

LSEG STREETEVENTS

EDITED TRANSCRIPT

FTI.N - Q3 2026 TechnipFMC PLC Earnings Call

EVENT DATE/TIME: OCTOBER 29, 2026 / 12:30PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

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

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

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

CONFERENCE CALL PARTICIPANTS

J. David Anderson *Barclays Services Corp - Analyst*

Mark Wilson *Jefferies LLC - Analyst*

Arun Jayaram *JPMorgan Chase & Co. - Analyst*

Alexa Petrick *Goldman Sachs International - Analyst*

Scott Gruber *Citi Infrastructure Investments LLC - Analyst*

Josh Silverstein *UBS AG - Analyst*

Marc Bianchi *Cowen and Company LLC - Analyst*

Victoria McCulloch *RBC Capital Markets Inc - Analyst*

Derek Podhaizer *Piper Jaffray Inc - Senior Research Analyst*

PRESENTATION

Operator

Hello, everyone. Thank you for joining us, and welcome to the TechnipFMC third-quarter 2026 earnings conference call. (Operator Instructions)

I will now hand the conference over to Matt Seinsheimer, Senior Vice President, Investor Relations and Corporate Development. Matt, please go ahead.

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

Thank you, Matt. Good morning and good afternoon, and welcome to TechnipFMC's third-quarter 2026 earnings conference call. Our news release and financial statements issued earlier today can be found on our website.

I would like to caution you with respect to any forward-looking statements made during the 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 third-quarter earnings call.

Total company revenue in the period was \$2.9 billion. Adjusted EBITDA was \$636 million, with an adjusted EBITDA margin of 22% when excluding foreign exchange impacts. We generated free cash flow of \$470 million in the quarter. Our quarterly results demonstrate continued strength and consistency in our execution, and I am proud of what our team has accomplished. We recently achieved several operational milestones, all further strengthening our track record of client success in advancing offshore projects. In Suriname, we continue to make strong progress on the GranMorgu project with the delivery of critical subsea equipment ahead of schedule. Together with TotalEnergies, we are helping to bring Suriname's first offshore development closer to production through early collaboration, standardized engineering, and delivery certainty.

In August, we delivered the first Subsea 2.0 tree for Chevron's Gorgon Stage 3 project. This is the first tree delivered under Chevron's 20-year Subsea 2.0 frame agreement with TechnipFMC.

During the quarter, we were also recognized at the 2026 Petrobras Best Suppliers Awards, receiving honors in three categories: flexible pipe installation, subsea wellhead systems, and ESG governance. The awards recognize both our technology and execution performance, reinforcing the differentiated value we deliver to our clients and the strong governance standards that underpin our operations.

I want to specifically highlight the flexible pipe award, as this marks the fifth time we have received this recognition, demonstrating a proven track record of operational excellence. Most recently, we celebrated the manufacture and delivery of the 200th subsea tree for ExxonMobil in Guyana with our Subsea 2.0 platform enabling greater standardization across multiple projects.

Together, these examples highlight the discipline that drives our execution. The collective efforts of our global team ensure that we continue to perform at a very high level, delivering projects not only on schedule, but in many cases ahead of schedule, giving our customers greater confidence in sanctioning offshore projects.

Turning to inbound orders, we announced three subsea awards for the quarter. We secured multiple contracts to supply flexible pipe systems, the first for Azul Energy in Angola, and the second for Petrobras in support of multiple pre-salt fields in Brazil. We are well-positioned for such awards as our industry-leading flexible solutions and ongoing industrialization efforts enable us to deliver greater efficiency, consistency, and predictability around project timing and performance.

We were also awarded an integrated contract from PETRONAS for the Limbayong project, their first deepwater project offshore Malaysia. This greenfield development will benefit from both our Subsea 2.0 configure-to-order platform and iEPCI execution of the entire subsea scope, reducing project cycle time on this fast-track development. Notably, Limbayong was one of three iEPCI projects awarded to TechnipFMC in the period. Inbound orders in the quarter totaled \$2.1 billion.

In addition to these projects, we continue to enhance our customer relationships through collaborative partnerships. We recently finalized a strategic collaboration agreement with PETRONAS that establishes TechnipFMC as PETRONAS' strategic deepwater development partner, embeds our iFEED to iEPCI integrated delivery model, strengthens executive-level engagement, and creates opportunities for growth across multiple projects and countries over the coming years. The collaboration deepens our longstanding relationship and extends well beyond the scope of a traditional frame agreement.

