Half-year Report

Août 7, 2018

LONDON--(BUSINESS WIRE)--

IFRS Financial Statements
for the half-year ended June 30, 2018

TECHNIPFMC PLC
Company No. 09909709

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Interim report to be read in conjunction with the Annual Report.

1 2018 INTERIM MANAGEMENT REPORT

1.1 HALF-YEAR RESULTS

BUSINESS OUTLOOK

Overall Outlook - Following the steep decline in pricing from prior years, the price of crude oil has been on a gradual upward trend since the cyclical trough experienced in early 2016. Though the price of crude oil remains quite volatile, the sustainability of the price recovery and business activity levels is dependent on several variables, including geopolitical stability, OPEC's actions to regulate its production capacity, changes in demand patterns and international sanctions and tariffs. However, as long-term demand is forecasted to rise and base production continues to naturally decline, we believe commodity prices should demonstrate an ongoing ability for continued improvement, providing our customers with greater confidence to increase their investments in new sources of oil and natural gas production.

Subsea - The impact of the low crude oil price environment over the last two years led many of our customers to reduce their capital spending plans or defer new offshore projects. We began to reduce our workforce and adjust manufacturing capacity in 2016 to align our operations with the anticipated decreases in activity due to delayed Subsea project inbound orders, and to mitigate the impact of the activity decline on our operating margin. We continued such actions in 2017 and we have been realizing the benefits from these restructuring actions by attaining more cost-effective manufacturing. We have taken additional actions in 2018, but have balanced reductions against increased market activity levels that have been materializing as a result of the improved industry economic environment, which is leading to our expectations for increased order activity going forward. The operational improvements and cost reductions made in prior years are providing us with the capability to respond to such an increase in order activity despite the reductions in both personnel and manufacturing capacity. We also recognize the need to continue to invest in our people to ensure that we preserve the core competencies and capabilities that historically delivered strong results and will be necessary for continued success during the market recovery. Our customers are continuing to take aggressive actions to improve their project economics and to capitalize on the oil and gas prices. There is always risk of project sanctioning delays, however, as described above, project economics have improved, and consequently, many offshore discoveries are being developed economically at today's crude oil prices. Accordingly, we continue to work closely with our customers through early engagement in front-end studies and the use of our unique integrated approach to subsea development -- integrated engineering, procurement, construction and installation ("iEPCI™"), to support clients' initiatives to improve project economics. iEPCI™ offers integrated solutions for subsea project developments, helping to reduce cost and accelerate time to first oil. In the long term, we continue to believe that offshore and deepwater developments will remain a significant part of our customers' portfolios.

Onshore/Offshore - The offshore market faces many of the same constraints as the Subsea business due to lingering industry challenges to improve project economics. Meanwhile, onshore market activity continues to provide a tangible set of opportunities, and in particular for natural gas projects, as natural gas continues to take a larger share of global energy demand. Activity in liquefied natural gas ("LNG") is fueled by the potential for growing demand and the expectation for sustained, modest natural gas prices, representing an important opportunity set for our business. We remain confident that the pace of LNG investments will continue to grow in the near and intermediate term. We also see opportunities for refining petrochemical and fertilizer projects. As onshore market activity levels are improving, they provide our business with the opportunity to remain actively engaged in and pursue front-end engineering studies ("FEED") that provide the platform for early engagement with clients, which can significantly derisk project execution. Market opportunities for downstream FEED studies and full engineering, procurement and construction ("EPC") projects are most prevalent in the Middle East, Africa and Asia markets in LNG, refining and petrochemicals.

Surface Technologies - North America rig count and operating activity have steadily improved since the fall of 2016 and has continued through June of 2018. We have experienced increased demand for our products and services, particularly pressure control equipment, driven by this increased activity. When we look to the remainder of the year, we recognize that the pace of improvement in North America has the potential to slow going forward due to the take-out capability in the Permian along with uncertainties related to tariffs and price inflation. Activity in our international surface business has been strengthening, but continues to experience pressure from competitive pricing.

CONSOLIDATED RESULTS OF OPERATIONS OF TECHNIPFMC PLC

SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	Six Months Ended June 30,		**Change**	
(In millions, except %)	**2018**	**2017**	**$**	**%**
Revenue	$ 6,098.9	$ 7,233.0	$ (1,134.1)	(15.7)
Costs and expenses				
Cost of sales	4,955.0	6,140.9	(1,185.9)	(19.3)
Selling, general and administrative expense	609.3	545.2	64.1	11.8
Research and development expense	94.7	92.5	2.2	2.4
Impairment, restructuring and other expenses	23.1	(1.7)	24.8	n/a
Merger transaction and integration costs	14.6	32.4	(17.8)	(54.9)
Total costs and expenses	5,696.7	6,809.3	(1,112.6)	(16.3)
Other income (expense), net	(10.7)	21.8	(32.5)	(149.1)
Income from equity affiliates	52.6	22.1	30.5	138.0
Net interest expense	(145.5)	(157.7)	12.2	7.7
Income before income taxes	298.6	309.9	(11.3)	(3.6)
Provision for income taxes	108.8	162.1	(53.3)	(32.9)
Net income	189.8	147.8	42.0	28.4
Net (income) loss attributable to noncontrolling interests	(0.7)	2.3	(3.0)	(130.4)
Net income attributable to TechnipFMC plc	$ 189.1	$ 150.1	$ 39.0	26.0

Revenue

Revenue decreased $1,134.1 million or 15.7% in the first six months of 2018 compared to the prior-year period, primarily as a result of declining project activity. Subsea project activity declined in Africa, Asia Pacific and North America. The decline in Onshore/Offshore activity occurred as projects progressed toward completion, driven primarily by Yamal LNG. This activity was partially offset by an increase in Onshore/Offshore project activity in the Middle East and Asia Pacific, as well as increased revenue in our Surface Technologies business due to the North American land market recovery. The revenue growth was driven by strong increase in demand for flowline, hydraulic fracturing, wellhead and well service pump equipment.

Gross Profit

Gross profit (revenue less cost of sales) increased as a percentage of sales to 18.8% in the first six months of 2018, from 15.1% in the prior-year period. The improvement in gross profit as a percentage of sales was primarily due to the reduction of cost of sales year-over-year as a result of the realization of a lower operating cost structure.

Selling, General and Administrative Expense

Selling, general and administrative expense increased $64.1 million year-over-year. The first six months of 2017 do not include FMC Technologies operations prior to the Merger date of January 17, 2017. FMC Technologies' selling general and administrative expenses for this period were $63.0 million. On a comparable basis, selling, general and administrative expense remained flat.

Impairment, Restructuring and Other Expense

Impairment, restructuring and other expense increased by $24.8 million year-over-year. Impairment, restructuring and other expense for the first six months of 2018 included $10.6 million of restructuring expense.

In recent years, we have implemented restructuring plans across our businesses to reduce costs and better align our workforce and our facilities with anticipated activity levels.

Merger Transaction and Integration Costs

We incurred Merger transaction and integration costs of $14.6 million during the first six months of 2018 due to the Merger. A significant portion of the expenses recorded in the period are related to transaction and leased facility termination fees, with a lower portion related to integration activities pertaining to combining the two legacy companies. See Note 2 to our consolidated financial statements of this Half-Year Report for more information

Other Income (expense), Net

Other income (expense), net, primarily reflects foreign currency gains and losses, including gains and losses associated with the remeasurement of net cash positions. In the first six months of 2018, we recognized $27.8 million of net foreign exchange losses, compared with $10.4 million of net foreign exchange losses in the prior year period.

Net Interest Expense

Net interest expense decreased $12.2 million in the first half of 2018 compared to 2017.

Provision for Income Taxes

Our income tax provisions for the first six months of 2018 and 2017 reflected effective tax rates of 36.4% and 52.3%, respectively. The year-over-year decrease in the effective tax rate was primarily due to favorable changes in forecasted earnings mix and reduced impact of current losses with no tax benefit.

The effective tax rate for the six months ended June 30, 2018 reflect the reduced U.S. federal corporate tax rate of 21% as a result of the Tax Cuts and Jobs Act. We also reflected provisional estimates related to the tax imposed on the deemed repatriation to the United States of the undistributed earnings of certain of our non-U.S. subsidiaries in 2017. During the first half of 2018, we did not make any adjustments to the provisional amounts. However, we are continuing to gather additional information to complete our accounting for this item. In addition, we are also assessing the other aspects of tax reform that apply in 2018, such as GILTI, BEAT, FDII, and the new limit on interest deductions. While applicable, the impacts are not expected to be significant during 2018 and we will continue to evaluate these provisions during subsequent quarters.

Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to higher tax rates than in the United Kingdom.

SEGMENT RESULTS OF OPERATIONS OF TECHNIPFMC PLC
SIX MONTHS ENDED JUNE 30, 2018 AND 2017

Segment operating profit is defined as total segment revenue less segment operating expenses. Certain items have been excluded in computing segment operating profit and are included in corporate items. See Note 3 to our condensed consolidated financial statements of this Half-Year Report for more information.

Subsea

	Six Months Ended June 30,		**Favorable/(Unfavorable)**	
(In millions, except % and pts.)	**2018**	**2017**	**$**	**%**
Revenue	$ 2,410.4	$ 3,107.0	(696.6)	(22.4)
Operating profit	$ 130.3	$ 290.3	(160.0)	(55.1)

Operating profit as a percentage of revenue	5.4 %	9.3 %		(3.9) pts.

Subsea revenue decreased $696.6 million year-over-year, primarily driven by projects in Asia Pacific, Africa and North America that progressed towards completion. Subsea revenue continues to be negatively impacted by prior period lower inbound orders related to the market downturn.

Subsea operating profit as a percentage of revenue decreased year-over-year, primarily due to the anticipated revenue decline, partially offset by Merger synergies and other cost reduction activities, and the successful conclusion of key project milestones.

Subsea operating profit for the first six months of 2018 included $14.3 million in restructuring, impairment and other severance charges.

Onshore/Offshore

	Six Months Ended June 30,		**Favorable/(Unfavorable)**	
(In millions, except % and pts.)	**2018**	**2017**	**$**	**%**
Revenue	$ 2,915.8	$ 3,576.9	(661.1)	(18.5)
Operating profit	$ 374.2	$ 346.5	27.7	8.0
Operating profit as a percentage of revenue	12.8 %	9.7 %		3.1 pts.

Onshore/Offshore revenue decreased $661.1 million year-over-year. The decrease was primarily driven by major projects, including Yamal LNG and BP Juniper, that progressed towards completion. This decrease was partially offset by achieving strong progress on ENOC's Jebel Ali refinery expansion project, Shell's Prelude FLNG and SOCAR's Azerikimya petrochemical projects.

Onshore/Offshore operating profit as a percentage of revenue increased year-over-year due to a favorable mix of project margins.

Operating profit in the first six months of 2018 was favorably impacted by $5.6 million of restructuring and other expense related to settlements on restructured projects and operations.

Surface Technologies

	Six Months Ended June 30,		**Favorable/(Unfavorable)**	
(In millions, except % and pts.)	**2018**	**2017**	**$**	**%**
Revenue	$ 772.7	$ 548.4	224.3	40.9
Operating profit (loss)	$ 80.3	$ (19.6)	99.9	n/a
Operating profit (loss) as a percentage of revenue	10.4 %	(3.6)%		14.0 pts.

Surface Technologies revenue increased $224.3 million year-over-year primarily driven by increased activity in the North American market. The solid growth in North America reflected increased demand for hydraulic fracturing services, wellhead systems and pressure control equipment and services. Outside of North America, revenues also increased year-over-year primarily driven by the Asia Pacific region.

Surface Technologies operating profit as a percentage of revenue increased significantly year-over-year. This increase was primarily driven by higher volume in North America and an improved cost structure, partially offset by continued international pricing pressures.

Operating profit in the first six months of 2018 compared to the first six months of 2017 was negatively impacted by an increase of $2.5 million related to impairment, restructuring and other severance charges.

INBOUND ORDERS AND ORDER BACKLOG

Inbound orders - Inbound orders represent the estimated sales value of confirmed customer orders received during the reporting period.

	Inbound Orders Six Months Ended June 30,	
(In millions of US dollars)	**2018**	**2017**
Subsea	$ 2,744.0	$ 2,439.0
Onshore/Offshore	4,150.4	1,785.7
Surface Technologies	824.3	517.8
Total inbound orders	$ 7,718.7	$ 4,742.5

Order backlog - Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. See *"Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations"* Note 7 to our condensed consolidated financial statements of this Half-Year Report for more information on order backlog.

(In millions of US dollars)	Order Backlog	
	June 30, 2018	December 31, 2017
Subsea	$ 6,177.0	$ 6,203.9
Onshore/Offshore	8,279.5	6,369.1
Surface Technologies	415.3	409.8
Total order backlog	$ 14,871.8	$ 12,982.8

Subsea - Order backlog for Subsea at June 30, 2018 decreased by $26.9 million compared to December 31, 2017. The decrease includes a one-time reduction of $50.8 million related to the adoption of International Financial Reporting Standard ("IFRS") 15. Subsea backlog of $6.2 billion at June 30, 2018 was composed of various Subsea projects, including Energean's Karish; Eni's Coral; Petrobras's PLSV service contracts and flexible pipe projects; VNG Norge's Fenja and Total's Kaombo.

