010.

So in this environment Technip holds a strong position thanks to our large backlog with high visibility and also the capacity to have a very collaborative approach at an early stage on projects.

So we feel they're starting to face the pressure that the service industry and the contractors are facing at that many levels. In any case, we will be more selective in taking projects over the coming months.

So now moving to slide 17, to the business environment, so we start to see that the business environment has more contrasts than a few months ago region by region.

For example, we see good opportunities for Technip in some key regions of strength, such as Brazil, notably for flexible pipes for the pre-salt development, and North America, for example, for both petrochemical and LNG. In Asia the national oil companies also continue to invest and we have a good tendering activity there too.

So recently we have won significant projects, which demonstrate how we can deploy technology and skills, for example, the RAPID PMC project in Malaysia and the Edradour project in the North Sea.

So now, against that, there is clearly significant geopolitical uncertainty covering the Middle East again and as well as Eastern Europe. The consequences are far from known, but we consider them risks that should affect most our onshore/offshore business.

So to summarize the plan base that in some cases appear determined to put pressure on the supply chain, significant geopolitical uncertainties and potential irrational action from competitors. So three factors that have appeared over the last few months answer the caution that Julian explained.

Now, moving to slide 18, we have a view on our backlog and its scheduling. So Julian has covered our guidance for 2014 and 2015. And you can understand that the coverage is excellent in both years.

But what I would like to focus on is the long-term visibility we have in our business, notably from what is known business, but which is not necessarily completely evidenced in our backlog.

So on slide 19, first, Technip's backlog is much longer duration than in previous years. For example, if we compare it to 2009, at that point only 5% of our subsea backlog for, for example, and 16% of our onshore/offshore backlog was for execution more than 10 years out.

Unidentified Company Representative

Two years.

Thierry Pilenko - *Technip - Chairman and CEO*

Two years out, sorry. Today we have EUR7.3b of total backlog across the Group for execution in 2016 and beyond, so that's over one-third of our total backlog, so very good visibility.

Let me now take one aspect of this backlog, which is the larger West subsea -- the West Africa subsea projects. So these projects that we have won over the past 18 months are rich in vessel days for flagship installation and construction vessel as well as in machine hours for [our] manufacturing plants.

And they are truly anchor contracts that provide a very good visibility for subsea in 2014/2015 and up to 2017.

And the Brazilian PLSV charters that you see on slide 21 offer visibility even further out, as you can see on this slide, where, on top of it we will have at the end of the construction of this vessel four vessels that will have Brazilian flags and, therefore, will have privileged access to national content and to the market. So that gives us very good visibility.

On slide 22, going to onshore/offshore, we expect substantial [PMC] work on projects like RAPID and, again, I said up to 2017. And going now to the Yamal LNG project, the reimbursable construction portion of this project and the logistic portion of this project, which will contribute revenue from 2016 onwards, are not yet in the backlog.

At this stage we have engineering, procurement and fabrications of the modules in the backlog.

So, to conclude, there are many reasons to be optimistic about the future for our oil and gas services both near and long term. But it's evident to us, however, that there is greater uncertainty for all players over the coming period as clients put pressure and the supply chain reacts.

So in that context Technip has a clear road map and a strategy that we've been following for many years, a solid base on which we will move forward, in particular, long-term visibility from projects, improving cash flow from subsea and our capital and cost discipline.

All this will enable us to pursue our strategy of providing sustainable and predictable dividend for our shareholders whilst continuing to broaden our industry leadership in oil and gas services to serve our clients better.

Thank you very much.

Julian Waldron - *Technip - CFO*

I think we'll now open for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Guillaume Delaby, Societe Generale.

Guillaume Delaby - *Societe Generale - Analyst*

Yes, good morning. I'm sorry I'm going to start with very, very boring housekeeping questions.

The first one -- to be honest, I arrived a little bit on the call and when I arrived, Julian, you said keep that in mind when you are doing your Q3 modeling. But I missed just what you said before. So what should I take in mind for my Q3 modeling?

And the second question is what kind of working capital movement could we expect in H2?

Julian Waldron - *Technip - CFO*

Guillaume, good morning. Thank you for joining us. You asked for that, I think. Two good questions and I hope two clear answers.

My quarter-three comment was around subsea. We've had 88% utilization and a 15.3% margin in quarter two. We've had a couple of questions this morning; can we just plug in the same numbers for quarter three?

