

Opportunities in the Current LNG Investment Cycle

Wells Fargo LNG & OFS Forum
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May 16, 2019



Disclaimer

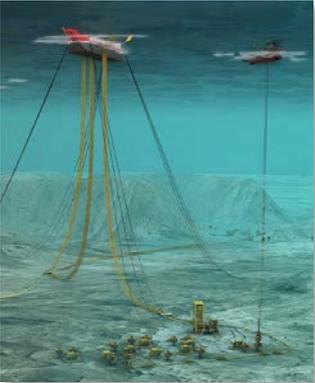
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TechnipFMC across the gas value chain



Associated Gas
Oil/Gas Field Facilities including shale gas
Non-Associated Gas



Gas Processing

Propane and heavier
LPG
Condensate

Methane (C₁)

Ethane (C₂)

Onshore Liquefaction

Yamal LNG, Russia

Hanas LNG, China

Offshore Liquefaction

Petronas FLNG Satu

GTL
Gas to Liquids



Steam cracker (Ethylene)

Petrochemicals
- Ammonia/Urea
- Hydrogen
- Polyethylene
- Polyvinyl chloride



Indicates FTI scope

LNG = Liquefied natural gas
FLNG = Floating LNG

LNG is one of the fastest growing oil and gas markets



Upstream



Pipelines



Treatment, liquefaction
and export terminal



Shipping



Regasification terminal



Distribution

Liquefaction train capacity
reached ~8 Mtpa

Emergence of offshore
(FLNG)

Feasibility of large-scale
modularization

Large capital investments with low risk development strategies

- ▶ Long-term offtake agreements; established technologies
- ▶ High barriers to entry; established players with proven execution track record
- ▶ EPC / EPCM contracts; risk mitigation – conservative industry