Onshore/Offshore - Onshore/Offshore order backlog at June 30, 2018 increased by $1.9 billion compared to December 31, 2017. The increase includes a one-time adjustment of $800.8 million related to the adoption of IFRS 15. The adjustment is primarily related to additional revenue for future reimbursable work that is now included in backlog, reflecting a change in the timing of order recognition. Onshore/Offshore backlog of $8.3 billion was composed of various projects, including Yamal LNG; Hindustan Urvarak and Rasayan Limited's ("HURL") fertilizer projects; Energean's Karish; ENOC's Jebel Ali; Shell's Prelude FLNG; and Hindustan Petroleum Corporation Ltd.'s ("HPCL") Visakh Refinery.

Surface Technologies - Order backlog for Surface Technologies at June 30, 2018 increased by $5.5 million compared to December 31, 2017. The change includes a one-time reduction of $37.9 million related to the adoption of IFRS 15. Given the short-cycle nature of the business, most orders are quickly converted into sales revenue; longer contracts are typically converted within twelve months.

Non-consolidated backlog - Non-consolidated backlog reflects the proportional share of backlog related to joint ventures that is not consolidated due to our minority ownership position

(In millions of US dollars)	Non-consolidated backlog
	June 30, 2018
Subsea	$ 1,051.5
Onshore/Offshore	2,005.7
Total order backlog	$ 3,057.2

1.2 PRINCIPAL RISKS AND UNCERTAINTIES

You should carefully consider the specific risks and uncertainties set forth below and the other information contained within this Strategic Report, as these are important factors that could cause the Company's actual results, performance or achievements to differ materially from our expected or historical results. Some of the statements within this Strategic Report and in the Company's financial statements are "forward-looking" statements.

The Company has identified material weaknesses relating to internal control over financial reporting. If our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to further restate our financial results, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Management identified material weaknesses in the Company's internal control over financial reporting as of March 31, 2017 and December 31, 2017 as described in the Corporate Governance Report of the Company's U.K. Annual Report.

A material weakness is a deficiency, or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

As a result of the material weaknesses, management has concluded that our internal control over financial reporting was not effective as of December 31, 2017. In addition, as a result of these material weaknesses, our chief executive officer and chief financial officer have concluded that, as of December 31, 2017, our disclosure controls and procedures were not effective. Until these material weaknesses are remediated, they could lead to errors in our financial results and could have a material adverse effect on our financial condition, results of operations and cash flows.

If our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses or significant deficiencies in our disclosure controls and procedures or internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to further restate our financial results, which could have a material adverse effect on our financial condition, results of operations and cash flows, restrict our ability to access the capital markets, require significant resources to correct the weaknesses or deficiencies, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence and in the market price of our stock.

Additional material weaknesses or significant deficiencies in our internal control over financial reporting could be identified in the future. Any failure to

maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional significant deficiencies or material weaknesses, cause us to fail to meet our periodic reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting required under Section 404 of the U.S. Sarbanes-Oxley Act of 2002 and the rules promulgated under Section 404. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to a decline in our stock price.

We can give no assurances that the measures we have taken to date, or any future measures we may take, will remediate the material weaknesses identified or that any additional material weaknesses will not arise in the future due to our failure to implement and maintain adequate internal control over financial reporting. In addition, even if we are successful in strengthening in our controls and procedures, those controls and procedures may not be adequate to prevent or identify irregularities or ensure the fair and accurate presentation of our financial statements included in our periodic reports filed with the U.S. Securities and Exchange Commission.

Unanticipated changes relating to competitive factors in our industry, including ongoing industry consolidation, may impact our results of operations.

Our industry, including our customers and competitors, has experienced unanticipated changes in recent years. Moreover, the industry is undergoing vertical and horizontal consolidation to create economies of scale and control the value chain, which may affect demand for our products and services because of price concessions for our competitors or decreased customer capital spending. This consolidation activity could impact our ability to maintain market share, maintain or increase pricing for our products and services or negotiate favorable contract terms with our customers and suppliers, which could have a significant negative impact on our results of operations, financial condition or cash flows. We are unable to predict what effect consolidations and other competitive factors in the industry may have on prices, capital spending by our customers, our selling strategies, our competitive position, our ability to retain customers or our ability to negotiate favorable agreements with our customers.

Demand for our products and services depends on oil and gas industry activity and expenditure levels, which are directly affected by trends in the demand for and price of crude oil and natural gas.

We are substantially dependent on conditions in the oil and gas industry, including (i) the level of exploration, development and production activity, (ii) capital spending, and (iii) the processing of oil and natural gas in refining units, petrochemical sites and natural gas liquefaction plants by energy companies that are our customers. Any substantial or extended decline in these expenditures may result in the reduced pace of discovery and development of new reserves of oil and gas and the reduced exploration of existing wells, which could adversely affect demand for our products and services and, in certain instances, result in the cancellation, modification, or re-scheduling of existing orders in our backlog. These factors could have an adverse effect on our revenue and profitability. The level of exploration, development and production activity is directly affected by trends in oil and natural gas prices, which historically have been volatile and are likely to continue to be volatile in the future.

Factors affecting the prices of oil and natural gas include, but are not limited to, the following:

- demand for hydrocarbons, which is affected by worldwide population growth, economic growth rates and general economic and business conditions;
- costs of exploring for, producing and delivering oil and natural gas;
- political and economic uncertainty and socio-political unrest;
- government policies and subsidies;
- available excess production capacity within the Organization of Petroleum Exporting Countries ("OPEC") and the level of oil production by non-OPEC countries;
- oil refining capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- technological advances affecting energy consumption;
- potential acceleration of the development of alternative fuels;
- access to capital and credit markets, which may affect our customers' activity levels and spending for our products and services; and
- natural disasters.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for oilfield services and downward pressure on the prices we charge. The current downturn in the oil and gas industry, which began in 2014, has resulted in a reduction in demand for oilfield services and could further adversely affect our financial condition, results of operations or cash flows.

Our success depends on our ability to implement new technologies and services.

Our success depends on the ongoing development and implementation of new product designs, including the processes used by us to produce or market our products, and on our ability to protect and maintain critical intellectual property assets related to these developments. If we are not able to obtain patent, trade secret or other protection of our intellectual property rights, if our patents are unenforceable or the claims allowed under our patents are not sufficient to protect our technology, or if we are not able to adequately protect or patents or trade secrets, we may not be able to continue to develop our services, products and related technologies. Additionally, our competitors may be able to develop technology independently that is similar to ours without infringing on our patents or gaining access to our trade secrets. If any of these events occurs, we may be unable to meet evolving industry requirements or to do so at prices acceptable to our customers, which could adversely affect our financial condition, results of operations and cash flows.

The industries in which we operate or have operated expose us to potential liabilities, including the installation or use of our products, which may not be covered by insurance or may be in excess of policy limits, or for which expected recoveries may not be realized.

We are subject to potential liabilities arising from equipment malfunctions, equipment misuse, personal injuries and natural disasters, the occurrence of which may result in uncontrollable flows of gas or well fluids, fires and explosions. Although we have obtained insurance against many of these

risks, our insurance may not be adequate to cover our liabilities. Further, the insurance may not generally be available in the future or, if available, premiums may not be commercially justifiable. If we incur substantial liability and the damages are not covered by insurance or are in excess of policy limits, or if we were to incur liability at a time when we are not able to obtain liability insurance, such potential liabilities could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We may lose money on fixed-price contracts.

As customary for the types of businesses that we operate, we often agree to provide products and services under fixed-price contracts. We are subject to material risks in connection with such fixed-price contracts. It is not possible to estimate with complete certainty the final cost or margin of a project at the time of bidding or during the early phases of its execution. Actual expenses incurred in executing these fixed-price contracts can vary substantially from those originally anticipated for several reasons including, but not limited to, the following:

- unforeseen additional costs related to the purchase of substantial equipment necessary for contract fulfillment;
- mechanical failure of our production equipment and machinery;
- delays caused by local weather conditions and/or natural disasters (including earthquakes and floods); and
- a failure of suppliers or subcontractors to perform their contractual obligations.

The realization of any material risks and unforeseen circumstances could also lead to delays in the execution schedule of a project. We may be held liable to a customer should we fail to meet project milestones or deadlines or to comply with other contractual provisions. Additionally, delays in certain projects could lead to delays in subsequent projects for which production equipment and machinery currently being utilized on a project were intended.

Pursuant to the terms of fixed-price contracts, we are not always able to increase the price of the contract to reflect factors that were unforeseen at the time its bid was submitted. Depending on the size of a project, variations from estimated contract performance, or variations in multiple contracts, could have a significant impact on our financial condition, results of operations or cash flows.

New capital asset construction projects for vessels and plants are subject to risks, including delays and cost overruns, which could have a material adverse effect on our financial condition or results of operations.

We seek to continuously upgrade and develop our asset base. Such projects are subject to risks of delay and cost overruns that are inherent to any large construction project and are the result of numerous factors including, but not limited to, the following:

- shortages of key equipment, materials or skilled labor;
- unscheduled delays in the delivery or ordered materials and equipment;
- issues regarding the design and engineering; and
- shipyard delays and performance issues.

Failure to complete construction in time, or the inability to complete construction in accordance with its design specifications, may result in loss of revenue. Additionally, capital expenditures for construction projects could materially exceed the initially planned investments or can result in delays in putting such assets into operation.

Our failure to timely deliver our backlog could affect our future sales, profitability, and our relationships with our customers.

Many of the contracts we enter into with our customers require long manufacturing lead times due to complex technical and logistical requirements. These contracts may contain clauses related to liquidated damages or financial incentives regarding on-time delivery, and a failure by us to deliver in accordance with customer expectations could subject us to liquidated damages or loss of financial incentives, reduce our margins on these contracts or result in damage to existing customer relationships. The ability to meet customer delivery schedules for this backlog is dependent on a number of factors, including, but not limited to, access to the raw materials required for production, an adequately trained and capable workforce, subcontractor performance, project engineering expertise and execution, sufficient manufacturing plant capacity and appropriate planning and scheduling of manufacturing resources. Failure to deliver backlog in accordance with expectations could negatively impact our financial performance, particularly in light of the current industry environment where customers may seek to improve their returns or cash flows.

We face risks relating to our reliance on subcontractors, suppliers, and our joint venture partners.

We generally rely on subcontractors, suppliers and our joint venture partners for the performance of our contracts. Although we are not dependent upon any single supplier, certain geographic areas of our business or a project or group of projects may heavily depend on certain suppliers for raw materials or semi-finished goods.

Any difficulty faced by us in hiring suitable subcontractors or acquiring equipment and materials could compromise our ability to generate a significant margin on a project or to complete such project within the allocated timeframe. If subcontractors, suppliers or joint venture partners refuse to adhere to their contractual obligations with us or are unable to do so due to a deterioration of their financial condition, we may be unable to find a suitable replacement at a comparable price, or at all.

Moreover, the failure of one of our joint venture partners to perform their obligations in a timely and satisfactory manner could lead to additional obligations and costs being imposed on us as we would be potentially obligated to assume our defaulting partner's obligations. Based on these potential issues, we could be required to compensate our customers.

Any delay on the part of subcontractors, suppliers, or joint venture partners in the completion of work, any failure on the part of a subcontractor, supplier or joint venture partner to meet its obligations, or any other event attributable to a subcontractor, supplier or joint venture partner that is beyond our control or not foreseeable by us could lead to delays in the overall progress of the project and/or generate significant extra costs. Even if we were entitled to make a claim for these extra costs against the defaulting supplier, subcontractor or joint venture partner, we could be unable to recover the entirety of these costs and this could materially adversely affect our business, financial condition or results of operations.

Our businesses are dependent on the continuing services of certain of our key managers and employees.

We depend on key personnel. The loss of any key personnel could adversely impact our business if we are unable to implement key strategies or transactions in their absence. The loss of qualified employees or an inability to retain and motivate additional highly-skilled employees required for the operation and expansion of our business could hinder our ability to successfully conduct research activities and develop marketable products and services.

Pirates endanger our maritime employees and assets.

We face material piracy risks in the Gulf of Guinea, the Somali Basin and the Gulf of Aden, and, to a lesser extent, in Southeast Asia, Malacca and the Singapore Straits. Piracy represents a risk for both our projects and our vessels, which operate and transport through sensitive maritime areas. Such risks have the potential to significantly harm our crews and to negatively impact the execution schedule for our projects. If our maritime employees or assets are endangered, additional time may be required to find an alternative solution, which may delay project realization and negatively impact our business, financial condition, or results of operations.

Seasonal and weather conditions could adversely affect demand for our services and operations.

Our business may be materially affected by variation from normal weather patterns, such as cooler or warmer summers and winters. Adverse weather conditions, such as hurricanes in the Gulf of Mexico or extreme winter conditions in Canada, Russia and the North Sea, may interrupt or curtail our operations, or our customers' operations, cause supply disruptions or loss of productivity and may result in a loss of revenue or damage to our equipment and facilities, which may or may not be insured. Any of these events or outcomes could have a material adverse effect on our business, financial condition, cash flows and results of operations.

Due to the types of contracts we enter into and the markets in which we operate, the cumulative loss of several major contracts, customers or alliances may have an adverse effect on our results of operations.