I did call out that the Deep Blue goes for her annual planned maintenance in the next few days. That's going to be 35 days of maintenance. We normally do for a vessel like that 40 days. It would classically be split into two blocks.

In this case we're going to do one large block for the Deep Blue. That we planned at the beginning of the year. But that's the swing factor between utilization in quarter two and quarter three. We've also got a little bit more transit between projects also for some of the larger vessels again compared to quarter two.

So I just did call out those two factors. Please bear that in mind as you think about modeling quarter three against quarter two.

As far as working capital is concerned, working capital in quarter two was very slightly positive. That reflects the progress on existing projects where clearly we're cashing out and the cash we're receiving on new projects.

I mentioned earlier on the call that -- for example, on Yamal, that the client is mobilizing well and giving us the resources -- the cash resources to begin the procurement campaign. We will start working on that over the next six months.

So we've had a better working capital performance in the first half than expected. I would expect that modestly to tail off as we go over the next two quarters and as we use some of that cash balance to spend on projects.

The amount of that, forgive me, I'm not going to comment more on that, because I think it depends on exactly how we develop the procurement campaign, particularly on Yamal, and maybe one or two of the West African projects. But I expect a [slighter] cash flow and working capital over the next two quarters.

Guillaume Delaby - *Societe Generale - Analyst*

Okay.

Operator

Thank you -- sorry, sir.

Julian Waldron - *Technip - CFO*

No, go on. Thank you.

Operator

Thank you, sir.

Guillaume Delaby - *Societe Generale - Analyst*

Thank you.

Operator

Rob Pulleyn, Morgan Stanley.

Rob Pulleyn - *Morgan Stanley - Analyst*

Good morning, thanks very much. Just two questions from myself, please. The first one may be to Julian.

Could you give us a bit of a steer on the CapEx under the new JV accounting? I presume that those PLSVs mean that the CapEx that you're going to report will be slightly different. Or maybe I'm wrong. But if you could give us a steer on that going forward under the new IFRS treatment that would be great.

And secondly, and apologies if this is a little -- if I haven't understood this correctly, but reading the text about the updated guidance on onshore/offshore and the guidance for 5% to 6% margin, you then go on to say that if you're insufficiently cautious you estimate your margin would be 8 percentage points lower. Is that encapsulated in your move to 5% to 6%, or would that imply 4% to 5%? Sorry if that's a rather simple clarification.

Julian Waldron - *Technip - CFO*

So, for the first question on CapEx, so CapEx this year after taking into account the new accounting rules we would expect to be around about EUR400m. At the beginning of the year you'll recall that we said that CapEx excluding the accounting changes would be slightly lower 2014 compared to 2013.

So that, if you ignore the accounting changes, still holds true. If you put the accounting changes in place your CapEx falls further, to around EUR400m this year. We still expect it to fall further in 2015. In 2016, with the delivery of the replacement DSV, we'd expect it to tick back up again.

Rob Pulleyn - *Morgan Stanley - Analyst*

Okay.

Julian Waldron - *Technip - CFO*

As far as the onshore guidance is concerned we're 5% to 6%. That's our base case. If the two issues that we've called out, so the risk to customer behavior, if that was significantly worse than we currently expect, okay, that's one.

I think the one which is very difficult for us to assess at the moment is sanctions or geopolitical risk. We came on the call thinking that what we needed to do was to provide clarity on the answer to that; what happens if?

So our estimate is against the base case of 5% to 6%, if we were wrong and not sufficiently prudent either on, say, geopolitics or on customer behavior that would take another point off the 2014 margin expectations.

At this point we don't see it, but we felt it was important going into this call to be able to answer quantitatively questions on things like geopolitics and sanctions.

Rob Pulleyn - *Morgan Stanley - Analyst*

Okay, Julian, that's very clear on the guidance. Thanks very much.

Julian Waldron - *Technip - CFO*

Thank you.

Rob Pulleyn - *Morgan Stanley - Analyst*

And on the CapEx, apologies to maybe labor the point, but the -- can you just explain maybe for the benefit of us non-accountants the exact change that the IFRS treatment will mean to --

I think we get the revenue and all the rest of it in the subsea business, but from the CapEx exactly what you'll be recognizing for those PLSVs and what -- and how that differs to what it was before?