Just last week, we announced a Memorandum of Understanding with bp, under which TechnipFMC will be the preferred strategic supplier of 20K systems for bp's Paleogene program in the US Gulf. This exclusive agreement builds upon our proven 20K technologies and the experience gained through collaboration on bp's initial Paleogene developments, Kaskida and Tiber. These new agreements exemplify our focus on client relationships and reinforce our commitment to deeper collaboration.

Moving to the outlook. We remain optimistic about the durability of the subsea market. We have high visibility in offshore activity where we see a sustained resurgence driven by a record level of deepwater projects with significantly improved economics and a shift in operator capital toward prolific, high-quality offshore reservoirs.

This outlook is reflected in our Subsea opportunities list, which has increased for the ninth consecutive quarter and highlights an opportunity set that has grown 25% over the last two years to \$32 billion when using the midpoint of project values.

Let me now close on a few points. First, we are a technology company that has fundamentally changed the way we execute and deliver for our customers. Our unique operating model improves project economics while reinforcing customer trust and confidence in our delivery capabilities.

Next, client recognition and new collaboration announcements further reinforce the value of customer engagement. Deeper collaboration drives even greater success, where trust and shared goals create a clear path to direct awards. These relationships become increasingly more valuable as clients adopt a portfolio approach to offshore development, optimizing opportunities across their entire asset base rather than simply advancing individual projects.

Finally, improving project economics and greater schedule certainty are attracting capital flows to offshore development. At the same time, energy security is prompting operators to diversify their investment opportunities while consuming nations are looking to diversify their source of supply.

Additionally, there is a near-term requirement to replenish diminishing stockpiles. Increased exploration is likely to follow, expanding activity in established regions while opening new markets in countries that have never produced from offshore basins. This is all driving a robust pipeline of opportunities, and if we extend our view to include 2027, we expect Subsea orders over the next five quarters to be at least \$14.5 billion.

Let me be clear. The Subsea order step-up is here. This momentum should also lift the quality of our inbound orders with substantially more Subsea 2.0, iEPCI, and direct awards expected in the year ahead. We also believe the step up in 2027 marks the start of a sustained wave of activity that will extend beyond the end of the decade.

I will now turn the call over to Alf to discuss our financial results and importantly, our outlook for Subsea in 2027.

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

Thanks, Doug. Inbound in the quarter was \$2.3 billion, driven by \$2.1 billion of Subsea orders. Revenue in the quarter was \$2.9 billion. Adjusted EBITDA was \$636 million, when excluding a foreign exchange loss of \$9 million.

Turning to segment results. In Subsea, revenue was \$2.6 billion, a 5% increase versus the second quarter. The sequential revenue improvement was driven by increased project activity, specifically iEPCI projects in Indonesia and Brazil, as well as increased services activity. The revenue increase was partially offset by lower project activity in Norway.

Adjusted EBITDA was \$612 million, up 6% sequentially due to strong execution and higher project and services activity. Adjusted EBITDA margin improved to 23.5%, the highest quarterly margin achieved to date.

In Surface Technologies, revenue was \$296 million, an increase of 7% from the second quarter. The increase was driven primarily by higher activity in the Middle East, along with higher completion activity in North America. Adjusted EBITDA was \$53 million, an increase of 7% sequentially. Adjusted EBITDA improved due to higher activity in the Middle East and North America. Adjusted EBITDA margin was 18%, essentially in line with the second quarter.

Turning to Corporate and Other Items. Corporate expense was \$29 million, net interest expense was \$4 million, and tax expense was \$104 million. Cash flow from operating activities was \$531 million, with capital expenditures totaling \$61 million in the quarter. This resulted in free cash flow of \$470 million. We repurchased \$320 million of stock in the third quarter. When including \$20 million of dividends, total shareholder distributions were \$340 million. Cash and cash equivalents was \$1 billion. We ended the quarter with a net cash position of \$645 million.

Turning to fourth-quarter guidance. For Subsea, we expect seasonal impacts to our fourth-quarter results, with revenue declining mid to high-single digits sequentially. Adjusted EBITDA is expected to decline approximately 250 basis points to 21%. For Surface Technologies, we anticipate revenue and adjusted EBITDA margin to be in line with our third quarter results.

Moving to our full-year outlook. We are making the following updates to our guidance. We are increasing Subsea revenue to a range of \$9.6 billion to \$9.8 billion. We are increasing free cash flow guidance to a range of \$1.45 billion to \$1.55 billion, and we are reducing the full-year effective tax rate to a range of 25% to 27%. With this update, we are increasing our expectation for total company adjusted EBITDA to approximately \$2.22 billion for the full year, excluding foreign exchange. All other guidance items for the current year remain unchanged.