We often enter into large, long-term contracts that, collectively, represent a significant portion of our revenue. These agreements, if terminated or breached, may have a larger impact on our operating results or our financial condition than shorter-term contracts due to the value at risk. Moreover, the global market for the production, transportation and transformation of hydrocarbons and by-products, as well as the other industrial markets in which we operate, is dominated by a small number of companies. As a result, our business relies on a limited number of customers. If we were to lose several key contracts, customers, or alliances over a relatively short period of time, we could experience a significant adverse impact on our financial condition, results of operations or cash flows.

Our operations require us to comply with numerous regulations, violations of which could have a material adverse effect on our financial condition, results of operations or cash flows.

Our operations and manufacturing activities are governed by international, regional transnational and national laws and regulations in every place where we operate relating to matters such as environmental, health and safety, labor and employment, import/export control, currency exchange, bribery and corruption and taxation. These laws and regulations are complex, frequently change and have tended to become more stringent over time. In the event the scope of these laws and regulations expand in the future, the incremental cost of compliance could adversely impact our financial condition, results of operations or cash flows.

Our international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act of 2010 (the "Bribery Act"), the Brazilian Anti-Bribery Act (also known as the Brazilian Clean Company Act) and economic and trade sanctions, including those administered by the United Nations, the European Union, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("U.S. Treasury") and the U.S. Department of State. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. We may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Economic and trade sanctions restrict our transactions or dealings with certain sanctioned countries, territories and designated persons.

As a result of doing business in foreign countries, including through partners and agents, we will be exposed to a risk of violating anti-corruption laws and sanctions regulations. Some of the international locations in which we will operate have developing legal systems and may have higher levels of corruption than more developed nations. Our continued expansion and worldwide operations, including in developing countries, our development of joint venture relationships worldwide and the employment of local agents in the countries in which we operate increases the risk of violations of anti-corruption laws and economic and trade sanctions. Violations of anti-corruption laws and economic and trade sanctions are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

While we believe we have a strong compliance program, including procedures to minimize and detect fraud in a timely manner, and continue efforts to improve our systems of internal controls, we can provide no assurance that the policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners, and, as a result, we could be subject to penalties and material adverse consequences on our business, financial condition or results of operations.

Compliance with environmental laws and regulations may adversely affect our business and results of operations.

Environmental laws and regulations in various countries affect the equipment, systems and services we design, market and sell, as well as the facilities where we manufacture our equipment and systems. We are required to invest financial and managerial resources to comply with environmental laws and regulations and believe that we will continue to be required to do so in the future. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, or the issuance of orders enjoining our operations. These laws and regulations, as well as the adoption of new legal requirements or other laws and regulations affecting exploration and development of drilling for crude oil and natural gas, could adversely affect our business and operating results by increasing our costs, limiting the demand for our products and services or restricting our operations.

Disruptions in the political, regulatory, economic and social conditions of the countries in which we conduct business could adversely

affect our business or results of operations.

We operate in various countries across the world. Instability and unforeseen changes in any of the markets in which we conduct business, including economically and politically volatile areas such as North Africa, West Africa, the Middle East, and the Commonwealth of Independent States, could have an adverse effect on the demand for our services and products, our financial condition or our results of operations. These factors include, but are not limited to, the following:

- nationalization and expropriation;
- potentially burdensome taxation;
- inflationary and recessionary markets, including capital and equity markets;
- civil unrest, labor issues, political instability, terrorist attacks, cyber-terrorism, military activity and wars;
- supply disruptions in key oil producing countries;
- the ability of OPEC to set and maintain production levels and pricing;
- trade restrictions, trade protection measures or price controls;
- sanctions, such as restrictions by the United States against countries deemed to sponsor terrorism;
- foreign ownership restrictions;
- import or export licensing requirements;
- restrictions on operations, trade practices, trade partners and investment decisions resulting from domestic and foreign laws and regulations;
- regime changes;
- changes in, and the administration of, treaties, laws and regulations;
- inability to repatriate income or capital;
- reductions in the availability of qualified personnel;
- foreign currency fluctuations or currency restrictions; and
- fluctuations in the interest rate component of forward foreign currency rates.

DTC and Euroclear Paris may cease to act as depository and clearing agencies for our shares.

Our shares were issued into the facilities of The Depository Trust Company ("DTC") with respect to shares listed on the NYSE and Euroclear with respect to shares listed on Euronext Paris (DTC and Euroclear being referred to as the "Clearance Services"). The Clearance Services are widely used mechanisms that allow for rapid electronic transfers of securities between the participants in their respective systems, which include many large banks and brokerage firms. The Clearance Services have general discretion to cease to act as a depository and clearing agencies for our shares. If either of the Clearance Services determine at any time that our shares are not eligible for continued deposit and clearance within its facilities, then we believe that our shares would not be eligible for continued listing on the NYSE or Euronext Paris, as applicable, and trading in our shares would be disrupted. While we would pursue alternative arrangements to preserve the listing and maintain trading, any such disruption could have a material adverse effect on the trading price of our shares.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

We are based in the United Kingdom and have operational headquarters in Paris, France; Houston, Texas, U.S.A.; and in London, United Kingdom, with worldwide operations, including material business operations in Europe. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum ("Brexit"). The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiated its withdrawal process in the first quarter of 2017. Nevertheless, Brexit has created significant uncertainty about the future relationship between the United Kingdom and the European Union and has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other E.U. member states to consider withdrawal.

These developments, or the perception that any of them could occur, could have a material adverse effect on global economic conditions and the stability of the global financial markets and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. Lack of clarity about applicable future laws, regulations or treaties as the United Kingdom negotiates the terms of a withdrawal, as well as the operation of any such rules pursuant to any withdrawal terms, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws, employment laws and other rules that would apply to us and our subsidiaries, could increase our costs, restrict our access to capital within the United Kingdom and the European Union, depress economic activity and decrease foreign direct investment in the United Kingdom. For example, withdrawal from the European Union could, depending on the negotiated terms of withdrawal, eliminate the benefit of certain tax-related E.U. directives currently applicable to U.K. companies such as us, including the Parent-Subsidiary Directive and the Interest and Royalties Directive, which could, subject to any relief under an available tax treaty, raise our tax costs.

If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other E.U. member states pursue withdrawal, barrier-free access between the United Kingdom and other E.U. member states or among the European Economic Area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

As an English public limited company, we must meet certain additional financial requirements before we may declare dividends or repurchase shares and certain capital structure decisions may require stockholder approval which may limit our flexibility to manage our capital structure.

Under English law, we will only be able to declare dividends, make distributions or repurchase shares (other than out of the proceeds of a new issuance of shares for that purpose) out of "distributable profits." Distributable profits are a company's accumulated, realized profits, to the extent that

they have not been previously utilized by distribution or capitalization, less its accumulated, realized losses, to the extent that they have not been previously written off in a reduction or reorganization of capital duly made. In addition, as a public limited company incorporated in England and Wales, we may only make a distribution if the amount of our net assets is not less than the aggregate of our called-up share capital and non-distributable reserves and if, to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

Following the Merger, we capitalized our reserves arising out of the Merger by the allotment and issuance by TechnipFMC plc of a bonus share, which was paid up using such reserves, such that the amount of such reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to our share premium account. We implemented a court-approved reduction of our capital by way of a cancellation of the bonus share and share premium account in the amount of $10,177,554,182, which completed on June 29, 2017, in order to create distributable profits to support the payment of possible future dividends or future share repurchases. Our articles of association permit us by ordinary resolution of the stockholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the Board of Directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring payment of a dividend, the directors are required under English law to comply with their duties, including considering our future financial requirements.

We may not be able to pay dividends or repurchase shares of our ordinary shares in accordance with our announced intent or at all.

The Board of Directors' determinations regarding dividends and share repurchases will depend on a variety of factors, including our net income, cash flow generated from operations or other sources, liquidity position and potential alternative uses of cash, such as acquisitions, as well as economic conditions and expected future financial results. Our ability to declare future dividends and make future share repurchases will depend on our future financial performance, which in turn depends on the successful implementation of our strategy and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand and selling prices for our products and services and other factors specific to our industry or specific projects, many of which are beyond our control. Therefore, our ability to generate cash depends on the performance of our operations and could be limited by decreases in our profitability or increases in costs, regulatory changes, capital expenditures or debt servicing requirements.

Any failure to pay dividends or repurchase shares of our ordinary shares could negatively impact our reputation, harm investor confidence in us, and cause the market price of our ordinary shares to decline.

Our existing and future debt may limit cash flow available to invest in the ongoing needs of our business and could prevent us from fulfilling our obligations under our outstanding debt.

We have substantial existing debt. As of June 30, 2018, after giving effect to the Merger, our total debt is $4.2 billion. We also have the capacity under our $2.5 billion credit facility and bilateral facilities to incur substantial additional debt. Our level of debt could have important consequences. For example, it could:

- make it more difficult for us to make payments on our debt;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, distributions and other general partnership purposes;
- increase our vulnerability to adverse economic or industry conditions;
- limit our ability to obtain additional financing to enable us to react to changes in our business; or
- place us at a competitive disadvantage compared to businesses in our industry that have less debt.

Additionally, any failure to meet required payments on our debt, or failure to comply with any covenants in the instruments governing our debt, could result in an event of default under the terms of those instruments. In the event of such default, the holders of such debt could elect to declare all the amounts outstanding under such instruments to be due and payable.

A downgrade in our debt rating could restrict our ability to access the capital markets.

The terms of our financing are, in part, dependent on the credit ratings assigned to our debt by independent credit rating agencies. We cannot provide assurance that any of our current credit ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency. Factors that may impact our credit ratings include debt levels, capital structure, planned asset purchases or sales, near- and long-term production growth opportunities, market position, liquidity, asset quality, cost structure, product mix, customer and geographic diversification and commodity price levels. A downgrade in our credit ratings, particularly to non-investment grade levels, could limit our ability to access the debt capital markets, refinance our existing debt or cause us to refinance or issue debt with less favorable terms and conditions.

Moreover, our revolving credit agreement includes an increase in interest rates if the ratings for our debt are downgraded, which could have an adverse effect on our results of operations. An increase in the level of our indebtedness and related interest costs may increase our vulnerability to adverse general economic and industry conditions and may affect our ability to obtain additional financing.

Uninsured claims and litigation against us, including intellectual property litigation, could adversely impact our financial condition, results of operations or cash flows.

We could be impacted by the outcome of pending litigation, as well as unexpected litigation or proceedings. We have insurance coverage against operating hazards, including product liability claims and personal injury claims related to our products or operating environments in which our employees operate, to the extent deemed prudent by our management and to the extent insurance is available. However, our insurance policies are subject to exclusions, limitations and other conditions and may not apply in all cases, for example where willful wrongdoing on our part is alleged. Additionally, the nature and amount of that insurance may not be sufficient to fully indemnify us against liabilities arising out of pending and future claims and litigation. Additionally, in individual circumstances, certain proceedings or cases may also lead to our formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. Our financial condition, results of operations or cash flows could be adversely affected by unexpected claims not covered by insurance.

In addition, the tools, techniques, methodologies, programs, and components we use to provide our services may infringe upon the intellectual

property rights of others. Infringement claims generally result in significant legal and other costs. The resolution of these claims could require us to enter into license agreements or develop alternative technologies. The development of these technologies or the payment of royalties under licenses from third parties, if available, would increase our costs. If a license were not available, or we are not able to develop alternative technologies, we might not be able to continue providing a particular service or product, which could adversely affect our financial condition, results of operations or cash flows.

Currency exchange rate fluctuations could adversely affect our financial condition, results of operations or cash flows.

We conduct operations around the world in many different currencies. Because a significant portion of our revenue is denominated in currencies other than our reporting currency, the U.S. dollar, changes in exchange rates will produce fluctuations in our revenue, costs and earnings and may also affect the book value of our assets and liabilities and related equity. Although we do not hedge translation impacts on earnings, we do hedge transaction impacts on margins and earnings where the transaction is not in the functional currency of the business unit. Our efforts to minimize our currency exposure through such hedging transactions may not be successful depending on market and business conditions. Moreover, certain currencies in which the Company trades, specifically currencies in countries such as Angola and Nigeria, do not actively trade in the global foreign exchange markets and may subject us to increased foreign currency exposures. As a result, fluctuations in foreign currency exchange rates may adversely affect our financial condition, results of operations or cash flows.

We may not realize the cost savings, synergies and other benefits expected from the Merger.

The combination of two independent companies is a complex, costly and time-consuming process. As a result, we will be required to devote significant management attention and resources to integrating the business practices and operations of Technip and FMC Technologies. The integration process may disrupt our businesses and, if ineffectively implemented, could preclude realization of the full benefits expected from the Merger. Our failure to meet the challenges involved in successfully integrating the operations of Technip and FMC Technologies or otherwise to realize the anticipated benefits of the Merger could cause an interruption of our operations and could seriously harm our results of operations. In addition, the overall integration of Technip and FMC Technologies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of client relationships and diversion of management's attention, and may cause our stock prices to decline. The difficulties of combining the operations of Technip and FMC Technologies include, but are not limited to, the following:

- managing a significantly larger company;
- coordinating geographically separate organizations;
- the potential diversion of management focus and resources from other strategic opportunities and from operational matters;
- aligning and executing our strategy;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- integrating two unique business cultures, which may prove to be incompatible;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating distribution and marketing efforts;
- integrating information technology ("IT"), communications and other systems;
- changes in applicable laws and regulations;
- managing tax costs or inefficiencies associated with integrating our operations;
- unforeseen expenses or delays associated with the Merger; and
- taking actions that may be required in connection with obtaining regulatory approvals.