Julian Waldron - *Technip - CFO*

Sure. So before the 50% stake we had in the PLSVs was consolidated from revenue, cost of sales, operating profit, so all the way down the P&L at our 50% share, in the balance sheet you [have] 50% of the value for the asset and 50% of the value of the debt.

Under the new rules what we're obliged to do is to remove from the revenue line and the cost of sales line the 50% contribution. And we just take into the line that you see [or we throw up] the income or loss from equity affiliates. Take essentially the net income from those joint venture PLSVs in at that line. And that's the only accounting profit that we take for those vessels.

Equally in the balance sheet you take out the value of the asset and you take out the value of any other debts or any other liabilities related to those assets.

And equally, therefore, if you follow that logically through you have no impact on your cash flow statement, except for that net income from those JVs' moment that I mentioned earlier. So that's the impact. And it moves down your CapEx as that CapEx moves out for those joint ventures.

Rob Pulleyn - *Morgan Stanley - Analyst*

Okay, sure. Sorry, actually, it was more specifically on the CapEx. I think I get the income statement and balance sheet side of it.

Julian Waldron - *Technip - CFO*

I'm sorry.

Rob Pulleyn - *Morgan Stanley - Analyst*

But on the -- but, sorry, I'm just trying to reconcile in the sense -- and apologies to keep going on this. I'll stop soon.

But my understanding was that you essentially are stripping out the CapEx for these PLSVs. Yet you said in 2016 CapEx would go up again because of the delivery of said PLSVs. Just trying to understand how that works.

Julian Waldron - *Technip - CFO*

No. I'm sorry.

Rob Pulleyn - *Morgan Stanley - Analyst*

Maybe we can catch up off line [a bit].

Julian Waldron - *Technip - CFO*

No, it's okay. Let me go back again.

So EUR400m going -- for 2014, going down a bit in 2015. In 2016 we have a diving support vessel, a DSV, which is a replacement for one of our older vessels in the North Sea. You'll recall that we commissioned that vessel about six months ago.

The initial payment for that has gone through the cash flow statement in quarter two. The final payment for that as it's delivered to us would go through the cash flow statement in quarter -- in 2016. That's a wholly-owned vessel, so there's no impact from IFRS 11 on that vessel.

Rob Pulleyn - *Morgan Stanley - Analyst*

Okay, that clears it up. Thank you very much.

Julian Waldron - *Technip - CFO*

(Multiple speakers). Good, thank you. Sorry it took a while to do so.

Rob Pulleyn - *Morgan Stanley - Analyst*

No problem.

Operator

Alain Parent, Natixis.

Alain Parent - *Natixis - Analyst*

Good morning, everyone. Thank you for taking my question. The first one will be about Brazil, where some of the Group's reported issues recently. I would be interested in your comments on the outlook on Petrobras' side.

And I understand that you are expecting to reach breakeven on the Acu plan in the second half. I would be curious to know if you have all the contracts in hand already to get -- to reach that breakeven, or if you are expecting -- or if you need any additional contract to reach breakeven.

And the second question will be about the slow progress that you are experiencing on some onshore/offshore contracts. I understand you don't want to say much about that.

But I would be curious to know if this is an operational issue that you're having or a commercial issue, and to what extent that is a one-off, or if there is any risk to get any repeatability of these -- not problems, but situation in the coming quarters.

That would be my two questions.

Thierry Pilenko - *Technip - Chairman and CEO*

Okay, I'll start with Brazil first. And well the issues that you mention, I think you probably make reference to some projects or some production around rigid pipe developments and so forth, because we can talk about so many things about Brazil.

And what I'd like to say is that the work that we have done now for many, many years, five years to six years, around qualifying our flexible pipe for ultra deepwater is definitely paying off. And as far as we are concerned there is very good visibility about the demand on flexible pipes and the usage of flexible pipes on very large projects.

So we are not seeing at all the same issues. Actually, we see opportunities in the upstream for Brazil and particularly led by the pre-salt development. So this is why, as Julian said, we are on our road map and exactly on our plan to deliver breakeven from our Acu plant by the end of the year.

And we have the orders on hand to be able to do that already now. And now there will be other rounds of tendering for new systems in 2015, 2016 and beyond. And of course we should be well placed to win a good chunk of this market that is coming, because most of it is focused on the pre-salt development.

So now for your question about the slow progress on onshore/offshore, whether it's operational or commercial, I would -- I will not go into the details of the project that we briefly mention in our press release. But generally it's often a combination of operational and commercial issues.