Now, let me take a moment to focus on next year. As Doug commented earlier, we have high visibility in offshore activity, which supports our expectations to inbound at least \$14.5 billion of Subsea orders over the next five quarters. Importantly, this visibility puts us in a good position to provide an early view of Subsea financial guidance for next year.

For 2027, we are expecting Subsea revenue to be in a range of \$10 billion to \$10.4 billion, with adjusted EBITDA margin in a range of 22.5% to 24%. We will provide the remainder of our 2027 financial guidance with our fourth-quarter earnings.

In summary, our team continues to execute well. Both total company revenue and adjusted EBITDA margin improved sequentially. And with today's update, we have now increased our expectations for total company adjusted EBITDA for the full year.

Free cash flow for the first nine months of the year improved to \$1.2 billion. We have distributed \$1.1 billion to shareholders through dividends and share buybacks, representing 86% of free cash flow, already exceeding distributions made in all of 2025.

Lastly, we have provided an early view of our 2027 Subsea outlook, reiterating our expectation for growth in Subsea inbound, revenue, and adjusted EBITDA margin. When using the midpoint of the 2027 guidance ranges, we expect Subsea adjusted EBITDA to increase more than 10% year over year. This reflects continued strength in operational execution with the incremental margin for Subsea approaching 50% in the coming year.

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

Doug, I hope all my communication's okay here. I'm traveling at the moment. I want to ask you about the \$14.5 billion in terms of the next five quarters. Is the macro that we're looking at today an influence in terms of the timing of those projects, in terms of either the fourth quarter or next year? Just curious from your standpoint of how your customers are thinking about the macro and how much that's influencing the offshore, or do you have such line of sight that to a certain extent it's irrelevant?

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

Sure, Dave, and good morning, and we can hear you just fine. So the macro environment, as we're all dealing with, is quite fluid at this point in time. In terms of its impact on our outlook or the timing of the outlook, there's no direct correlation, Dave. As we pointed out in the prepared remarks, it is driving some changes in customers' behavior, where they are looking to diversify where they do their projects and spend their capital.

Also, consuming countries are looking to pursue their own reserves, where possible and where applicable, and also to diversify their source of supply. And this is what's driving a lot of activity in the offshore. We've got a tremendous amount of inbound in terms of commercial inbound at this point, working with clients to unlock new opportunities all around the world.

So the timing issue in the \$14.5 billion is really just a fact of what is going to fall within the calendar year of 2026 and what could tip over to 2027. In particular, we have two to three very large projects that we are just in the final stages of concluding. Expect those to conclude by year-end, but they could tip into the new year. I would not tie it to the macro, Dave.

J. David Anderson - *Barclays Services Corp - Analyst*

Thanks, Doug. I am just curious, as we look before, in the past, I think on the prior call, you had talked about more larger greenfield projects next year. Curious on the complexity of those projects. Someone has brought up on another call, was talking about the complexity of offshore projects and how that changes.

The iEPCI model, for the most part, I do not want to characterize this the wrong way but tends to be on the smaller side. As you go into larger projects, are they getting more complex? And by extension, does that mean there is more FTI per revenue per tree, however you want to talk about it? Is that accretive to margins? Just curious how to think about that trend.

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

Sure. So the complexity of a greenfield versus a brownfield is typically just around the geology. From a Subsea point of view and from what we do, we are somewhat agnostic if it is a greenfield or a brownfield or the location of it. It may change between an oil reservoir and a gas reservoir, the type of tree system that we use, but our 2.0 configure-to-order architecture applies across the board.

So where the greenfield comes in is just less knowledge that you have about the topography of the seabed, maybe less knowledge you have around the soil conditions, and clearly less knowledge you have about the reservoir itself. And that is why you see greenfield projects sometimes take a little longer to move forward because customers are diligently making sure that they understand the complexity of the geology that they are dealing with in the subsurface.

But from our point of view, it does not make a big difference, Dave. With our customers moving towards a portfolio approach, both in greenfield and brownfield, as we pointed out last quarter. An example of that would be Equinor, how they are approaching their additional work that they are doing in the brownfield activity on the Norwegian Continental Shelf, where they are doing groups of projects at a time, where we were very successful and very appreciative of the work we are doing with Equinor.