Many of these factors will be outside our control and any one of them could result in increased costs, decreased revenue and diversion of management's time and energy, which could materially impact our business, financial condition and results of operations. In addition, even if the operations of Technip and FMC Technologies are successfully integrated, we may not realize the full benefits of the Merger, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. As a result, the combination of Technip and FMC Technologies may not result in the realization of the full benefits expected from the Merger.

We may incur significant Merger-related costs.

We have incurred and expect to incur many non-recurring direct and indirect costs associated with the Merger. In addition to the cost and expenses associated with the consummation of the Merger, there are also processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the Merger and the integration of Technip and FMC Technologies. While both Technip and FMC Technologies have assumed that a certain level of expenses would be incurred relating to the Merger and continue to assess the magnitude of these costs, there are many factors beyond our control that could affect the total amount or the timing of the integration and implementation expenses. There may also be significant additional unanticipated costs relating to the Merger that we may not recoup. These costs and expenses could reduce the realization of efficiencies and strategic benefits we expect to achieve from the Merger. Although we expect that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

A failure of our IT infrastructure, including as a result of cyber attacks, could adversely impact our business and results of operations.

The efficient operation of our business is dependent on our IT systems. Accordingly, we rely upon the capacity, reliability and security of our IT hardware and software infrastructure and our ability to expand and update this infrastructure in response to changing needs. Despite our implementation of security measures, our systems are vulnerable to damages from computer viruses, natural disasters, failures in hardware or software, power fluctuations, increasingly sophisticated cyber security threats such as unauthorized access to data and systems, loss or destruction of data (including confidential customer information), phishing, cyber attacks, human error and other similar disruptions. Additionally, we rely on third parties to support the operation of our IT hardware and software infrastructure, and in certain instances, utilize web-based applications.

Threats to our IT systems arise from numerous sources, not all of which are within our control, including fraud or malice on the part of third parties,

accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to our property or assets, or outbreaks of hostilities or terrorist acts. The failure of our IT systems or those of our vendors to perform as anticipated for any reason or any significant breach of security could disrupt our business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential and proprietary information, reputational harm, increased overhead costs and loss of important information, which could have a material adverse effect on our business and results of operations. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

The IRS may not agree that we should be treated as a foreign corporation for U.S. federal tax purposes and may seek to impose an excise tax on gains recognized by certain individuals.

Although we are incorporated in England and Wales, the U.S. Internal Revenue Service (the "IRS") may assert that we should be treated as a U.S. "domestic" corporation (and, therefore, a U.S. tax resident) for U.S. federal income tax purposes pursuant to Section 7874 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). For U.S. federal income tax purposes, a corporation is generally considered a U.S. "domestic" corporation (or U.S. tax resident) if it is organized in the United States, and a corporation is generally considered a "foreign" corporation (or non-U.S. tax resident) if it is not a U.S. domestic corporation. Because we are an entity incorporated in England and Wales, we would generally be classified as a foreign corporation (or non-U.S. tax resident) under these rules. Section 7874 of the Code ("Section 7874") provides an exception under which a foreign incorporated entity may, in certain circumstances, be treated as a U.S. domestic corporation for U.S. federal income tax purposes.

Unless we have satisfied the substantial business activities exception, as defined for purposes of Section 7874 and described in more detail below (the "Substantial Business Activities Exception"), we will be treated as a U.S. domestic corporation (that is, as a U.S. tax resident) for U.S. federal income tax purposes under Section 7874 if the percentage (by vote or value) of our shares considered to be held by former holders of shares of common stock of FMC Technologies (the "FMCTI Shares") after the Merger by reason of holding FMCTI Shares for purposes of Section 7874 (the "Section 7874 Percentage") is (i) 60% or more (if, as expected, the Third Country Rule (defined below) applies) or (ii) 80% or more (if the Third Country Rule does not apply). In order for us to satisfy the Substantial Business Exception, at least 25% of the employees (by headcount and compensation), real and tangible assets and gross income of our expanded affiliated group must be based, located and derived, respectively, in the United Kingdom. We do not expect to satisfy the Substantial Business Activities Exception. In addition, the IRS and the U.S. Treasury have issued a rule that generally provides that if (i) there is an acquisition of a domestic company by a foreign company in which the Section 7874 Percentage is at least 60%, and (ii) in a related acquisition, such foreign acquiring company acquires another foreign corporation and the foreign acquiring company is not subject to tax as a resident in the foreign country in which the acquired foreign corporation was subject to tax as a resident prior to the transactions, then the foreign acquiring company will be treated as a U.S. domestic company for U.S. federal income tax purposes (the "Third Country Rule"). Because we are a tax resident in the United Kingdom and not a tax resident in France as Technip was, we expect that we would be treated as a U.S. domestic corporation for U.S. federal income tax purposes under the Third Country Rule if the Section 7874 Percentage were at least 60%.

In addition, if the Section 7874 Percentage is calculated to be at least 60%, Section 7874 and the rules related thereto may impose an excise tax under Section 4985 of the Code (the "Section 4985 Excise Tax") on the gain recognized by certain "disqualified individuals" (including officers and directors of a U.S. company) on certain stock-based compensation held thereby at a rate equal to 15%, even if the Third Country Rule were to apply such that we were treated as a U.S. domestic corporation for U.S. federal income tax purposes. We may, if we determine that it is appropriate, provide disqualified individuals with a payment with respect to the excise tax, so that, on a net after-tax basis, they would be in the same position as if no such excise tax had been applied.

We believe that the Section 7874 Percentage was less than 60% such that the Third Country Rule is not expected to apply to us and the Section 4985 Excise Tax is not expected to apply to any such "disqualified individuals." However, the calculation of the Section 7874 Percentage is complex and is subject to detailed U.S. Treasury regulations (the application of which is uncertain in various respects and would be impacted by changes in such U.S. Treasury regulations). In addition, there can be no assurance that there will not be a change in law, including with retroactive effect, which might cause us to be treated as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, we cannot assure you that the IRS will agree with our position and/or would not successfully challenge our status as a foreign corporation.

U.S. tax laws and/or IRS guidance could affect our ability to engage in certain acquisition strategies and certain internal restructurings.

Even if we are treated as a foreign corporation for U.S. federal income tax purposes, Section 7874 and U.S. Treasury regulations promulgated thereunder may adversely affect our ability to engage in certain future acquisitions of U.S. businesses in exchange for our equity or to otherwise restructure the non-U.S. members of our group, which may affect the tax efficiencies that otherwise might be achieved in such potential future transactions or restructurings.

In addition, the IRS and the U.S. Treasury have issued final and temporary regulations providing that, even if we are treated as a foreign corporation for U.S. federal income tax purposes, certain intercompany debt instruments issued on or after April 4, 2016 will be treated as equity for U.S. federal income tax purposes, therefore limiting U.S. tax benefits and resulting in possible U.S. withholding taxes. Although recent guidance from the U.S. Treasury states that these rules are the subject of continuing study and may be materially modified, the current regulations may adversely affect our future effective tax rate and could also impact our ability to engage in future restructurings if such transactions cause an existing intercompany debt instrument to be treated as reissued for U.S. federal income tax purposes.

We are subject to tax laws of numerous jurisdictions, and challenges to the interpretations of, or future changes to, such laws could adversely affect us.

We and our subsidiaries are subject to tax laws and regulations in the United Kingdom, the United States, France and numerous other jurisdictions in which we and our subsidiaries operate. These laws and regulations are inherently complex, and we are and will continue to be obligated to make judgments and interpretations about the application of these laws and regulations to our operations and businesses. The interpretation and application of these laws and regulations could be challenged by the relevant governmental authorities, which could result in administrative or judicial procedures, actions or sanctions, which could be material.

In addition, the U.S. Congress, the U.K. Government, the Organization for Economic Co-operation and Development, and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example beyond that of the Tax Cuts and Jobs Act ("TCJA") is in the area of "base erosion and profit shifting" where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. Thus, the tax laws in the United States, the United Kingdom and

other countries in which we and our affiliates do business could change on a retroactive basis and any such changes could adversely affect us. Furthermore, the interpretation and application of domestic or international tax laws made by us and by our subsidiaries could differ from that of the relevant governmental authority, which could result in administrative or judicial procedures, actions or sanctions, which could be material.

We may not qualify for benefits under the tax treaties entered into between the United Kingdom and other countries.

We operate in a manner such that we believe we are eligible for benefits under the tax treaties between the United Kingdom and other countries, notably the United States. However, our ability to qualify for such benefits will depend on whether we are treated as a U.K. tax resident and upon the requirements contained in each treaty and the applicable domestic laws, as the case may be, on the facts and circumstances surrounding our operations and management, and on the relevant interpretation of the tax authorities and courts. The failure by us or our subsidiaries to qualify for benefits under the tax treaties entered into between the United Kingdom and other countries could result in adverse tax consequences to us and could result in certain tax consequences of owning and disposing of our shares.

We intend to operate to be treated exclusively as a resident of the United Kingdom for tax purposes, but French or other tax authorities may seek to treat us as a tax resident of another jurisdiction.

We are incorporated in England and Wales. English law currently provides that we will be regarded as being a U.K. resident for tax purposes from incorporation and shall remain so unless (i) we are concurrently a resident in another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the United Kingdom and (ii) there is a tiebreaker provision in that tax treaty which allocates exclusive residence to that other jurisdiction.

In this regard, we have a permanent establishment in France to satisfy certain French tax requirements imposed by the French Tax Code with respect to the Merger. Although it is intended that we will be treated as having our exclusive place of tax residence in the United Kingdom, the French tax authorities may claim that we are a tax resident of France if we were to fail to maintain our "place of effective management" in the United Kingdom due to the French tax authorities having deemed that certain strategic decisions of TechnipFMC plc have been taken at the level of our French permanent establishment rather than in the United Kingdom. Any such claim would need to be settled between the French and the U.K. tax authorities pursuant to the mutual assistance procedure provided for by the tax treaty dated June 19, 2008 concluded between France and the United Kingdom, and there is no assurance that these authorities would reach an agreement that we will remain exclusively a U.K. tax resident, which could materially and adversely affect our business, financial condition, results of operations and future prospects. A failure to maintain exclusive tax residency in the United Kingdom could result in adverse tax consequences to us and our subsidiaries and could result in different tax consequences of owning and disposing of our shares.

1.3 RELATED PARTY TRANSACTIONS

Receivables, payables, revenues and expenses which are included in our consolidated financial statements for all transactions with related parties, defined as entities related to our directors and main shareholders as well as the partners of our consolidated joint ventures, were as follows:

(In millions of US dollars)	June 30, 2018	December 31, 2017
Trade receivables	$ 100.0	$ 98.4
Trade payables	(16.7)	(121.8)
Net trade receivables/(payables)	$ 83.3	$ (23.4)
Note receivables	$ 129.5	$ 140.9

The table above includes trade receivables balances at June 30, 2018 of $66.5 million from TP JGC Coral France SNC and $10.6 million from Technip Odebrecht PLSV CV, as both companies are equity method affiliates. A member of our Board of Directors serves on the Board of Directors of Anadarko Petroleum Company ("Anadarko"), and the trade receivables balance at December 31, 2017 includes $22.3 million from Anadarko, as well as $42.5 million from TP JGC Coral France SNC and $13.8 million from Technip Odebrecht PLSV CV.

The balance in trade payables includes $12.1 million to Dofcon Brasil AS at June 30, 2018. Dofcon Brasil AS is a variable interest entity ("VIE") and accounted for as an equity method affiliate. The trade payables balance at December 31, 2017 includes $52.4 million to JGC Corporation and $48.3 million to Chiyoda, both joint venture partners on our Yamal project.

The note receivables balance includes $117.1 million and $114.9 million with Dofcon Brasil AS at June 30, 2018 and December 31, 2017, respectively. These are included in other noncurrent assets on our consolidated balance sheets.

	Six Months Ended June 30,	
(In millions of US dollars)	2018	2017
Revenue	$ 152.7	$ 68.4
Expenses	$ 6.0	$ 62.9

Revenue in the table above includes $75.5 million from Anadarko and $61.4 million from TP JGC Coral France SNC for the six months ended June 30, 2018 and $37.3 million from Anadarko and $6.5 million from Technip Odebrecht PLSV CV for the six months ended June 30, 2017.

For the six months ended June 30, 2018, there was no expense activity with an individually significant related party. Expense activity for the six months ended June 30, 2017 includes $20.4 million to JGC Corporation and $13.6 million to Chiyoda.

2 DIRECTORS' RESPONSIBILITY STATEMENT

The members of the Audit Committee of the Company, on behalf of the Board of Directors, confirm that, to the best of their knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34: 'Interim Financial Reporting', as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit or loss of TechnipFMC plc; and
- the interim management report includes a fair review of the information required by:
    - Disclosure and Transparency Rule 4.2.7R, which requires an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year, and
    - Disclosure and Transparency Rule 4.2.8R, which requires disclosure of material related-party transactions in the first six months and that have materially affected the financial position or performance of the enterprise during that period and any material changes in the related-party transactions described in the last Annual Report.