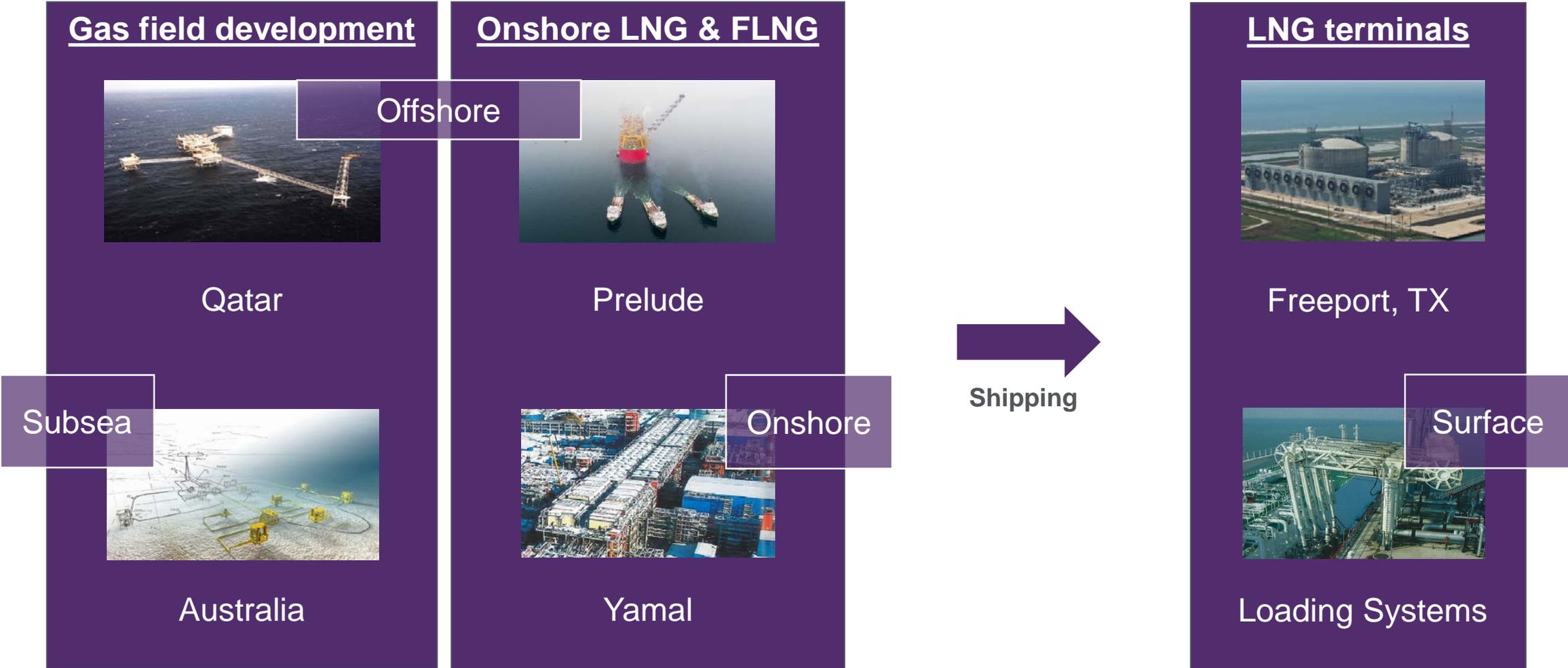
The future growth path for LNG

- ▶ Lower cost solutions for onshore and offshore liquefaction; offshore competitiveness comparable to onshore
- ▶ The emergence of small to mid-scale LNG

➤ **Since 2000, LNG trade has almost tripled in size from 100 Mtpa to around 320 Mtpa; ~7% CAGR**

EPC = Engineering, procurement and construction
EPCM = Engineering, procurement and construction management
Mtpa = million tonnes per annum

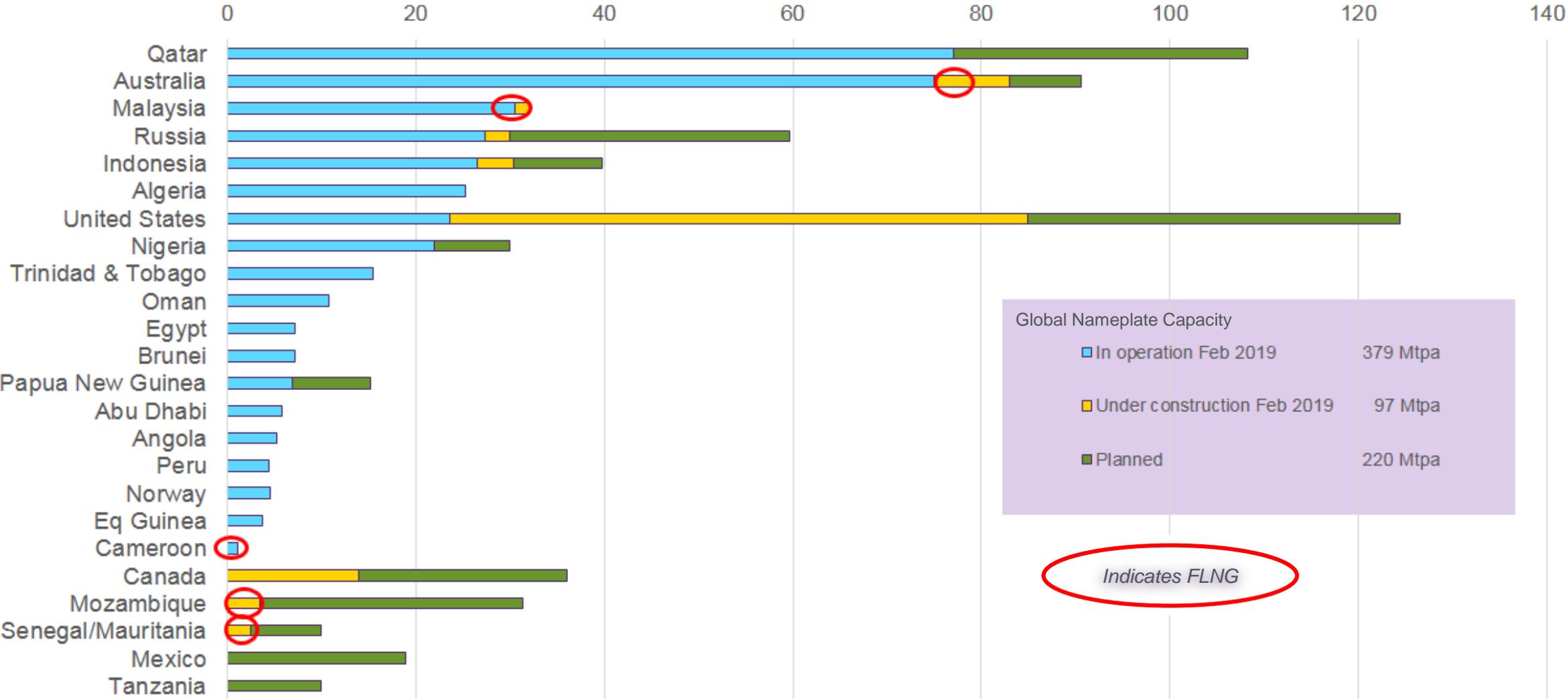
TechnipFMC portfolio encompasses three links of the LNG chain