But what it highlights I think -- we took the example of that project even if the impact was not hugely material. But we took the example just to show that some of our customers, not all of them, but some of them have become more contractual and more commercial, if you want.

Now, this is one of the -- so this one for this project is a one-off. But this is one of the elements that we highlighted as creating a different environment or an environment which is a little bit more uncertain, and hence our prudence, the fact that we are cautious on the onshore/offshore margins should more clients have the same attitude.

Alain Parent - *Natixis - Analyst*

Okay. Just one clarification on my side. I was referring to strikes at [Figaro] recently, the reported strikes of some crews. So I was thinking that maybe you could have experienced some social issues in your plants in Brazil.

And I was also referring to comments from [Prishyan] on the demand for flexibles. They've said that the demand was, step by step, being delayed to end of 2014 and early 2015. So that was the reason for my question on Brazil. I was not only referring on -- to rigid pipes.

Julian Waldron - *Technip - CFO*

So, Alain, I think on the first point I don't think we have anything particular to point out from our side. I think it's fairly evident that Brazil in 2014 is going through an election period.

And we read the press, like you do, and things like the World Cup and those sorts of things, which do have an impact on productivity, but I don't think we have anything at this stage that we particularly need or want to call out in that respect.

As far as flexibles are concerned I feel, to be honest, we have an opposite view and we have a clearly opposite view. We see our client very engaged with us, and not just us, with our principal competitor as well.

We see our client very engaged, very active, placing orders, wanting more technology from us, wanting more R&D from us, wanting to deploy flexibles over a broader range and wanting to do that quickly, and placing orders to enable him to do that.

And maybe that's because ourselves and our principal competitor in Brazil have a technology edge and maybe because we think we still have a technology edge ourselves over the rest of the market.

But I think the firm response from this end of the phone line is if we had to point to one market where we're seeing the greatest customer dialogue, transparency, momentum and, therefore, excitement, it would probably be Brazil flexibles.

Thierry Pilenko - *Technip - Chairman and CEO*

Absolutely. I think we should not forget, Alain, that our flexibles are qualified for ultra deepwater, and that's the big difference. And that's why we have this momentum.

And our plant in Acu is the most capable plant in the world in terms of production, in terms of diameter and complexity of products, thickness of steel. And therefore we are in a very, very strong position to get a substantial part of the market share in the pre-salt development when Petrobras will choose flexible lines.

And I'm just coming back from Brazil and I would reinforce what Julian was saying. The dialogue is extremely positive; we talk about technology; we talk about logistics; we talk about deployment of assets and so forth. It's a very strong market with good visibility for us.

Alain Parent - *Natixis - Analyst*

Okay, thank you very much.

Operator

Fiona Maclean, BofA Merrill Lynch.

Fiona Maclean - *BofA Merrill Lynch - Analyst*

Thank you. Yes, it's Fiona at Merrill Lynch. I have two questions. The first one's just very quick.

You say that you've been working on a number of projects in the North Sea in the quarter. Can you just give us an update on what the weather was like in the second quarter and what it's looking like for the third quarter?

And then I'd like to go back to the prior question on onshore/offshore about negotiations you're having with your clients on variation orders. You've said that your clients are becoming commercial and more contractual. And partly as a result of that it looks like you're being a bit more cautious on your guidance for your margins for that segment.

So am I right to think that when you've looked at this particular project where this has happened this quarter and then you've looked through the rest of your backlog you may have some other projects that you're slightly concerned about from the potential not to be paid variation orders? Thank you.

Thierry Pilenko - *Technip - Chairman and CEO*

Okay, I'll cover the first question. The weather in the North Sea in the second quarter was -- I would call it normal, okay, not extraordinarily good, not extraordinarily bad.

And as far as Q3 is concerned, well, I don't have a crystal ball and I'm not a guy from the weather forecast, but I would say so far so good, that it's normal weather and we just hope that it's going to continue like that.

Julian, you want to say a few things about the [deals] and --?

Julian Waldron - *Technip - CFO*

So I think -- again, Fiona, it was a short question. I'll probably give too-long an answer.

First of all, as Thierry said, I think we wanted to call out both for analysts and shareholders, but also I think to some extent for others, including customers.

We do see quite a contrast between the part of the customer base that works collaboratively and the results that we and they are able to deliver together on projects.