By order of the Audit Committee on behalf of the Board of Directors,

Douglas J. Pferdehirt
Chief Executive Officer
August 6, 2018

3 2018 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3.1 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

		Six Months Ended June 30	
(In millions of US dollars)	**Note**	**2018**	**2017**
Revenue:			
Service revenue	7	$ 4,684.1	$ 5,926.1
Product revenue	7	1,312.1	1,217.3
Lease and other revenue	7	102.7	89.6
Total revenue		6,098.9	7,233.0
Costs and expenses:			
Cost of service revenue		3,806.7	4,885.7
Cost of product revenue		1,079.8	1,192.5
Cost of lease and other revenue		68.5	62.7
Selling, general and administrative expense		609.3	545.2
Research and development expense		94.7	92.5
Impairment, restructuring and other expenses		23.1	(1.7)
Merger transaction and integration costs		14.6	32.4
Total costs and expenses		5,696.7	6,809.3
Other income (expense), net		(10.7)	21.8
Income from equity affiliates		52.6	22.1
Income before net interest expense and income taxes		444.1	467.6
Net interest expense		(145.5)	(157.7)
Income before income taxes		298.6	309.9
Provision (benefit) for income taxes	4	108.8	162.1
Net income		189.8	147.8
Net (income) loss attributable to noncontrolling interests		(0.7)	2.3
Net income attributable to TechnipFMC plc		$ 189.1	$ 150.1
Earnings per share attributable to TechnipFMC plc			
Basic	5	$ 0.41	$ 0.32
Diluted	5	$ 0.41	$ 0.32
Weighted average shares outstanding			
Basic	5	$ 462.8	$ 466.7
Diluted	5	$ 464.2	$ 468.2
Cash dividends declared per share		$ 0.26	$ —

3.2 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(In millions of US dollars)	Six Months Ended June 30, 2018	2017
Net income	$ 189.8	$ 147.8
Exchange differences on translating entities operating in foreign currency	(139.8)	(35.0)
Cash flow hedging	(48.0)	87.5
Income tax effect	6.1	(23.5)
Other comprehensive income (loss) to be reclassified to statement of income in subsequent years	(181.7)	29.0
Actuarial gains (losses) on defined benefit plans	0.3	(2.4)
Income tax effect	(0.1)	1.0
Other comprehensive income (loss) not being reclassified to statement of income in subsequent years	0.2	(1.4)
Other comprehensive income (loss), net of tax	(181.5)	27.6
Comprehensive income	8.3	175.4
Comprehensive (income) loss attributable to noncontrolling interest	(1.7)	2.3
Comprehensive income attributable to TechnipFMC plc	$ 6.6	$ 177.7

3.3 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(In millions of US dollars, except par value data)	Note	June 30, 2018	December 31, 2017
Assets			
Property, plant and equipment, net		$ 3,895.5	$ 4,071.0
Goodwill	2/6	9,037.3	8,957.3
Intangible assets, net	2/6	1,253.8	1,333.8
Investments in equity affiliates		295.2	181.0
Other assets		382.4	329.6
Deferred income taxes		430.0	451.1
Derivative financial instruments		84.6	94.9
Total non-current assets		15,378.8	15,418.7
Inventories, net		1,086.4	987.6
Contract assets	7	1,412.9	1,136.3
Advances paid to suppliers		300.3	391.3
Derivative financial instruments		83.9	78.3
Trade receivables, net		2,199.2	2,103.6
Income taxes receivable		338.7	337.0
Other current assets		874.8	1,205.9
Cash and cash equivalents		5,557.7	6,737.4
Total current assets		11,853.9	12,977.4
Total assets		27,232.7	28,396.1
Liabilities and equity			
Ordinary shares	8	457.5	465.1
Ordinary shares held in employee benefit trust	8	(3.9)	(4.8)
Retained earnings, net income and other reserves	8	13,068.2	13,344.0
Accumulated other comprehensive (loss)		(781.8)	(599.3)
Total TechnipFMC plc stockholders' equity		12,740.0	13,205.0
Noncontrolling interests		62.1	21.5
Total equity		12,802.1	13,226.5
Long-term debt, less current portion	9	2,592.6	2,656.1
Accrued pension and other post-retirement benefits, less current portion		281.5	291.8
Non-current provisions		53.2	74.3
Derivative financial instruments		88.3	68.1
Deferred income taxes		360.3	430.6
Other liabilities	11	374.1	369.2
Total non-current liabilities		3,750.0	3,890.1
Short-term debt and current portion of long-term debt	9	1,602.0	1,527.7
Current provisions		543.3	712.2
Accounts payable, trade		2,937.1	3,959.1
Contract liabilities	7	3,961.2	2,822.3

Derivative financial instruments		97.9	69.0
Accrued payroll		350.0	400.7
Income taxes payable		250.9	320.3
Other current liabilities	11	938.2	1,468.2
Total current liabilities		10,680.6	11,279.5
Total liabilities		14,430.6	15,169.6
Total equity and liabilities		$ 27,232.7	$ 28,396.1

3.4 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

		Six Months Ended June 30,	
(In millions of US dollars)	**Note**	**2018**	**2017**
Cash provided (required) by operating activities			
Net income		$ 189.8	$ 147.8
Adjustments to reconcile net income to cash provided (required) by operating activities			
Depreciation		181.8	187.6
Amortization		90.9	127.4
Impairments		12.5	0.8
Employee benefit plan and share-based compensation costs		46.7	38.5
Unrealized loss (gain) on derivative instruments and foreign exchange		28.0	(82.9)
Deferred income tax provision (benefit), net		(37.0)	(19.4)
Income from equity affiliates, net of dividends received		(50.2)	(19.8)
Other		50.6	8.4
Changes in operating assets and liabilities, net of effects of acquisitions			
Trade receivables, net and contract assets		(194.8)	715.1
Inventories, net		(154.2)	190.2
Accounts payable, trade		(912.5)	(290.3)
Contract liabilities		295.7	(338.0)
Settlements of mandatorily redeemable financial liability		(124.2)	(76.7)
Income taxes payable (receivable), net		(81.8)	(88.6)
Other assets and liabilities, net		51.8	(204.6)
Cash provided (required) by operating activities		(606.9)	295.5
Cash provided (required) by investing activities			
Capital expenditures		(134.8)	(107.5)
Cash acquired in merger of FMC Technologies, Inc. And Technip S.A.	2	—	1,479.2
Acquisitions, net of cash acquired	2	(103.4)	—
Cash divested from deconsolidation		1.7	—
Proceeds from sale of assets		6.2	3.3
Other		(4.9)	11.8
Cash provided (required) by investing activities		(235.2)	1,386.8
Cash provided (required) by financing activities			
Net decrease in short-term debt		(22.4)	(16.5)
Net increase (decrease) in commercial paper		83.7	(98.2)
Proceeds from issuance of long-term debt		6.4	9.3
Repayments of long-term debt		(4.2)	(559.7)
Purchase of treasury shares		(226.3)	—
Dividends paid		(120.2)	—
Payments related to taxes withheld on share-based compensation		—	(46.6)
Other		1.0	(74.7)
Cash required by financing activities		(282.0)	(786.4)
Effect of changes in foreign exchange rates on cash and cash equivalents		(55.6)	13.9
Increase (decrease) in cash and cash equivalents		(1,179.7)	909.8
Cash and cash equivalents, beginning of period		6,737.4	6,269.3
Cash and cash equivalents, end of period		$ 5,557.7	$ 7,179.1

3.5 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

(In millions of US dollars)	Ordinary	Ordinary	Share	Merger	Retained	Accumulated	Non-	Total

	Shares	Shares Held in Treasury and Employee Benefit Trust	Premium	Reserve	Earnings, Net income and Other reserves	Other Comprehensive Income (Loss)	controlling Interest	Shareholders' Equity
Balance as of December 31, 2016	$ 114.7	$ (44.5)	$ 2,694.7	$ —	$ 3,328.8	$ (1,029.2)	$ (11.7)	$ 5,052.8
Net income (loss)	—	—	—	—	150.1	—	(2.3)	147.8
Other comprehensive income (loss)	(18.4)	—	(317.6)	—	363.6	—	—	27.6
Issuance of ordinary shares due to the Merger of FMC Technologies and Technip	370.3	—	(2,377.1)	10,177.5	—	—	—	8,170.7
Capital reorganization	—	—	10,177.5	(10,177.5)	—	—	—	—
Capital reduction	—	—	(10,177.5)	—	10,177.5	—	—	—
Treasury shares	—	44.5	—	—	(23.3)	—	—	21.2
Issuance of ordinary shares	0.6	—	—	—	—	—	—	0.6
Net sales of ordinary shares for employee benefit trust	—	1.3	—	—	—	—	—	1.3
Share-based compensation	—	—	—	—	24.7	—	—	24.7
Other	—	(6.6)	—	—	7.5	—	12.1	13.0
Balance as of June 30, 2017	$ 467.2	$ (5.3)	$ —	$ —	$ 14,028.9	$ (1,029.2)	$ (1.9)	$ 13,459.7
Balance as of December 31, 2017	$ 465.1	$ (4.8)	$ —	$ —	$ 13,344.0	$ (599.3)	$ 21.5	$ 13,226.5
Cumulative effect of initial application of IFRS 15	—	—	—	—	(91.5)	—	0.1	(91.4)
Cumulative effect of initial application of IFRS 9	—	—	—	—	(4.7)	—	—	(4.7)
Net income (loss)	—	—	—	—	189.1	—	0.7	189.8
Other comprehensive income (loss)	—	—	—	—	—	(182.5)	1.0	(181.5)
Dividends	—	—	—	—	(120.2)	—	—	(120.2)
Cancellation of treasury shares	(7.7)	—	—	—	(234.3)	—	—	(242.0)
Issuance of ordinary shares	0.1	—	—	—	—	—	—	0.1
Net sales of ordinary shares for employee benefit trust	—	0.9	—	—	—	—	—	0.9
Share-based compensation	—	—	—	—	25.8	—	—	25.8
Put on non-controlling interests	—	—	—	—	(40.3)	—	—	(40.3)
Acquisition	—	—	—	—	—	—	38.9	38.9
Other	—	—	—	—	0.3	—	(0.1)	0.2
Balance as of June 30, 2018	$ 457.5	$ (3.9)	$ —	$ —	$ 13,068.2	$ (781.8)	$ 62.1	$ 12,802.1

View Full Table

3.6 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED)

The consolidated financial statements are expressed in millions of U.S. dollars and all values are rounded to the nearest thousand, unless specified otherwise. The financial statements were approved by the Board of Directors and signed on its behalf by Douglas J. Pferdehirt, Director and Chief Executive Officer, on August 6, 2018.

NOTE 1 ACCOUNTING PRINCIPLES

TechnipFMC plc is a global leader in subsea, onshore/offshore, and surface projects. With its proprietary technologies and production systems, integrated expertise, and comprehensive solutions, TechnipFMC plc (or the "Company") is transforming its clients' project economics. Details of its activities during the year are provided in the Interim Management Report. TechnipFMC plc is a public limited company by shares, incorporated and domiciled in England and Wales (United Kingdom) and listed on the New York Stock Exchange ("NYSE") and on Euronext Paris. The address of the registered office is One St. Paul's Churchyard, London, England, EC4M 8AP.

A. Interim Condensed Consolidated Financial Information

The interim condensed consolidated financial statements for the six month period ended June 30, 2018 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting standard of the IFRS framework as issued by the International Accounting Standards Board and as adopted by the European Union.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies

Act 2006. Statutory accounts for the year ended 31 December 2017 were approved by the Board of Directors on 26 April 2018 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim condensed consolidated financial statements are expressed in millions of U.S. dollars and all values are rounded to the nearest thousand, unless specified otherwise.

B. Accounting Framework

The accounting policies applied in the interim condensed consolidated accounts for the six-month period ended June 30, 2018 are in conformity with those we applied and detailed in the Annual Report as of December 31, 2017 with the exceptions of:

- The recognition of revenue and measurement from contracts with customers (application of IFRS 15)
- The recognition and measurement of financial instruments (application of IFRS 9 phases 1 and 2)
- Classification and Measurement of Share-based Payment Transactions (amendments to IFRS 2)
- Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)

Standards, Amendments and Interpretations Effective in 2018

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

Applicable by the IASB as of January 1, 2018, this new standard sets general accounting principles relating to revenue recognition. IFRS 15 supersedes the current standards on revenue recognition, particularly IAS 18 "Revenue", IAS 11 "Construction Contracts" and the corresponding interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

The new standard requires companies to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time based on when control of goods and services transfer to a customer.

Effective January 1, 2018, we adopted IFRS 15, *"Revenue from Contracts with Customers."* This update requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 1, 2018, we adopted IFRS 15 using the modified retrospective method applied to those contracts that were not completed as of January 1, 2018 resulting in a $91.5 million reduction to retained earnings. Results for reporting periods beginning after January 1, 2018 are presented under IFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under IAS 11 and IAS 18.