For us, we can get the leverage in a brownfield as well as in a greenfield. One is not necessarily more interesting than the other. Both are ramping up because clearly the shortest path to first oil is a brownfield development, therefore it tends to have the highest project returns, at least in the near term. Those are being pursued as vigorously as many greenfield opportunities around the world.

Operator

Mark Wilson, Jefferies.

Mark Wilson - Jefferies LLC - Analyst

Excellent results again, congratulations on that. Alf, I would like to ask on one of the last comments you just mentioned, talking about an incremental margin on Subsea approaching 50% in the coming years. Could we give a bit more detail on that? Are we talking about Subsea 2.0 awards, iEPCI, and goodness me, it sounds very incremental. Some details, please.

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

Yeah. So thanks, Mark, for the question. First of all, I don't think I commented on that this was beyond 2027. I think I specifically commented on 2027, but nevertheless, it's something that we are proud over in terms of what we are able to deliver.

It always starts with the quality of our backlog. And what we have done is continuously through 2026, as you can see from our continuous raises of revenue guidance, we have continued to demonstrate our ability to execute on this backlog. And we're doing so with increased throughput. And when the throughput increases, we are also able to expand margins.

So that's part of what you're seeing, is really the underlying fundamentals of our quality of backlog, but our ongoing industrialization of our company. So whenever we have revenue increase year over year, we expect to have an outsized ability to expand our margins. And yes, that is through many different aspects, including increased mix of Subsea 2.0, iEPCI, as well as making sure that our service business grows at least in line with our overall business. All of those factors combined is what gives us the confidence to come out with this guidance at this point in time, and indeed imply a 50% incremental margin into 2027.

Mark Wilson - Jefferies LLC - Analyst

Could you talk about the capacity limits within that throughput? Alf, I think you've got three major producing manufacturing facilities around the world. What kind of utilization are we speaking to in that guidance? I'll hand it over. Thank you.

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

Yeah. Clearly, one of the things that we have focused on in our operating model over the last couple of years is to be two things, capital light as well as focusing on throughput, rather than keep on thinking about what incremental CapEx do we need. We build our business nowadays around creating constraints and thereby driving our thinking for how you can solve problems within the existing footprint rather than automatically defaulting to capital expenditures.

Sure, are we investing in certain technologies that will enhance the automation and the throughput of our facilities? Yes, on an ongoing basis. But that's also where we have talked about before, that we have demonstrated that, for instance, a Subsea 2.0 order can go through our manufacturing plants at a 2.5 times what a normal 1.0 tree could do. These are the things that we continue to see, demonstrate to ourselves on a daily basis, as well as keep on investing in for the future. With that said, at this point in time, no real concern for overall capacity.

Operator

Arun Jayaram, JPMorgan Securities LLC.

Arun Jayaram - JPMorgan Chase & Co. - Analyst

Good morning, Doug and Alf. Appreciate taking my question. Doug, my first question is I wanted to see if you could talk about what you are doing on accelerating cycle times. You mentioned the Suriname project with TotalEnergies. I was wondering if you could maybe elaborate a little bit on what is driving that. Is that just the shift to 2.0? Perhaps, I would love a mini update on what you are doing in terms of industrializing the installation process. Any updates on that would be helpful.

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

Sure, Arun. Thank you for the question. So what I was talking about on the GranMorgu project in Suriname was the delivery of some of the critical equipment, including the trees, ahead of schedule. This is a new market. This is the first project that is ever been done in that market. We have a track record of being very successful in entering into new markets and being the pioneer to bring Subsea into those markets. As a matter of fact, an impeccable track record. And this is just another example of that.

So it is about doing business the right way. It is about being on the ground in Suriname, knowing the people, knowing the support network that we have there, building the relationships early on. And then, yes, the shift to TotalEnergies to our Subsea 2.0 standard configurable product allowed us to have the deliveries not only on schedule but ahead of schedule. Something that quite frankly is just very difficult for in the past for any subsea company to do, but certainly something that we are uniquely doing today, which is delivering projects ahead of schedule on even shorter cycle times than what has typically been done in the past.

So this all falls under the relentless pursuit of reduction of cycle time, Arun, and something we continue to be very focused on.

Arun Jayaram - JPMorgan Chase & Co. - Analyst

Got it. My follow up, Doug, I wanted to talk a little bit about your inbound order commentary. The company had previously indicated confidence in delivering \$10 billion of inbound orders in calendar '26. Is that still a good target? I know you mentioned two or three large projects that are still trying to get to the finish line. Maybe just comment on that. I guess the question is if there is slippage in that \$10 billion target, is that just driven by just the timing of these contracts or contracts that you thought you would win?