And where there is a greater conflict where -- we don't see -- as Thierry said quite clearly, we don't see that as giving a productive outcome in terms of moving the project forward either from our point of view or from our customers' point of view. So I think that's the general underlying point here.

Secondly, if we've taken guidance down to EUR5b to EUR6b and if we put the caveats against it that we've done it's because we've looked through and tried to make a difference between those projects where we have a collaboration and a good spirit and those projects where we are concerned that our clients will not take a collaborative approach.

And the revised guidance today reflects that assessment. Now, that might be wrong. It might be too cautious, it might be too optimistic, but at this point the assessment does cover the whole of the project portfolio.

Fiona Maclean - *BofA Merrill Lynch - Analyst*

Okay. I'm just a little bit confused, because (inaudible) has been very firm on saying that you're very stringent on terms and conditions that you write into your contracts. So, I don't know, maybe I'm being a little bit too cautious thinking this might turn into something bigger going forward.

But do you see this just as an issue in the onshore/offshore business, or do you see any potential for difficult conversations in your subsea businesses and the contracts that you've got written there?

Julian Waldron - *Technip - CFO*

No. At this point, again, having gone across and looked at this issue across our two segments the result of that analysis is quite firm and quite [decisive] in the way that we've looked at the two businesses.

I would, if I may, make the parallel between our experience over the last nine months in the Gulf of Mexico. Now, we've had operational issues in the Gulf of Mexico and those have given us extra costs.

However, the co-operation with the customer base over that period -- and we said it in October, we said it in December and we said it again in April, and I'll repeat it again now. The co-operation with the customer base over those difficult projects, and we thank them for it, has been excellent.

And we've helped -- we've been able through that collaboration and through that transparency to deliver those projects later than we would have expected, later than we would have hoped, but we have delivered them all.

And we have delivered for each of our clients I think in a way that they recognize has been the best that it could have been given our issues. And that's been very, very good co-operation and collaboration with the customer.

So I think we do make a sharp distinction. And that's having spent some time over the last period, as you can expect, before coming into this release, that's having spent the time necessary to analyze across the two segments.

Operator

Jean Luc Romain, [CM-CIC] Securities.

Jean Luc Romain - *ESN/CM-CIC Securities - Analyst*

My question relates to Yamal LNG and the part that's actually not yet in the order intake. You mention EUR4.5b in the order intake in May. Is [the undergone] construction in size of contracts which will go for the order intake in due time similar to that EUR4.5b bigger, smaller?

Thierry Pilenko - *Technip - Chairman and CEO*

Jean Luc, the part that is not yet in the order intake is the part that we're going to see later as we move into the logistics phase for the transportation of the modules and then the construction phase on site, which is under reimbursable, where we will provide the construction management services. And the order intake for this phase -- that future phase is in the order of $3b to $4b. Okay?

And so what we have put in the order intake so far as of today is about EUR4b, which corresponds, as is highlighted on one of our slides, to the engineering, procurement and module fabrication. Okay?

So this is why we have been talking about the visibility that this project gives us, because not only is it a significant project in terms of engineering, man hours, fabrication and so forth and modulization and -- but it also gives us visibility into the next phase, where we will have additional order intake corresponding to logistics and on-site fabrication.

Jean Luc Romain - *ESN/CM-CIC Securities - Analyst*

Okay, thank you very much.

Operator

Phillip Lindsay, HSBC.

Phillip Lindsay - *HSBC - Analyst*

Yes, good morning, everyone. A couple of questions. I just want to stay on the customer behavior theme if I could.

Can you confirm that this is also affecting cash flows as well as P&L? So are there risks around working capital moving forward, notwithstanding the advance payments coming in from the major contracts? And then -- that's the first part of the question.

And then perhaps you could broaden the conversation to contracts currently being bid or negotiated in the current market. So how different are the conversations today around terms and conditions and/or pricing than previously?

Julian Waldron - *Technip - CFO*

Phil, on your first question on cash, I gave my comment on the expected working capital in the second half of the year. That ties in with our comments on margin and our comments on customers.

I don't think that that is a material factor compared to the cash flow from subsea, the cash flow from the good projects that we have in on/off, the cash flow from advances and the spending on the projects as they go forward. So I think we've taken that into account. I don't see that as being a particular issue.

Phillip Lindsay - *HSBC - Analyst*

Okay.