IFRS 9 "FINANCIAL INSTRUMENTS"

Effective January 1, 2018, IFRS 9 replaces IAS 39 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018. The hedge accounting portion of the new standard's adoption is postponed according to the dispositions of IFRS 9.7.2.21.

The analysis conducted by the Company between the new standard requirements and the previous accounting principles for financial instruments has led to the following main differences:

- trade receivables impairment: the adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires the Company to record an allowance for ECL's for all loans and other financial assets not held at fair value through net income. For contract assets, trade receivables and loans, the Company has calculated an ECL based on loss rates from historical data. the Company has established a provision matrix that is based on the Company's historical credit loss experience specific to the debtors and the economic environment.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Company's financial assets impacting retained earnings by $4.9 million as of January 1, 2018.

Amendments to IFRS 2 "CLASSIFICATION AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS"

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Company's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Company has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Company's consolidated financial statements.

IFRIC Interpretation 22 "FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATIONS"

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This interpretation does not have any impact on the Company's consolidated financial statements.

Standards, Amendments and Interpretations to Existing Standards that are Issued, not yet Effective and have not been Early Adopted as of June 30, 2018

IFRS 16 "LEASES"

Released on January 13, 2016, the new standard IFRS 16 on lease accounting will be mandatorily applicable for the financial years starting January 1, 2019 and should supersede the current IAS 17 and its related interpretations. This update requires that a lessee recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. Similar to current guidance, the update continues to differentiate between finance leases and operating leases, however, this distinction now primarily relates to differences in the manner of expense recognition over time and in the classification of lease payments in the statement of cash flows. The impacts the adoption of the new standard is expected to have on our consolidated financial statements and related disclosures are being evaluated. As part of our assessment work-to-date, we have formed an implementation work team, conducted training for the relevant staff regarding the potential impacts of the new standard and are continuing our contract analysis and policy review. We have engaged external resources to assist us in our efforts of completing the analysis of potential changes to current accounting practices. Additionally, we have not determined the effect of the new standard on our internal control over financial reporting or other changes in business practices and processes.

IFRIC 23 "Uncertainty over Income Tax Treatments"

On June 7, 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. This interpretation is effective for annual periods beginning on or after January 1, 2019, with early application permitted. The Company does not expect that the adoption of this interpretation will have a material impact to its consolidated financial statements.

Standards Effective after June 30, 2018

TechnipFMC plc financial statements as of June 30, 2018 do not include the possible impact of standards published as of June 30, 2018 but which application is mandatory as from financial years subsequent to 2018.

C. Accounting Rules And Estimates

Interim condensed consolidated financial statements have been prepared in accordance with the IFRS: fair presentation, consistency, going concern, relative extent and business combinations.

The preparation of financial statements in conformity with these accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Ultimate results could differ from our estimates.

NOTE 2. SCOPE OF CONSOLIDATION

Half-Year ended June 30, 2018 - Significant changes

On January 29, 2018, we entered into a share purchase agreement with the Island Offshore group to acquire a 51% stake in Island Offshore Subsea AS ("Island Offshore"). Island Offshore provides Riserless Light Well Intervention ("RLWI") project management and engineering services for plug and abandonment ("P&A"), riserless coiled tubing and well completion operations. Island Offshore has developed proprietary designs related to subsea P&A and riserless coiled tubing. We will enter into a strategic cooperation agreement to deliver RLWI services on a worldwide basis, which will also include our RLWI capabilities. The acquisition was completed on April 18, 2018 for total consideration of $42.4 million. Non-controlling interests were measured at their full fair value. The use of the full fair value option resulted in full goodwill of $85.0 million being recorded.

In addition, the Company recorded a liability for the present value of the expected redemption price of a written put option over the shareholders' non-controlling interest in Island Offshore. At June 30, 2018, this liability had a carrying value of $40.4 million.

Additional acquisitions during the six months ended June 30, 2018 totaled $61.0 million in consideration paid and preliminarily increased goodwill by $0.5 million.

On March 23, 2018, TechnipFMC plc has agreed the terms of a collaboration agreement with Magma Global Ltd to develop a new generation of hybrid flexible pipe (HFP) for use in offshore applications. HFP is expected to provide increased strength and fatigue performance, while also achieving dramatic weight and cost reductions, for subsea fluid transport applications. As part of the collaboration, TechnipFMC plc purchased a minority stake in Magma Global Ltd.

Year ended December 31, 2017 - Significant changes

Description of the Merger of FMC Technologies and Technip

On June 14, 2016, FMC Technologies, Inc ("FMC Technologies") and Technip S.A. ("Technip") entered into a definitive business combination agreement (the "Merger Agreement") providing for the business combination among FMC Technologies, FMC Technologies SIS Limited, a private limited company incorporated under the laws of England and Wales and a wholly-owned subsidiary of FMC Technologies, and Technip. On August 4, 2016, the legal name of FMC Technologies SIS Limited was changed to TechnipFMC Limited, and on January 11, 2017, was subsequently re-registered as TechnipFMC plc, a public limited company incorporated under the laws of England and Wales.

On January 16, 2017, the business combination was completed. Pursuant to the terms of the definitive business combination agreement, Technip merged with and into TechnipFMC plc, with TechnipFMC plc continuing as the surviving company (the "Technip Merger"), and each ordinary share of Technip (the "Technip Shares"), other than Technip Shares owned by Technip or its wholly-owned subsidiaries, each share was exchanged for 2.0 ordinary shares of TechnipFMC plc, subject to the terms of the Merger Agreement. Immediately following the Technip Merger, a wholly-owned indirect subsidiary of TechnipFMC plc ("Merger Sub") merged with and into FMC Technologies, with FMC Technologies continuing as the surviving company and as a wholly-owned indirect subsidiary of TechnipFMC plc (the "FMCTI Merger"), and each share of common stock of FMC Technologies (the "FMCTI Shares"), other than FMCTI Shares owned by FMC Technologies, TechnipFMC plc, Merger Sub or their wholly-owned subsidiaries, each share was exchanged for 1.0 ordinary share of TechnipFMC plc, subject to the terms of the Merger Agreement.

After careful consideration of all of the company-specific facts, the merger-related facts and the Business Combination Agreement, Technip and FMC Technologies determined that the factors were neutral to or supportive of the conclusion that Technip is considered under the acquisition method of accounting, as the accounting acquirer and acquired a 100% interest in FMC Technologies. The factors that most notably support the determination are (i) the relative voting interest of Technip and FMC Technologies in the combined company whereby the Technip stockholders will have majority voting interest of approximately 51%, (ii) the minority voting interest and (iii) the relative size of FMC Technologies's and Technip's revenues, total assets, workforce and global footprint.

The merger of FMC Technologies and Technip (the "Merger") has created a larger and more diversified company that is better equipped to respond to economic and industry developments and better positioned to develop and build on its offerings in the subsea, surface, and onshore/offshore markets as compared to the former companies on a standalone basis. More importantly, the Merger has brought about the ability of the combined company to (i) standardize its product and service offerings to customers, (ii) reduce costs to customers, and (iii) provide integrated product offerings to the oil and gas industry with the aim to innovate the markets in which the combined company operates.

We incurred $56.2 million in merger transaction and integration costs for the twelve months ended December 31, 2017.

Description of FMC Technologies as Accounting Acquiree

FMC Technologies is a global provider of technology solutions for the energy industry. FMC Technologies designs, manufactures and services technologically sophisticated systems and products, including subsea production and processing systems, surface wellhead production systems, high pressure fluid control equipment, measurement solutions and marine loading systems for the energy industry. Subsea systems produced by FMC Technologies are used in the offshore production of crude oil and natural gas and are placed on the seafloor to control the flow of crude oil and natural gas from the reservoir to a host processing facility. Additionally, FMC Technologies provides a full range of drilling, completion and production wellhead systems for both standard and custom-engineered applications. Surface wellhead production systems, or trees, are used to control and regulate the flow of crude oil and natural gas from the well and are used in both onshore and offshore applications.

Consideration transferred

The acquisition-date fair value of the consideration transferred consisted of the following:

(In millions, except per share data)	
Total FMC Technologies Inc. shares subject to exchange as of January 16, 2017	228.9
FMC Technologies Inc. exchange ratio(1)	0.5
Shares of TechnipFMC plc issued	114.4
Value per share of Technip as of January 16, 2017(2)	$ 71.4
Total purchase consideration	$ 8,170.7

(1) As the calculation is deemed to reflect a share capital increase of the accounting acquirer, the FMC Technologies exchange ratio (1 share of TechnipFMC plc for 1 share of FMC Technologies as provided in the business combination agreement) is adjusted by dividing the FMC Technologies exchange ratio by the Technip exchange ratio (2 shares of TechnipFMC plc for 1 share of Technip as provided in the business combination agreement), i.e., 1 / 2 = 0.5 in order to reflect the number of shares of Technip that FMC Technologies stockholders would have received if Technip were to have issued its own shares.

(2) Closing price of Technip's ordinary shares on Euronext Paris on January 16, 2017 in Euro converted at the Euro to U.S. dollar exchange rate of $1.0594 on January 16, 2017.

Assets acquired and liabilities assumed

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date.

(In millions of US dollars)	
Assets	
Cash	$ 1,479.2
Accounts receivable	647.8
Costs and estimated earnings in excess of billings on uncompleted contracts	599.6
Inventory	764.8
Income taxes receivable	139.2
Other current assets	282.2
Property, plant and equipment	1,623.3
Intangible assets	1,390.3
Other long-term assets	167.3
Total identifiable assets acquired	7,093.7
Liabilities	
Short-term and current portion of long-term debt	1,263.7
Accounts payable, trade	386.0
Billings in excess of costs and estimated earnings on uncompleted contracts	454.0
Income taxes payable	92.1
Other current liabilities	529.5

Long-term debt, less current portion	830.0
Accrued pension and other post-retirement benefits, less current portion	195.5
Deferred income taxes	219.4
Other long-term liabilities	161.0
Total liabilities assumed	4,131.2
Net identifiable assets acquired	2,962.5
Goodwill	5,208.2
Net assets acquired	$ 8,170.7

Segment allocation of goodwill

The final allocation of goodwill to the reporting segments based on the final valuation is as follows:

(In millions of US dollars)	Allocated Goodwill
Subsea	$ 2,547.4
Onshore/Offshore	1,635.5
Surface Technologies	1,025.3
Total	$ 5,208.2

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined company, which are further described above. Goodwill recognized as a result of the acquisition is not deductible for tax purposes.

Acquired identifiable intangible assets

The identifiable intangible assets acquired include the following:

(In millions, except estimated useful lives)	Fair Value	Estimated Useful Lives
Acquired technology	$ 240.0	10
Backlog	175.0	2
Customer relationships	285.0	10
Tradenames	635.0	20
Software	55.3	Various
Total identifiable intangible assets acquired	$ 1,390.3	

As part of the ongoing review of the purchase price allocation, a $19.7 million adjustment to deferred tax liability balance was recorded during the first quarter which increased Surface Technologies goodwill. The tables above include this adjustment.

NOTE 3. SEGMENT INFORMATION

Management's determination of our reporting segments was made on the basis of our strategic priorities within each segment and the differences in the products and services we provide, which corresponds to the manner in which our Chief Executive Officer, as our chief operating decision maker, reviews and evaluates operating performance to make decisions about resources to be allocated to the segment.

Upon completion of the Merger, we reorganized our reporting structure and aligned our segments and the underlying businesses to execute the strategy of TechnipFMC plc. As a result, we report the results of operations in the following segments: Subsea, Onshore/Offshore and Surface Technologies.

Our reportable segments are:

- *Subsea* - manufactures and designs products and systems, performs engineering, procurement and project management and provides services used by oil and gas companies involved in offshore exploration and production of crude oil and natural gas.
- *Onshore/Offshore* - designs and builds onshore facilities related to the production, treatment and transportation of oil and gas; and designs, manufactures and installs fixed and floating platforms for the production and processing of oil and gas reserves.
- *Surface Technologies* - designs and manufactures systems and provides services used by oil and gas companies involved in land and shallow water exploration and production of crude oil and natural gas; designs, manufactures and supplies technologically advanced high pressure valves and fittings for oilfield service companies; and also provides flowback and well testing services.

Segment operating profit is defined as total segment revenue less segment operating expenses. Income (loss) from equity method investments is included in computing segment operating profit. The following items have been excluded in computing segment operating profit: corporate staff expense, net interest income (expense) associated with corporate debt facilities, income taxes, and other revenue and other expense, net.

The table below shows information on TechnipFMC plc's reportable business segments:

(In millions of US dollars)	Six Months Ended June 30, 2018	2017
Segment revenue		
Subsea	$ 2,410.4	$ 3,107.0
Onshore/Offshore	2,915.8	3,576.9
Surface Technologies	772.7	548.4
Other revenue	—	0.7
Total revenue	$ 6,098.9	$ 7,233.0
Segment operating profit (loss)		
Subsea	$ 130.3	$ 290.3
Onshore/Offshore	374.2	346.5
Surface Technologies	80.3	(19.6)
Corporate and non allocable	(286.2)	(307.3)
Income before income taxes	$ 298.6	$ 309.9

Segment assets were as follows:

(In millions)	June 30, 2018	December 31, 2017
Segment assets:		
Subsea	$ 14,085.0	$ 13,044.5
Onshore/Offshore	4,458.8	4,604.8
Surface Technologies	2,699.4	2,514.3
Intercompany eliminations	(20.2)	—
Total segment assets	21,223.0	20,163.6
Corporate [1]	6,009.7	8,232.5
Total assets	$ 27,232.7	$ 28,396.1

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[1] Corporate includes cash, deferred income tax balances, property, plant and equipment not associated with a specific segment, pension assets and the fair value of derivative financial instruments.