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

Sure. So Arun, the short answer is yes, but I will give you a little more color. It is two to three projects, awards that were just going through those final stages. I could not say with confidence coming on the call that they were going to land within the calendar year. They are still more likely than not going to land in the calendar year, delivering the approximately \$10 billion of inbound for 2026.

Just wanted to be realistic given the fact that the end of the year is fast approaching, and if they slipped into the following year, to make sure that they were being properly accounted for in our inbound guidance, hence going to the \$14.5 billion for the five quarters. Simply an issue of timing.

Operator

Alexa Breno, Goldman Sachs.

Alexa Petrick - *Goldman Sachs International - Analyst*

We just wanted to ask, the early 2027 color is very helpful. Could you help just frame it from a regional perspective? Where are you seeing opportunities across maybe Africa, North Sea, et cetera, and how should we think about it in that framework?

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

Yeah. So good morning, Alexa, and team as well. If we look at it geographically, we had said that the last decade was really being driven by South America. It was going to continue to be very strong, and the next decade would be driven by Africa. And I would say largely that that is still the case. So we will see a tremendous amount of awards coming from South America, both Brazil, Suriname, obviously Guyana.

So there is lots of activity going on. Also some potential activity in some neighboring countries, which may not hit in 2027, but could hit beyond 2027. Then you also have kind of the whole region between the northern part of Guyana and Venezuela, et cetera, that could get interesting probably beyond 2027. So South America remains a critical focus for us.

We wish Petrobras continued success in their exploration that they are doing in the equatorial margin, which is a different region than the pre-salt in Brazil and could be quite prolific as well. Lots of reasons to continue to be excited about South America.

Moving towards Africa, it is robust in West Africa, it is robust in East Africa, and we are going to see continued activity in North Africa as well. So those regions are all regions that we are targeting and pursuing in our opportunity list as you can see that we publish and would probably therefore also be reflected as inbound opportunities at the same time.

Important, as I mentioned earlier, to mention the NCS or the Norwegian Continental Shelf. It continues to be quite robust by multiple operators that continue to move projects forward as they help supply energy security for continental Europe.

We talked about Asia, I think on the last couple of calls. We said keep an eye out for places like Indonesia, and that is really coming to fruition now, where we have multiple tendering activities, and we are actually performing multiple projects in Indonesia at this time. And then Australia. Australia is a major LNG producer and exporter, and they will be going through multiple rounds, including, as we mentioned in our prepared remarks, the Chevron Gorgon Stage 3 project, which is all brownfield projects to supply gas to the existing LNG infrastructure in Australia.

So a long answer to say, Alexa, it really is heating up around the world. It really is not region-specific. I want to throw in the Paleogene, I would be wrong not to, in the US Gulf. It continues to surprise to the upside in terms of activity.

We also made a note in the prepared remarks about a very important relationship and agreement that we signed with bp to be their exclusive provider for the 20K systems in the Paleogene. So really, geographically, it is ramping up quite broadly.

Alexa Petrick - *Goldman Sachs International - Analyst*

That is very helpful. Thank you. Just a follow-up, as we look at the projects that are entering backlog today versus work being executed, can you give any color on how commercial terms or pricing are comparing, and then, how should we think about margins thereafter?

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

No, it's an important question, Alexa, and I am happy to share with you that the new work or the inbound that we are putting in the backlog is accretive to the backlog margins. This is really because of the work that we are doing to help our customers be successful by reducing cycle time, improving their project economics, which allows us to share in a portion of that economic value that we create. So it's a true win-win.

Operator

Scott Gruber, Citigroup.

Scott Gruber - *Citi Infrastructure Investments LLC - Analyst*

Doug, you mentioned that the step-up in subsea orders is here, but I am curious whether that step-up that you see into 2027, and we will ignore the timing issues around year-end. But is that volume step-up within the ballpark of what you would have expected at the start of the year, or has that gotten better given the macro backdrop? I am asking because earlier this week, an offshore driller suggested they had not seen much of a cyclical response yet.

So I am wondering your perspective on that and whether the secular trend is really going to dominate here and the macro will help essentially extend that trend, rather than add a material cyclical element to the order cadence. So just curious your thoughts on that.

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

Sure, Scott. Good morning. As I've said in the past, I'm not a driller. I don't drill. So I don't want to speak on their behalf, and I've also made it a point to emphasize, as has proven to be the case, we're a leading indicator when you look at the offshore and the deepwater. Our projects are typically awarded one to two years before the drillers get a tender or get an ITT.