Thierry Pilenko - *Technip - Chairman and CEO*

Now, to answer the second part of your question on the contracts that are currently being bid, I think it (inaudible) -- not -- I would say it's not so many the terms and conditions, it's making sure that we have the right execution plan and the right procurement plan so that we minimize cost.

And here again we see some dichotomy in the market between clients that are truly co-operative. And we have a couple of examples today where we have been able to work with the client at a very early stage to design what the client wanted, which is a cost-effective solution, not necessarily following the client's standards, but looking at what are the lessons learned from the rest of the industry.

So that was a very proactive and [a] proactive method, if you want, from the client and from our side. And as a result of that we have been able to provide a design and make the project viable.

Then you have other types of customers who are just looking at a pure cost approach and here the dialogue may not be as constructive and -- but of course we are working with our clients to try to demonstrate that the sooner we are involved in a project the better.

Phillip Lindsay - *HSBC - Analyst*

Okay. And then just to follow-up on the competitive environment, the irrational behavior that you refer to in the statement, are there any early signs of this actually happening at this point?

And, if so, is it a particular type of competitor, i.e., traditional western competitor, or perhaps an Asian or some other form of competition?

Thierry Pilenko - *Technip - Chairman and CEO*

Well, I will make a comment relatively general here. When you start to see that change of behavior of the -- in the competitive environment I would say in onshore/offshore it generally starts to happen in the Middle East. And I'm going to generalize here, but it's mostly from, I would say, Asian competitors.

And for the subsea part or the offshore part it's generally coming from new entrants who want to absolutely secure new vessel utilization or things like that, but -- so it's not really different from what we have seen before.

Julian Waldron - *Technip - CFO*

I think over the last 9 -- about 9, 12, 15 months in most meetings we've had with investors we've had the question whether we see bidding behavior improving. And I think our answer has been actually generally no.

So I think all we're saying now is reconfirming that that's what we've seen, saying that given that there are some companies going into the more challenging period ahead of us with contrasting backlogs it doesn't look to us as if it's going to get better.

And, thirdly, that's one of the reasons why we've been very focused on taking projects with technology, taking projects based around our particular differentiating strength and building up the backlog to protect us against the impacts of that, should they happen.

And I think again the message you've heard from us is that we feel that we've done that in a way that does give us a good amount of protection. So I don't think it's a particularly new trend, but those who might have been expecting this to get better, we haven't seen it and we don't expect to see it.

Thierry Pilenko - *Technip - Chairman and CEO*

Given the strength and the length of our backlog we have clearly given instructions to our entire organization to be more selective. We can be more selective with future projects as we have with visibility on the utilization of our assets [and] our engineering centers.

Phillip Lindsay - *HSBC - Analyst*

Yes, okay. Very helpful, thanks.

Operator

Christyan Malek, Nomura.

Christyan Malek - *Nomura - Analyst*

Hi, good morning, Thierry and Julian. Thanks for taking the question. Three questions, if I may.

First of all, you mentioned closing out of some projects there being somewhat of a challenge from some customers on being able to reap the contingencies that you've deserved on the projects.

Going forward do you see this as a risk, in that as you close these projects expecting to receive contingency relief that your customer's basically say, to the letter of the law of the project, there have been issues in some places and, therefore, we're not going to pay you?

So whilst you're protecting your backlog the risk reward on these projects is actually deteriorating, because they are being tougher in negotiating.

The second question is around the pricing pressures you refer to. What evidence is there around cost cutting and efficiencies within the cost base? Will you be looking to quantify how you can take your operating cost down through this period in order to mitigate price?

And I'll ask my third question after that -- after your responses.

Julian Waldron - *Technip - CFO*

Christyan, thank you. I think on the second point, costs on projects -- bringing down the costs on projects for our customers is about the engineering work that you do for them. And again there's -- I think the customer has been quite vocal about it, so I think we're happy to comment.

I refer you to what Total has been saying on Kaombo, the work that they did with their supply chain to re-engineer that project and the cost savings that they were able to get through working with their supply chain to re-engineer. That continues to be, in our view, by far the best way for our clients to optimize and reduce their cost and to optimize their schedule on projects.

And we see that most of our client base that's what they come to us and ask us to do for them, because they recognize that the supply chain, at least our aspect of the supply chain, our part of the supply chain is not earning an over return on the work that we're doing. And you can see that across the industry. Now, there are some areas where I think they wanted to put direct price pressure and (technical difficulty) rates.