Market overview and prospect selection

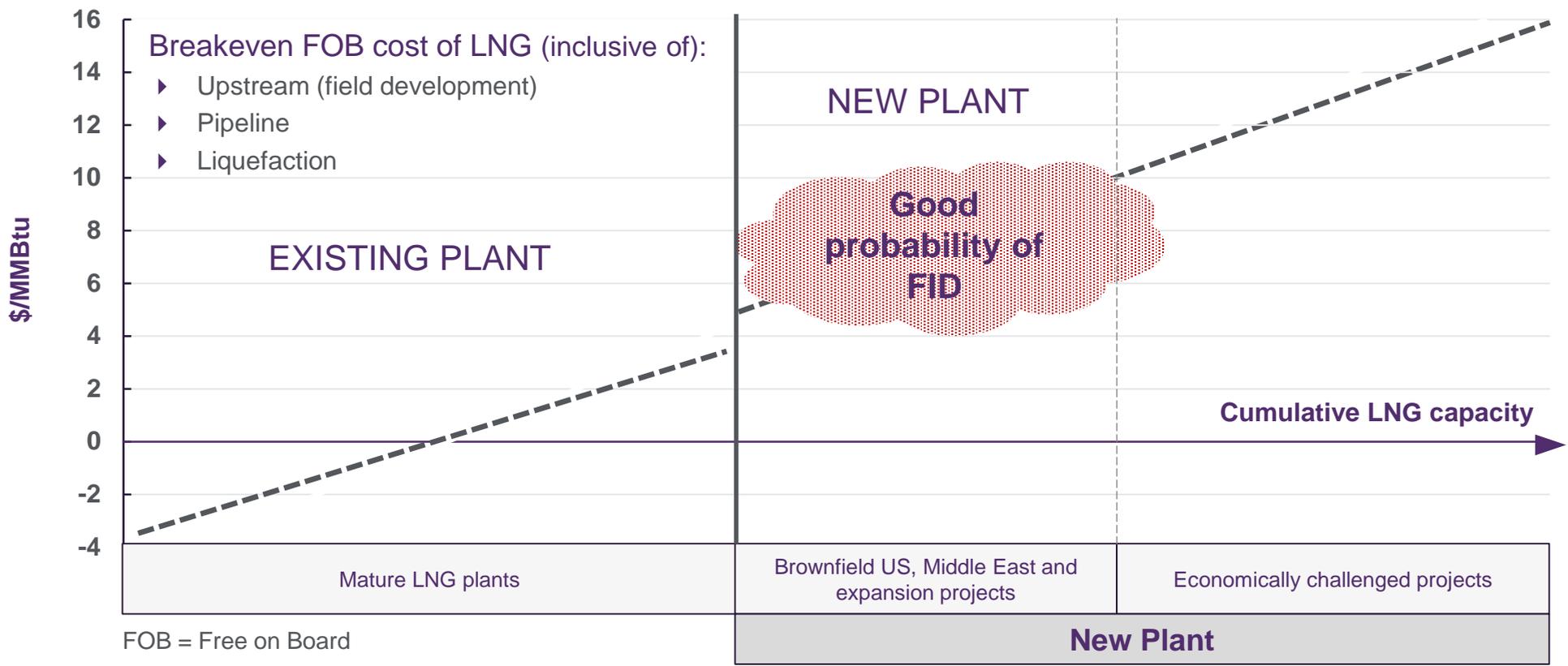
Future onshore LNG and FLNG export projects