NOTE 4. INCOME TAXES

Our provision for income taxes for the six months ended June 30, 2018 and 2017 reflected effective tax rates of 36.4% and 52.3%, respectively. The year-over-year decrease in the effective tax rate was primarily due to favorable changes in forecasted earnings mix and reduced impact of current losses with no tax benefit.

NOTE 5. EARNINGS PER SHARE

Reconciliation between earnings per share before dilution and diluted earnings per share is as follows:

(In millions of US dollars, except per share data)	Six Months Ended June 30, 2018	2017
Net income attributable to TechnipFMC plc	$ 189.1	$ 150.1
Weighted average number of shares outstanding	462.8	466.7
Dilutive effect of restricted stock units	—	0.1
Dilutive effect of stock options	0.1	0.2
Dilutive effect of performance shares	1.3	1.2
Total shares and dilutive securities	464.2	468.2

Basic earnings per share attributable to TechnipFMC plc	$ 0.41	$ 0.32
Diluted earnings per share attributable to TechnipFMC plc	$ 0.41	$ 0.32

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

There were no significant changes on fixed assets over the six-months period ended June 30, 2018. During the first half of 2018, no meaningful event occurred which might have caused to impair the value of goodwill or other intangible and tangible assets. Therefore, no impairment test was performed as of June 30, 2018.

The main variation on goodwill over the six-months period ended June 30, 2018 as described in Note 2 - scope of consolidation.

NOTE 7. REVENUE

Transition method

The majority of our revenue is from long-term contracts associated with designing and manufacturing products and systems and providing services to customers involved in exploration and production of crude oil and natural gas. On January 1, 2018, we adopted IFRS 15 "Revenue from Contracts with Customers" using the modified retrospective method applied to those contracts that were not completed as of January 1, 2018 resulting in a $91.5 million reduction to retained earnings. Results for reporting periods beginning after January 1, 2018 are presented under IFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under IAS 11 "Construction Contracts", IAS 18 "Revenue" and related Interpretations.

Significant Revenue Recognition Criteria Explained

Allocation of transaction price to performance obligations - A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue, when, or as, the performance obligation is satisfied. To determine the proper revenue recognition method, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment; some of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

Variable consideration - Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for our long-term contracts to contain variable considerations that can either increase or decrease the transaction price. Variability in the transaction price arises primarily due to liquidated damages. The Company considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled, and determining whether the estimated variable consideration should be constrained. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

Payment terms - Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Payment terms may either be fixed, lump-sum or driven by time and materials (i.e., daily or hourly rates, plus materials). Because typically the customer retains a small portion of the contract price until completion of the contract, our contracts generally result in revenue recognized in excess of billings which we present as contract assets on the balance sheet. Amounts billed and due from our customers are classified as receivables on the balance sheet. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For some contracts, we may be entitled to receive an advance payment. We recognize a liability for these advance payments in excess of revenue recognized and present it as contract liabilities on the balance sheet. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

Warranty - Certain contracts include an assurance-type warranty clause, typically between 18 to 36 months, to guarantee that the products comply with agreed specifications. A service-type warranty may also be provided to the customer; in such a case, management allocates a portion of the transaction price to the warranty based on the estimated stand-alone selling price of the service-type warranty.

Revenue recognized over time - Our performance obligations are satisfied over time as work progresses or at a point in time. Revenue from products and services transferred to customers over time accounted for approximately 83.3% of our revenue for the six months ended June 30, 2018. Typically, revenue is recognized over time using an input measure (e.g., costs incurred to date relative to total estimated costs at completion) to measure progress.

Cost-to-cost method - For our long-term contracts, because of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Upon adoption of the new standard we generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Any expected losses on construction-type contracts in progress are charged to earnings, in total, in the period the losses are identified.

Right to invoice practical expedient - The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time if we have a right to invoice the customer for an amount that corresponds directly with the value transferred to the customer for our performance completed to date. When this practical expedient is used, we do not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes. We have contracts which have payment terms dictated by daily or hourly rates where some contracts may have mixed pricing terms which include a fixed fee portion. For contracts in which we charge the customer a fixed rate based on the time or materials spent

during the project that correspond to the value transferred to the customer, we recognize revenue in the amount to which we have the right to invoice.

Contract modifications - Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Most of our contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

Revenue Recognition by Segment

The following is a description of principal activities separated by reportable segments from which the Company generates its revenue.

a. Subsea

Our Subsea segment manufactures and designs products and systems, performs engineering, procurement and project management and provides services used by oil and gas companies involved in offshore exploration and production of crude oil and natural gas.

Systems and services may be sold separately or as combined integrated systems and services offered within one contract. Many of the systems and products the Company supplies for subsea applications are highly engineered to meet the unique demands of our customers' field properties and are typically ordered one to two years prior to installation. We often receive advance payments and progress billings from our customers in order to fund initial development and working capital requirements.

Under Subsea engineering, procurement, construction and installation contracts, revenue is principally generated from long term contracts with customers. We have determined these contracts generally have one performance obligation as the delivered product is highly customized to customer and field specifications. We generally recognize revenue over time for such contracts as the customized products do not have an alternative use for the Company and we have an enforceable right to payment plus a reasonable profit for performance completed to date.

Our Subsea segment also performs an array of subsea services including (i) installation services, (ii) asset management services (iii) product optimization, (iv) inspection, maintenance and repair services, and (v) well access and intervention services, where revenue is generally earned through the execution of either installation-type or maintenance-type contracts. For either contract-type, management has determined that the performance of the service generally represents one single performance obligation. We have determined that revenue from these contracts is recognized over time as the customer simultaneously receives and consumes the benefit of the services.

b. Onshore/Offshore

Our Onshore/Offshore segment designs and builds onshore facilities related to the production, treatment, transformation and transportation of oil and gas; and designs, manufactures and installs fixed and floating platforms for the offshore production and processing of oil and gas reserves.

Our onshore business combines the design, engineering, procurement, construction and project management of the entire range of onshore facilities. Our onshore activity covers all types of onshore facilities related to the production, treatment and transportation of oil and gas, as well as transformation with petrochemicals such as ethylene, polymers and fertilizers. Some of the onshore activities include the development of onshore fields, refining, natural gas treatment and liquefaction, and design and construction of hydrogen and synthesis gas production units.

Many of these contracts provide a combination of engineering, procurement, construction, project management and installation services, which may last several years. We have determined that contracts of this nature have generally one performance obligation. In these contracts, the final product is highly customized to the specifications of the field and the customer's requirements. Therefore, the customer obtains control of the asset over time, and thus revenue is recognized over time.

Our offshore business combines the design, engineering, procurement, construction and project management within the entire range of fixed and floating offshore oil and gas facilities, many of which were the first of their kind, including the development of floating liquefied natural gas ("FLNG") facilities. Similar to onshore contracts, contracts grouped under this segment provide a combination of services, which may last several years.

We have determined that contracts of this nature have one performance obligation. In these contracts, the final product is highly customized to the specifications of the field and the customer's requirements. We have determined that the customer obtains control of the asset over time, and thus revenue is recognized over time as the customized products do not have an alternative use for us and we have an enforceable right to payment plus reasonable profit for performance completed to date.

c. Surface Technologies

Our Surface Technologies segment designs, manufactures and supplies technologically advanced wellhead systems and high pressure valves and pumps used in stimulation activities for oilfield service companies and provides installation, flowback and other services for exploration and production companies.

We provide a full range of drilling, completion and production wellhead systems for both standard and custom-engineered applications. Under pressure control product contracts, we design and manufacture flowline products, under the Weco®/Chiksan® trademarks, articulating frac arm manifold trailers, well service pumps, compact valves and reciprocating pumps used in well completion and stimulation activities by major oilfield service companies. Performance obligations within these systems are satisfied either through delivery of a standardized product or equipment or the delivery of a customized product or equipment.

For contracts with a standardized product or equipment performance obligation, management has determined that because there is limited customization to products sold within such contracts and the asset delivered can be resold to another customer, revenue should be recognized as of a point in time, upon transfer of control to the customer and after the customer acceptance provisions have been met.

For contracts with a customized product or equipment performance obligation, the revenue is recognized over time, as the manufacturing of our product does not create an asset with an alternative use for us.

This segment also designs, manufactures and services measurement products globally. Contract-types include standard product or equipment and maintenance-type services where we have determined that each contract under this product line represents one performance obligation.

Revenue from standard measurement equipment contracts is recognized at a point in time, while maintenance-type contracts are typically priced at a daily or hourly rate. We have determined that revenue for these contracts is recognized over time because the customer simultaneously receives and consumes the benefit of the services.

Disaggregation of Revenue

The Company disaggregates revenue by geographic location and contract types. The tables also include a reconciliation of the disaggregated revenue with the reportable segments.

	Reportable Segments Six months Ended June 30, 2018		
(In millions of US dollars)	**Subsea**	**Onshore/ Offshore**	**Surface Technologies**
Europe, Russia, Central Asia	$ 714.9	$ 1,706.4	$ 106.5
America	794.7	163.6	445.0
Asia Pacific	249.9	605.9	51.8
Africa	541.4	147.5	27.1
Middle East	50.3	292.4	98.8
Total products and services revenue	$ 2,351.2	$ 2,915.8	$ 729.2

The following tables represent revenue by contract type for each reportable segment for the six months ended June 30, 2018:

	Six Months Ended June 30, 2018		
(In millions of US dollars)	**Subsea**	**Onshore/ Offshore**	**Surface Technologies**
Services	$ 1,653.5	$ 2,915.8	$ 114.8
Products	697.7	—	614.4
Total products and services revenue	2,351.2	2,915.8	729.2
Lease and other[(a)]	59.2	—	43.5
Total revenue	$ 2,410.4	$ 2,915.8	$ 772.7

a. Represents revenue not subject to IFRS 15.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts (contract assets), and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the consolidated balance sheets.

Contract Assets - Contract Assets, previously disclosed as costs and estimated earnings in excess of billings on uncompleted contracts, include unbilled amounts typically resulting from sales under long-term contracts when revenue is recognized over time and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Costs and estimated earnings in excess of billings on uncompleted contracts are generally classified as current.

Contract Liabilities - We sometimes receive advances or deposits from our customers, before revenue is recognized, resulting in contract liabilities. We classify contract liabilities as current or noncurrent based on the timing of when we expect to recognize revenue.

The following table provides information about net contract assets (liabilities) as of June 30, 2018 and December 31, 2017:

(In millions of US dollars)	**June 30, 2018**	**December 31, 2017**	**$ change**	**% change**
Contract assets	1,412.9	1,136.3	$ 276.6	24.3
Contract (liabilities)	(3,961.2)	(2,822.3)	(1,138.9)	(40.4)
Net contract assets (liabilities)	$ (2,548.3)	$ (1,686.0)	$ (862.3)	(51.1)

The majority of the change in net contract assets (liabilities) was due to the adoption of IFRS 15. The adoption resulted in a net reclassification from net contract assets (liabilities) to trade receivables. See *'Impact on Primary Financial Statements'* below. Certain amounts that were previously

reported in contract assets and contract liabilities have been reclassified to trade receivables as of June 30, 2018.

The remaining increase not related to the adoption of IFRS 15 in our contract assets from December 31, 2017 to June 30, 2018 was primarily due to the timing of milestone payments, including $5.7 million in contract assets due to acquisitions.

The remaining increase not related to the adoption of IFRS 15 in our contract liabilities was primarily due to cash received, excluding amounts recognized as revenue during the period.

In order to determine revenue recognized in the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. Revenue recognized for the six months ended June 30, 2018 that were included in the Contract Liabilities balance at December 31, 2017 was $1,437.7 million.

In addition, net revenue recognized for the six months ended June 30, 2018 from our performance obligations satisfied in previous periods was $66.8 million. This primarily relates to the changes in the estimate of the stage of completion that impacted revenue.

Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations

Remaining unsatisfied performance obligations ("RUPO") represent the transaction price for products and services for which we have a material right but work has not been performed. Transaction price of the RUPO includes the base transaction price, variable consideration and changes in transaction price. The RUPO table does not include contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed. The transaction price of RUPO related to unfilled, confirmed customer orders is estimated at each reporting date. As of June 30, 2018, the aggregate amount of the transaction price allocated to RUPO was $14,871.8 million. The Company expects to recognize revenue on approximately 73.0% of the RUPO through 2019 and 27.0% thereafter.

The following table details the RUPO for each business segment as of June 30, 2018:

(In millions)	**2018**	**2019**	**Thereafter**
Subsea	$ 1,883.4	$ 2,286.1	$ 2,007.5
Onshore/Offshore	2,874.0	3,403.2	2,002.3
Surface Technologies	374.7	40.6	—
Total remaining unsatisfied performance obligations	$ 5,132.1	$ 5,729.9	$ 4,009.8

Impact on Primary Financial Statements

The impact to revenues for the six months ended June 30, 2018 was a decrease of $10.9 million as a result of applying IFRS 15. A difference between revenue recognized under IFRS 15 as compared to IAS 11 and IAS 18 exists for certain contracts in which physical progress was used as the measure of progress for which the cost to cost method best depicts the transfer of control to the customer.