I think what we're saying this morning is that we expect the industry as a whole to be under pressure on projects in execution contractually. And I think you heard that from other companies, not just Technip. On most projects -- and that's your first issue.

I think we mentioned today, and I'd restate it, that older projects we've closed out quite successfully. And so you talk about contingencies and what -- and your negotiation with customers at the end.

I actually think we -- what we've said today is that our experience on those older projects and projects coming to completion that, generally speaking, the vision you have with your client is pretty clear at that point.

Where we've suggested that our clients are more challenging, or at least some of them, and, again, not all of them, is as you go through the middle phase of a project all projects change. Any project, whatever its size, whatever its scope, will change.

It will change because circumstances change, because the customer asks for change, because maybe you don't execute as well as you should do. All of those things taken together push change through a project.

And in the light of any project managing that change is a matter of dialogue and discussion. Occasionally, unfortunately, managing that change becomes a matter of negotiation and legal negotiation. And we're seeing our customers move more in some -- for some customers move more in that direction faster.

That's the trend that we've called out. That means that on occasions, even if we do not think it is justified -- and just to be clear we've taken this cost in quarter two. We don't feel that we should have done. We feel that we are owed the money. We'll see how it goes.

But that means occasionally you have to provision that cost before you've agreed to get the reimbursement from it. And I'm sure on some occasions the clients will want to be stubborn.

That's I think the trend that we're calling out, not much more and not much less than that. And we think it's for the industry as a whole. We think you've heard it and we've heard it from some of our competitors and we expect to continue to hear it over the next few months.

Again, to restate what Thierry said, we don't see it as a productive way for our customers to move forward their projects. And those who take a different approach, even if they negotiate in a tough manner, we see them generally from their supply chain getting a better outcome in terms of cost and schedule. But it's an important trend and it's one we did feel that it was important at this point to call out.

Operator

Thank you, sir.

Julian Waldron - *Technip - CFO*

As far as our own costs --

Operator

Sorry, sir.

Julian Waldron -- are concerned we do need to continue to address those, but, again, I think we're optimistic about the progress that we've made in the first half. OpEx excluding R&D was down 8% in the quarter and 6% in the half.

I'm not going to set out headline-grabbing targets. I think most important is that you see the energy devoted to that and that you see the constraint on key areas of OpEx over the next several quarters as a trend. That's what we set our stall out to do.

And I think what you also see quite actively is looking at assets which don't contribute significantly either to our core business or to the bottom line, and a disposal process to address those.

That's started. You've seen tangible evidence of that and, as I mentioned, I think there'll be other tangible evidence of that over the next several months.

Operator

Bert Hodee, Raymond James.

Bert Hodee - *Raymond James - Analyst*

Hello, everyone. Two quick questions, if I may.

You are now sitting on a very strong backlog in subsea, EUR9.5b. Are you prepared in the current environment, and given your selectivity on projects, to see your backlog decrease over the next 12 months?

And my second question relates to the Gulf of Mexico. There is obviously some lower offshore activity currently in the Gulf of Mexico with a lot of projects in early stage because of technological challenge. When do you see [the] industry being able to develop these very high-pressure, high-temperature projects in the Gulf of Mexico? Thank you.

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you, Bertrand. Julian will answer your first question and I'll take the Gulf of Mexico question.

Julian Waldron - *Technip - CFO*

So, Bertrand, thanks for the first question on backlog. We don't guide on backlog, as you know, but I think if your question is are you prepared to forego projects which don't have the right return, profitability and risk profile, very clearly, yes.

We do not need to take projects which don't have the right risk and return and profitability criteria either in subsea or in onshore/offshore. And that's a very firm policy.

As I think we've said, when you look -- let's exclude Yamal from the first half. Sorry, let's exclude Kaombo from the first half. We've taken projects in Brazil in flexibles in the Gulf of Mexico, in the North Sea, in Asia Pacific.

And when we look at those markets you will see us continue to take orders, good orders based on technology, based on differentiated assets, based on the national position that we have in those countries. You'll see us continue to take orders I think in each of those territories in the second half of the year.

West Africa is less easy, I think, to guess for the next six months. What I think we've said is that we are already, and the rest of the industry too, tendering on the next phase of West African projects even if they may take a while to get into backlog.

So we continue to look at the subsea market and think that there are opportunities for us to take in profitable, good level or risk, good level of asset utilization projects. If we can do that then we'll continue to work hard on our backlog. If we can't we will pass on the projects.