So just keep that in the back of your mind. To more specifically answer your question, I do see this as a structural change. I don't see this as a cyclical change. It's not being driven by any particular event. Yes, as I pointed out, due to some of the geopolitical events that are happening around the world, it is driving customers' choices of where they spend their capital, and it's also driving host nations or the consumers to decide where they acquire their energy from. I do think that there's an attribute of that embedded, but I certainly don't think that that's the primary driver.

This is a structural change that we've been talking about for years. It was coming. It's a result of the ability that we've been able to demonstrate through iEPCI and Subsea 2.0 to be able to help our customers improve the economics of offshore developments. It's not just the upfront economics, it's the delivered economics. Often, the upfront economics worked on paper, but what was delivered was often over schedule and over budget.

We have a consistent track record of delivering on schedule or ahead of schedule, giving our customers the benefit of accelerated time to first oil and improved project economics. So in other words, their confidence in moving their capital towards the offshore is back, and I don't see it changing as a result of any other geopolitical play that's out there in the world today. And it's really because the best reservoirs, barring some reservoirs in the Middle East, are offshore. And those are the ones that they have access to.

So you have high-quality reservoirs with very solid economics. You just needed to know that you could work with companies that shared the commitment to delivering these projects on time and at an economic rate that made them successful.

This is why you see our customers' buying behavior changing. The fact that 80%, 80% of our business is being direct awarded to our company. It's not going out to a competitive tender. The fact that our customers are booking us multiple projects at a time, not just one, but today's project plus tomorrow's, plus the next day's project, because they want to ensure that they have access to the innovation that we're driving in the subsea industry, all supported, and important to say, by the way that we work.

We were very pleased to receive the award we received from Petrobras, identifying us as their top ESG company that they work with. How you do business is as important as what you do. Look, this is, as we're calling it, a sustained wave of activity. It's just where capital is flowing. And the capital is flowing to the offshore for economic reasons. It's flowing to the offshore for energy security reasons, and it's flowing to the offshore because our customers have confidence that we can bring these projects to completion for them in a positive way.

Scott Gruber - *Citi Infrastructure Investments LLC - Analyst*

I appreciate that color. It makes a ton of sense. My follow up is on margins for next year. Is there much benefit from the next phase of the iEPCI 2.0 initiative, the SURF portion? Is there much benefit from that hitting in the 2027 margin guidance? Or is that still more on to come?

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

Scott, I'm smiling, Scott, because I thought this question was going to come up a lot earlier in the queue. So thank you for bringing it up.

Look, I am actually going to pivot back to Mark's question earlier when he acknowledged the phenomenon. I think in his own words, I think he said strong performance in terms of a 50% incremental margin. That's something you don't expect in the industry from the companies that you follow, and Alf explained why that was.

Your follow up is a perfect follow-up to that question because I will tell you, in that 50% incremental margin, we're not counting on the iEPCI 2.0 contribution. So imagine that. Just imagine that, Scott. So it is more to come. I'm not saying that we won't be talking more about iEPCI 2.0. Obviously, we'll continue to provide updates. I can tell you it's moving very well. We continue to have strong success in the testing that we're doing and in the field trials that we're doing. So it's moving in the right direction. But no, we did not embed that.

I'm not saying that would necessarily be upside to 2027. But as you look at 2027 and beyond, that's a whole other wave of margin contribution that we are not experiencing today. And as importantly, and I always like to talk about a win-win, it's a whole other wave of cycle time reduction that our customers aren't experiencing today.

So they are going to win because we are going to continue to drive down cycle time, simplify the complexity that remains in the non-industrialized portion of the Subsea offering, which will be addressed in our iEPCI 2.0 offering, giving them much improved project economics and allowing us to continue to share in that economic value that we create.

Scott Gruber - *Citi Infrastructure Investments LLC - Analyst*

Well, thanks. Every once in a while, we do see 50% incrementals. We just don't see people sustain it for multiple years. So congrats on that. I will turn it back. Thank you.

Operator

Josh Silverstein, UBS.

Josh Silverstein - *UBS AG - Analyst*

Maybe just sticking on the margin front here, really strong margins of the past two quarters. Outside of normal seasonality, is there some sort of expected big drop-off in the fourth quarter, or is there some sort of margin headwinds or mix change? Because it seems like you are already trending to the bottom half of the 2027 guide, just based on kind of normal seasonality. Thanks.