Estimated world liquefaction capacity (Mtpa)



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Focused on LNG prospect viability



➤ Only the most profitable projects are likely to move forward

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Focused on LNG prospect quality

Identifying quality prospects

Early engagement,
incumbent position

Robust technology

Evaluation
criteria

Client relationship,
local presence

Partner selection

Flexible contracts and execution plans

- ▶ **Contract type dependent upon individual project profiles**
 - LSTK - lump-sum turnkey
 - Convertible - open book estimate to lump-sum
 - Hybrid - utilizing both a lump-sum (typically engineering and procurement) and reimbursable (typically construction) contract structure
- ▶ **Project methodology to support execution**
 - Traditional on-site build where adequate local construction capability and capacity exists
 - Modularization where remote location or resource constraints create challenges; TechnipFMC has demonstrated capability in design and management

Focused on LNG project execution

Project owner



Project manager



TechnipFMC
(in Joint Venture)

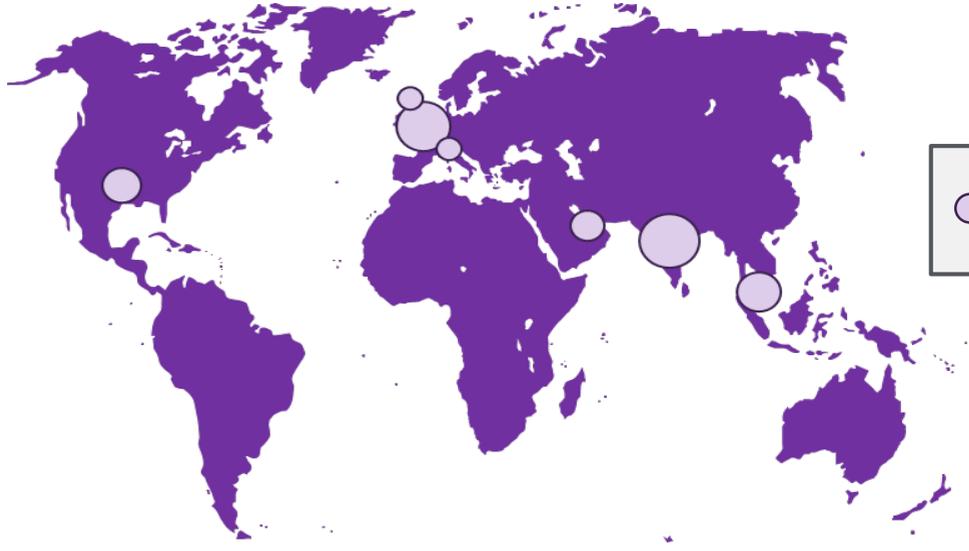


Supply chain

Itemized equipment suppliers	Bulk equipment suppliers	Construction companies
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Project management oversees the supply chain

- ▶ **Multi-center execution**
Leverage regional engineering capabilities to support multi-project execution
- ▶ **Sourcing and procurement**
Global function that ensures safety, quality, on-time delivery and cost performance
- ▶ **Yard selection and supervision**
Ensure appropriate yard supervision / logistics expertise; industrialize mega-module fabrication
- ▶ **Construction management**
Sub-contractor selection; risk mitigation supported by robust systems, processes and analytics



● TechnipFMC operating centers contributing to LNG projects

New cost-effective delivery models

Modularization

Mid-scale LNG

Floating LNG (FLNG)