Thierry Pilenko - *Technip - Chairman and CEO*

Bertrand, turning to your question on the Gulf of Mexico, so the activity in the Gulf of Mexico as we speak continues to be pretty sustained.

I would say over the past couple of years, 18 months to 2 years, we have seen a lot of the projects that were actually projects that were delayed post [Macondo] because of the lack of drilling and that have been executed over the past 6 months to 12 months.

And we are now entering into a new phase of projects which Technip participates into that includes the projects such as Delta House that we are executing. That includes Stones, which is going to be the deepest subsea development in the Gulf of Mexico and which has already been awarded to Technip. And so those projects are, I would say, the post-Macondo type of projects.

Now, there have been significant discoveries, including very recently, in the Gulf of Mexico and we can see that our clients are moving to the next phase, which is the appraisal and development phase of these fields.

Now, as you pointed out, some of them are high pressure, high temperature, up to 20,000 PSI well-head pressure, and which means that it will require new drilling equipment, a new design for the subsea systems. And therefore it's going to take maybe a little bit longer in terms of engineering studies and design of the adequate system to develop these fields.

But the Gulf of Mexico remains an environment with extremely good predictability in terms of business. The rules are very clear. It's a safe environment from a royalty and tax standpoint and you can see that many of the players continue to be very active in the Gulf of Mexico.

So we are entering a period where there will be more engineering studies and, actually, will participate to that at a very early stage to design the optimal systems for our clients. And I do expect that come 2016, 2017 we will have again a very high activity in the Gulf of Mexico.

This is why for us it was also -- as we could see this potentially happening that there would be a phase of early-stage engineering it was important to redeploy our assets, including our engineering assets that can be -- or engineering capacity that can be utilized from Houston, and redeploying assets into projects in West Africa in particular.

So we have always managed in the past, and again this time, to find a good balance between the projects in the Gulf of Mexico and the projects in West Africa.

So we had lower activity in West Africa when we had higher activity in the Gulf of Mexico. And in the next couple of years this is going to be the other way around; more activity in West Africa and more engineering studies in the Gulf of Mexico before we see a new phase of development.

But the interest continues to be there. The potential for new discoveries is intact. And I think the seismic that is being shot both on the US side of the Gulf of Mexico as well as on the Mexican side is showing that there is an extremely good prospect for future discoveries. So we remain pretty positive about this environment.

Julian Waldron - *Technip - CFO*

I think, moderator, we're conscious of time. We'll take one more question and then we'll break.

Operator

James Evans, Exane BNP Paribas.

James Evans - *Exane BNP Paribas - Analyst*

Hi, thanks for taking my questions. A couple, unfortunately, more on the variation order issue. I just wondered is it mainly IOCs who would think [about the squeezes] coming from [it]? Is it mainly them that are the problem here, or is it really a range of different client types?

I guess, secondly as well, are you likely to change who you're willing to work for based upon how selective you can be and how difficult they are being currently? Thanks.

Thierry Pilenko - *Technip - Chairman and CEO*

I wouldn't say this is this type of client of that type of client. As I said before, we have clients, both IOCs and NOCs, who are extremely collaborative and others who are more contractual.

But it also comes to a point at certain -- in certain cases that we may decide that we may not want to work for this client any more if we realize that we cannot have a constructive and a long-term relationship.

I think Technip has always delivered and we will continue to deliver the projects that we are committed to, but there is plenty of opportunities in the world.

And if some clients want to have a very, I would say, contractual and non-productive relationship we will work through these issues, but then we will have to focus on the clients that are building on the future and giving us the long-term visibility.

And generally when we have this type of a relationship this is a very productive and win-win relationship, as illustrated by many of the projects where we are doing back to back with certain clients. So, yes, if -- we will have to take some tough decisions sometimes.

Thank you. Well, thank you very much. I think this was the last question, so thank you again for attending our conference call and have a good day.

Kimberly Stewart - *Technip - Head, IR*

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

You're invited to contact the Investor Relations team should you have any questions or require additional information. Once again, thank you for your participation and please enjoy the rest of your day.

Operator

Thank you for your participation in today's results conference call. The replay will be -- also be available by dialing for France and continental Europe 01 7200 1500; for UK 20 3367 9460; and for USA 187 7642 3018, using the confirmation code 28814 hash key. The replay will be available for two weeks.

Thank you and goodbye. You may now disconnect.