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

No, you shouldn't read too much into this. This is normal seasonality. In the fourth quarter, we experience a lower activity, particularly in places like the North Sea. We do take portions of our vessel fleet into maintenance and dry docking, and those things affect utilization. But

it's actually timed with the fact that there is lower activity going on. That is really the main reason of why you're seeing this. There's nothing specifically pronounced about it more than that activity is going on in the fourth quarter.

Josh Silverstein - UBS AG - Analyst

Got it. And then you guys have specifically highlighted kind of a customer shift towards this portfolio-based offshore development approach. You talked about the PETRONAS collaboration, the bp MOU there. Where are you seeing customers adopt this portfolio-wide development versus the individual projects, and how does that change your kind of view on visibility and pricing and market share?

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

Josh, I would put it this way. I think every client is thinking about it. And not every client has a portfolio, right? Clients have different sets of opportunities. So it may be more applicable for some clients than others, and I think every one of them is considering it. Just -- I can say that because of the discussions that we're having with them. It's applicable anywhere where they have the visibility and the portfolio within their own scope of assets to be able to approach the market in this way.

So you see it in mature basins because there tends to be more assets available within those mature basins. But then you also see it occurring in emerging basins, like the Paleogene is an emerging basin. So there you had bp take a very proactive approach. We're seeing it in greenfield and brownfield, again, pointing to Equinor on the Norwegian continental shelf, who's doing it with their brownfield portfolio.

So it really is and we have clients that are doing it not just within one basin. Because of Subsea 2.0 being a configure-to-order or more standardized product, we have customers who have multiple assets and multiple geographies approaching us in a portfolio approach cross-geography because the core of the Subsea 2.0 configure-to-order system is standardized, so they're able to do that.

So the technology is enabling this type of buying behavior. But I also think our performance is enabling this type of buying behavior because a customer is not going to entrust you with multiple projects in the future if they don't think you're going to perform well on the project you're doing today.

And if we are being honest with ourselves, the industry didn't have a great track record in the past. When you are still in a 1.0 world and still doing work the old way, you haven't transformed as TechnipFMC has, it's hard to be predictable in your execution performance. It's just hard. You are in a bespoke world. You are doing many first articles. It's really hard to have that level of consistency.

So I think it's a combination of the customer's behavior -- their asset base and their behavior, our performance, and our technology that is enabling this approach. I will tell you, it's very favorable for both parties. Again, we believe in a win-win. We don't believe we have to win at our customer's demise. It's important for us that our customers continue to win because we want offshore to continue to be strong.

Operator

Marc Bianchi, TD Cowen.

Marc Bianchi - Cowen and Company LLC - Analyst

Doug, I appreciate the expectation for this step up here in the orders. If I look at the year-to-date orders, they have trended, I think, below certainly what we would have expected, perhaps what you were expecting.

Is there anything you can point to thematically that was maybe affecting some of the order conversion over the course of this year that you see changing? I don't know. One thing I have in mind is obviously there's this war going on, and maybe folks are dragging their feet a bit, but just anything thematic that you would point to?

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

No, Mark. Actually, if you go back, I guess probably about a year ago now, back in 2025, we said that 2026 was going to be a bunch of smaller awards. And just think about it statistically, a bunch of smaller awards, harder to predict the exact timing of those awards. So really, it's just been a timing issue. You see it in our -- again, this quarter, three announced awards, but \$2.1 billion of inbound. So lots of unannounced awards, which just means there's been a lot of smaller awards.

I think last quarter or two quarters ago, I pointed to the fact that 2027, we were going to start to see some of the larger orders really through the end of the decade. And those are shaping up, as I was responding to Alexa's question earlier.

So it was really just a mix of the type of opportunities that we've been chasing. The team's been working really hard. We've been very successful. It's just a bunch of smaller awards, and therefore, they tend to spread out a bit more on you.

Marc Bianchi - *Cowen and Company LLC - Analyst*

Yeah. Okay. And then the other one I have is on looking at 2027 and the Subsea revenue guidance, it's about a 5% increase. I am curious, that makes perfect sense just given the backlog scheduling you have. But I was wondering about the services piece of that, because I think over the past couple of years, you've said that's going to grow in line with broader Subsea revenue, which is kind of like a double-digit rate. Is services still growing at that double-digit rate in the 2027 outlook that you've provided?

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

So again, I think at this point in time, and we'll obviously be able to provide further updates as the year goes on. But I think it's a reasonable assumption to continue to look at services growing kind of in line with the growth of the overall segment at this point in time.