Modularization – onshore export terminals on an unprecedented scale

Yamal LNG, Russia

- 16.5 Mtpa delivered ahead of schedule
- Start-up of Train 1 in 2017; Trains 2 and 3 in 2018
- Only four months between trains 2 and 3 start-up
- All 3 trains operating at full capacity

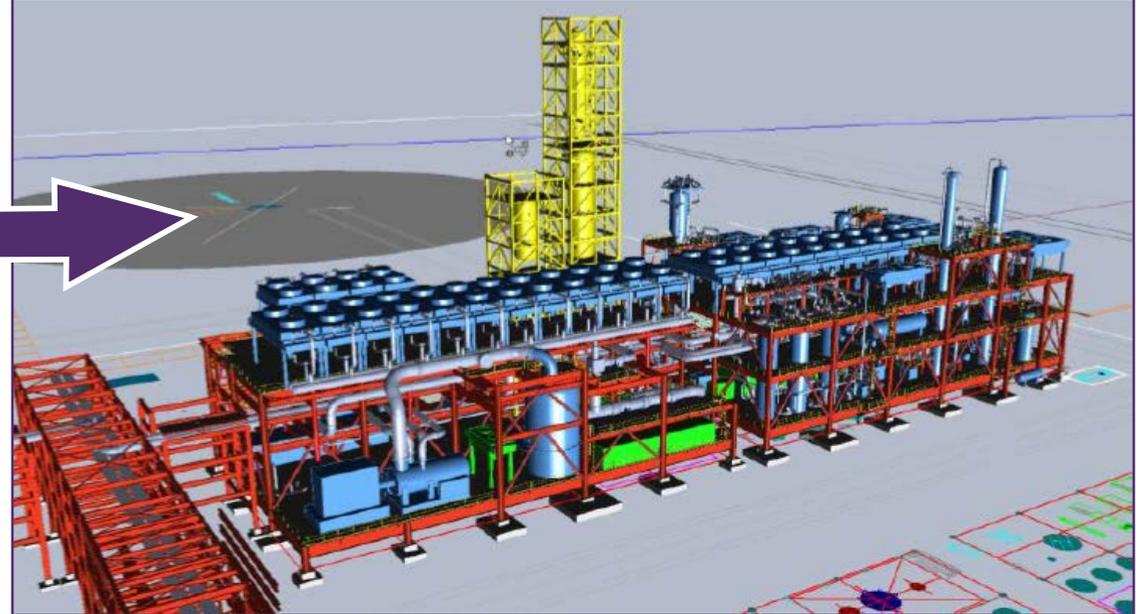
Mid-scale LNG – standardized, modularized solutions

Ningxia Hanas LNG, China



- Mid-scale LNG with capacity of 2 x 0.4 Mtpa
- AP-SMR™ natural gas liquefaction process technology
- Electric motor driven; air cooled
- Completed in 2011

New EPF solutions



- Standardized, modularized design based on TechnipFMC delivered reference projects
- Capacity range of 1 to 3 Mtpa
- Provides greater certainty of cost and schedule
- Utilizes low-cost equipment and fabrication yards
- Well-suited for remote locations or resource-constrained areas such as the US Gulf Coast
- Available in 2019

EPF = Engineering, Procurement, Fabrication

FLNG – market leader

- **World's first** FLNG delivered for Petronas Satu in Malaysia
- **World's largest floating vessel** Shell Prelude in Australia
- **New frontier** ENI Coral in Mozambique



Well-positioned for the unfolding wave of LNG activity

Select LNG opportunities

Targeting

5 Projects globally

Across

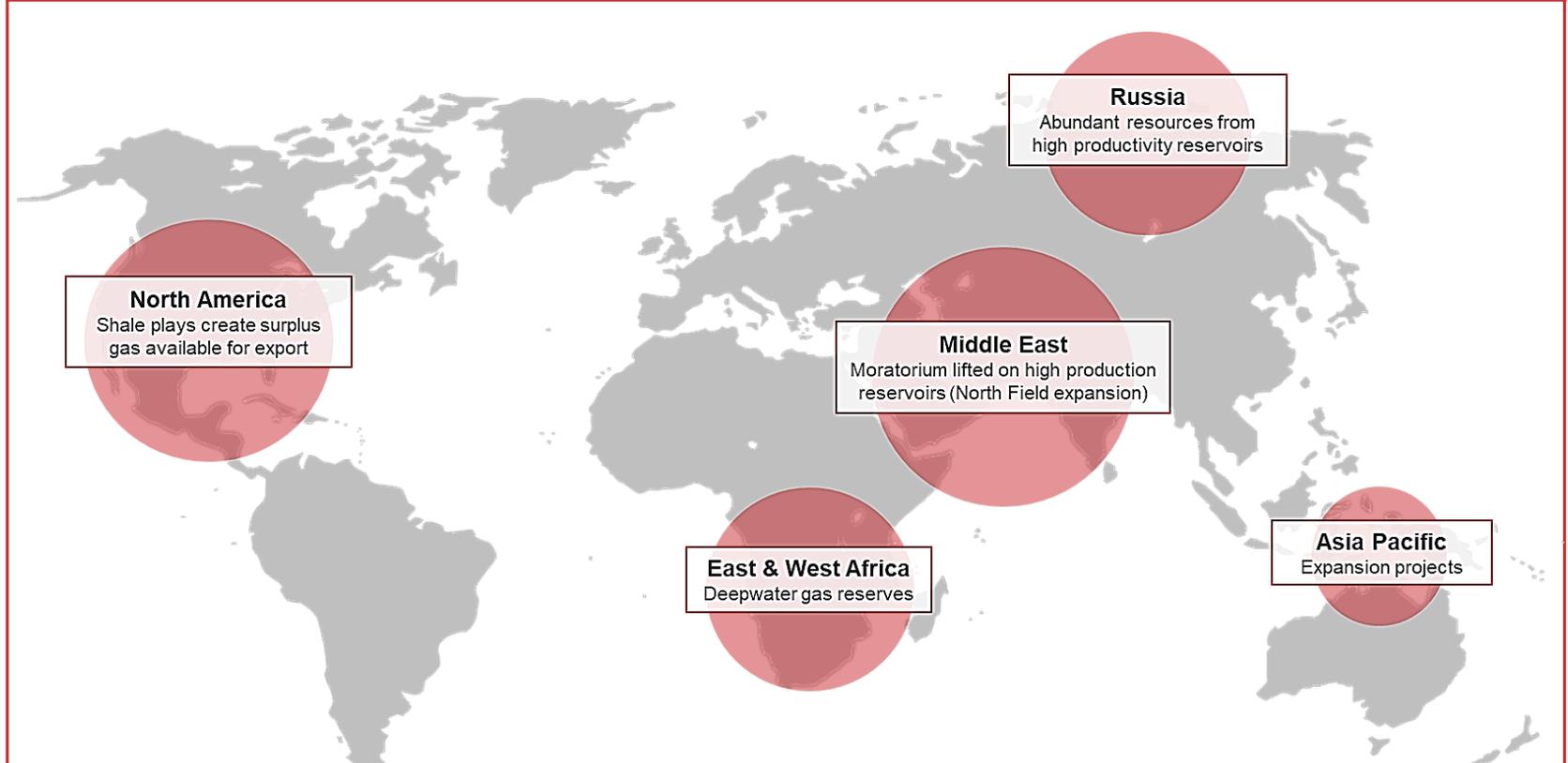
5 Countries

With

7 Strategic partners

- ▶ *Remain disciplined in project selection without compromising quality*

Well-positioned to capitalize on the growth in LNG



- ▶ *Outlook for increased demand; global LNG market re-energized after 3-year lull*
- ▶ *Multiple prospects in all relevant regions with large gas reserves*

Early customer engagement, demonstrated engineering competencies and collaboration provide competitive advantage