Operator

Victoria McCulloch, RBC.

Victoria McCulloch - *RBC Capital Markets Inc - Analyst*

I guess my question actually is a good follow-on from that previous one, because when you look at the contribution that services has made that have certainly taken, or I guess, got some highlighted in today's results, how does the magnitude of the contribution and the margin profiles of the services contribution compare to where you expect to be 12 months ago?

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

Good question, Victoria. I don't know that it's much different than what we had expected. We have -- it's an OEM model, as you know, and so we have a lot of visibility into our services profile. It is more of a book-and-turn than a backlog business. But it's still, because it's an OEM model, we service our equipment. We have standard maintenance programs for that, so we're able to predict it fairly well.

So I don't know that there's anything necessarily unusual. We did see, for instance, a strong pickup in our well intervention business in the third quarter. That's something that we could potentially see more of as we move forward, where customers are really trying to optimize their existing well bores. And the way -- one way they can do that is with a drilling rig. The other way is to use one of our service vessels to be able to do that. We are seeing an uptick there.

I would not say anything that particularly stands out, Victoria. It is a very good, very solid, very sustainable, and a strong margin contribution business for us and one that we continue to invest in and grow.

Operator

Derek Podhaizer, Piper Sandler.

Derek Podhaizer - Piper Jaffray Inc - Senior Research Analyst

I know you have been talking about this throughout the course of the call, but maybe this is a nuance, but something I picked up on in the release was you talked about the strength extending beyond the decade with this wave of activity, and I feel like previously you have talked about strength towards the end of the decade.

Again, maybe pretty nuanced, but could you help unpack that comment for us? Just a reflection of the continued momentum that you have seen over the past three years? Or again, has anything changed recently to extend your visibility beyond the end of the decade?

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

Well, thank you, Derek, and good morning. Look, the biggest thing that is driving our confidence to make that, and you are right, it was a pivot in terms of the terminology that we have been using, is the portfolio approach. I mean, a project today is going to be delivered sometime just prior to the end of the decade. So when you are talking about a portfolio approach and where customers are buying multiple projects in series from us, another way of saying that is beyond the end of the decade. So that is what is giving us greater confidence.

And as I mentioned a couple of times on the call, we are seeing customers potentially reconsider the allocation of their capital and looking at offshore, both from the ability to be able to replenish reserves, the economics that are there now, and the certainty that we are providing them, as mentioned earlier, as well as wanting to have maybe a more diversified distribution of their capital geographically.

And we are also seeing host nations are really driving to pursue their own hydrocarbon reserves for their own energy security. You see that a lot in Asia, as an example. We mentioned an award from PETRONAS in Malaysia, we talked about Indonesia earlier on the call, et cetera. So it is a combination of those things, Derek, that are just making it increasingly visible to us that this activity, we are either booking beyond the end of the decade already, or we see a clear path to do so.

I am going to go all the way back to Scott's comment. This is not the best we can do. We still have two-thirds of our subsea infrastructure or the subsea project that we have not industrialized yet. That is what we are working on. That is what will be called iEPCI 2.0. That is going to bring a whole other wave of improvement in economics for our clients and for TechnipFMC.

Derek Podhaizer - Piper Jaffray Inc - Senior Research Analyst

No, that is great and very helpful. I know you have already been asked about the iEPCI 2.0, you just mentioned it again. I think the other upcoming catalyst that you leave a little breadcrumbs for us is around your partnerships with some of these startups that are looking to move markets from the onshore to the subsea. Just wanted to give you an opportunity if there is any updates there? Or are still this is more of a stay tuned event?

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

No, that's clearly happening today, and there was a couple of articles recently. I don't want to comment on them because they were in the media, but I don't know that they were necessarily a press release from the client. But they're out there in the public domain where there are independent operators that are coming to TechnipFMC in a direct award as a result of our iEPCI and our Subsea 2.0 offering. And their belief, again, that we will continue to drive this industrialization and innovation for the industry as we go forward.

So as mentioned previously, in years past, our total client mix was between 9 and 12 clients a year, and we now service anywhere from 30 to 40 clients in any given year. And that market, they continue to expand the market as well as they bring fresh capital into the market.

Operator

We have reached the end of the call. I'll now turn the call back to Matt for closing remarks.

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

Thank you, Matt. This concludes our conference call. A replay of the call 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 reach out to the investor relations team. Thank you for joining us. Matt, you may now end the call.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2026, LSEG. All Rights Reserved.