A difference exists in the presentation of trade receivables, contract assets and contract liabilities. Upon adoption of IFRS 15, we recognize trade receivables when we have the unconditional right to payment. Previously, we reported certain billed amounts on a net basis within contract assets and contract liabilities when the legal right of offset was present within the contract.

Consolidated Statements of Income for the six months ended June 30, 2018:

	Six Months Ended June 30, 2018		
(In millions, except per share data)	**As reported**	**Effect of IFRS 15**	**Under IAS 11 and 18**
Revenue			
Service revenue	$ 4,684.1	$ 13.6	$ 4,697.7
Product revenue	1,312.1	(2.7)	1,309.4
Lease and other revenue	102.7	—	102.7
Total revenue	6,098.9	10.9	6,109.8
Costs and expenses			
Cost of service revenue	3,806.7	(18.7)	3,788.0
Cost of product revenue	1,079.8	(0.9)	1,078.9
Cost of lease and other revenue	68.5	—	68.5
Selling, general and administrative expense	609.3	—	609.3
Research and development expense	94.7	—	94.7
Impairment, restructuring and other expenses	23.1	—	23.1
Merger transaction and integration costs	14.6	—	14.6
Total costs and expenses	5,696.7	(19.6)	5,677.1
Other income (expense), net	(10.7)	—	(10.7)
Income from equity affiliates	52.6	—	52.6
Income before net interest expense and income taxes	444.1	30.5	474.6
Net interest expense	(145.5)	—	(145.5)

Income before income taxes	298.6	30.5	329.1
Provision for income taxes	108.8	13.2	122.0
Net income	189.8	17.3	207.1
Net (income) loss attributable to noncontrolling interests	(0.7)	(0.5)	(1.2)
Net income attributable to TechnipFMC plc	$ 189.1	$ 16.8	$ 205.9

Consolidated Balance Sheets as of June 30, 2018:

	June 30, 2018		
(In millions, except par value data)	**As reported**	**Effect of IFRS 15**	**Under IAS 11 and 18**
Assets			
Property, plant and equipment, net	$ 3,895.5	$ —	$ 3,895.5
Goodwill	9,037.3	—	9,037.3
Intangible assets, net	1,253.8	—	1,253.8
Investments in equity affiliates	295.2	—	295.2
Other assets	382.4	(1.0)	381.4
Deferred income taxes	430.0	(23.1)	406.9
Derivative financial instruments	84.6	—	84.6
Total non-current assets	15,378.8	(24.1)	15,354.7
Inventories, net	1,086.4	25.0	1,111.4
Contract assets	1,412.9	409.9	1,822.8
Advances paid to suppliers	300.3	—	300.3
Derivative financial instruments	83.9	—	83.9
Trade receivables, net	2,199.2	(1,116.4)	1,082.8
Income taxes receivable	338.7	0.1	338.8
Other current assets	874.8	—	874.8
Cash and cash equivalents	5,557.7	—	5,557.7
Total current assets	11,853.9	(681.4)	11,172.5
Total assets	27,232.7	(705.5)	26,527.2
Liabilities and equity			
Ordinary shares	457.5	—	457.5
Ordinary shares held in employee benefit trust	(3.9)	—	(3.9)
Retained earnings, net income and other reserves	13,068.2	108.3	13,176.5
Accumulated other comprehensive (loss)	(781.8)	—	(781.8)
Total TechnipFMC plc stockholders' equity	12,740.0	108.3	12,848.3
Noncontrolling interests	62.1	0.4	62.5
Total equity	12,802.1	108.7	12,910.8
Long-term debt, less current portion	2,592.6	—	2,592.6
Accrued pension and other post-retirement benefits, less current portion	281.5	—	281.5
Non-current provisions	53.2	—	53.2
Derivative financial instruments	88.3	—	88.3
Deferred income taxes	360.3	(8.4)	351.9
Other liabilities	374.1	—	374.1
Total non-current liabilities	3,750.0	(8.4)	3,741.6
Short-term debt and current portion of long-term debt	1,602.0	—	1,602.0
Current provisions	543.3	—	543.3
Accounts payable, trade	2,937.1	20.4	2,957.5
Contract liabilities	3,961.2	(816.8)	3,144.4
Derivative financial instruments	97.9	—	97.9
Accrued payroll	350.0	—	350.0
Income taxes payable	250.9	18.3	269.2
Other current liabilities	938.2	(27.7)	910.5
Total current liabilities	10,680.6	(805.8)	9,874.8
Total liabilities	14,430.6	(814.2)	13,616.4
Total equity and liabilities	$ 27,232.7	$ (705.5)	$ 26,527.2

NOTE 8. STOCKHOLDERS' EQUITY

(a) Dividends and Share Repurchases

Cash dividends paid during the six months ended June 30, 2018 for dividends declared on February 20, 2018 and April 24, 2018 were $120.2 million. There were no cash dividends paid during the six months ended June 30, 2017.

As an English public limited company, we are required under U.K. law to have available "distributable reserves" to conduct share repurchases or pay dividends to shareholders. Distributable reserves are a statutory requirement and are not linked to a U.S. GAAP reported amount (e.g., retained earnings).

In April 2017, the Board of Directors authorized the repurchase of up to $500.0 million in ordinary shares under our share repurchase program. We implemented our share repurchase program in September 2017, and we repurchased 7.7 million of ordinary shares for a total consideration of $242.0 million during the six months ended June 30, 2018 under this program. We intend to cancel repurchased shares and not hold them in treasury.

(b) Share-based Compensation

On January 11, 2017, we adopted the TechnipFMC plc Incentive Award Plan (the "Plan"). The Plan provides certain incentives and awards to officers, employees, non-employee directors and consultants of TechnipFMC plc and its subsidiaries. The Plan allows our Board of Directors to make various types of awards to non-employee directors and the Compensation Committee of the Board of Directors to make various types of awards to other eligible individuals. Awards may include share options, share appreciation rights, performance share units, restricted share units, restricted shares or other awards authorized under the Plan. All awards are subject to the Plan's provisions, including all share-based grants previously issued by FMC Technologies and Technip prior to consummation of the Merger. Under the Plan, 24.1 million ordinary shares were authorized for awards.

We recognize compensation expense and the corresponding tax benefits for awards under the Plan. Share-based compensation expense for nonvested stock units was $25.8 million and $24.7 million for the six months ended June 30, 2018 and 2017, respectively.

NOTE 9. DEBTS

Long-term debt consisted of the following:

(In millions of US dollars)	June 30, 2018	December 31, 2017
Revolving credit facility	$ —	$ —
Bilateral credit facilities	—	—
Commercial paper	1,523.2	1,450.4
Synthetic bonds due 2021	493.2	499.2
3.45% Notes due 2022	500.0	500.0
5.00% 2010 Private placement due 2020	233.3	238.9
3.40% 2012 Private placement due 2022	175.4	179.8
3.15% 2013 Private placement due 2023	151.3	155.0
3.15% 2013 Private placement due 2023	146.0	149.6
4.00% 2012 Private placement due 2027	87.7	89.9
4.00% 2012 Private placement due 2032	112.7	115.4
3.75% 2013 Private placement due 2033	113.4	116.0
Bank borrowings	297.7	332.5
Other	32.5	28.4
Finance lease	328.2	328.7
Total long-term debt	4,194.6	4,183.8
Less: current borrowings	1,602.0	1,527.7
Long-term debt	$ 2,592.6	$ 2,656.1

Revolving credit facility - On January 17, 2017, we acceded to a new $2.5 billion senior unsecured revolving credit facility agreement ("facility agreement") among FMC Technologies, Inc. and Technip Eurocash SNC (the "Borrowers") with JPMorgan Chase Bank, National Association ("JPMorgan"), as agent and an arranger, SG Americas Securities LLC as an arranger, and the lenders party thereto.

The facility agreement provides for the establishment of a multicurrency, revolving credit facility, which includes a $1.5 billion letter of credit subfacility. Subject to certain conditions, the Borrowers may request the aggregate commitments under the facility agreement be increased by an additional $500.0 million. The facility expires in January 2022.

Borrowings under the facility agreement bear interest at the following rates, plus an applicable margin, depending on currency:

- U.S. dollar-denominated loans bear interest, at the Borrowers' option, at a base rate or an adjusted rate linked to the London interbank offered rate ("Adjusted LIBOR");
- sterling-denominated loans bear interest at Adjusted LIBOR; and
- euro-denominated loans bear interest at the Euro interbank offered rate ("EURIBOR").

Depending on the credit rating of TechnipFMC plc, the applicable margin for revolving loans varies (i) in the case of Adjusted LIBOR and EURIBOR loans, from 0.820% to 1.300% and (ii) in the case of base rate loans, from 0.000% to 0.300%. The "base rate" is the highest of (a) the prime rate announced by JPMorgan, (b) the greater of the Federal Funds Rate and the Overnight Bank Funding Rate plus 0.5% or (c) one-month Adjusted LIBOR plus 1.0%.

The facility agreement contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type, including financial covenants requiring that our total capitalization ratio not exceed 60.0% at the end of any financial quarter. The facility agreement also contains covenants restricting our ability and our subsidiaries ability to incur additional liens and indebtedness, enter into asset sales or, make certain investments.

As of June 30, 2018, we were in compliance with all restrictive covenants under our revolving credit facility.

Bilateral credit facilities - We have access to four bilateral credit facilities in the aggregate of €320.0 million. The bilateral credit facilities consist of:

- two credit facilities of €80.0 million each expiring in May 2019;
- a credit facility of €60.0 million expiring in June 2019; and
- a credit facility of €100.0 million expiring in May 2021.

Each bilateral credit facility contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type.

Commercial paper - Under our commercial paper program, we have the ability to access $1.5 billion and €1.0 billion of short-term financing through our commercial paper dealers, subject to the limit of unused capacity of our facility agreement. As we have both the ability and intent to refinance these obligations on a long-term basis, our commercial paper borrowings were classified as long-term debt in the consolidated balance sheets as of June 30, 2018 and December 31, 2017. Commercial paper borrowings are issued at market interest rates. As of June 30, 2018, our commercial paper borrowings had a weighted average interest rate of 2.49% on the U.S. dollar denominated borrowings and (0.27)% on the Euro denominated borrowings.

NOTE 10. FINANCIAL INSTRUMENTS

Our financial assets and liabilities by category were as follows:

	As of June 30, 2018 Analysis by Category of Financial Statements				
(In millions of US dollars)	**Carrying Amount**	**At Fair Value through Profit or Loss**	**Assets Amortized at Cost**	**Liabilities Amortized at Cost**	**Derivative Instruments**
Investments in non-consolidated companies	$ 29.0	$ 29.0	$ —	$ —	$ —
Other financial assets	353.4	28.4	325.0	—	—
Derivative financial instruments	168.5	—	—	—	168.5
Trade receivables, net	2,199.2	—	2,199.2	—	—
Other current assets	874.8	—	874.8	—	—
Cash and cash equivalents	5,557.7	5,557.7	—	—	—
TOTAL ASSETS	9,182.6	5,615.1	3,399.0	—	$ 168.5
Long-term debt, less current portion	2,592.6	—	—	2,592.6	—
Other non-current liabilities	374.1	224.6	—	149.5	—
Short-term debt and current portion of long-term	1,602.0	—	—	1,602.0	—
Accounts payable, trade	2,937.1	—	—	2,937.1	—
Derivative financial instruments	186.2	—	—	—	186.2
Other current liabilities	938.2	123.9	—	814.3	—
TOTAL LIABILITIES	$ 8,630.2	$ 348.5	$ —	$ 8,095.5	$ 186.2

	June 30, 2018			
(In millions of US dollars)	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets				
Investments				
Nonqualified Plan				
Traded securities[(a)]	$ 26.6	$ 26.6	$ —	$ —
Money market fund	1.3	—	1.3	—
Stable value fund	0.5	—	0.5	—
Investments in non-consolidated companies	29.0	22.4	—	6.6
Derivative financial instruments				
Synthetic bonds - call option premium	76.3	—	76.3	—
Foreign exchange contracts	92.2	—	92.2	—
Cash and cash equivalents	5,557.7	5,557.7	—	—
Total assets	$ 5,783.6	$ 5,606.7	$ 170.3	$ 6.6

Liabilities				
Redeemable financial liability	308.1	$ —	$ —	$ 308.1
Redeemable liability (Put option over non controlling interests)	40.4	—	—	40.4
Derivative financial instruments				
Synthetic bonds - embedded derivatives	76.3	—	76.3	—
Foreign exchange contracts	109.9	—	109.9	—
Total liabilities	$ 534.7	$ —	$ 186.2	$ 348.5

a. Includes equity securities, fixed income and other investments measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments depending on the valuation methods:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs which have a significant effect on the recorded fair value and that are not based on observable market data.

The fair value of derivative financial instruments is estimated on the basis of valuations provided by bank counterparties or financial models commonly used in financial markets, using market data as of the statement of financial position date.

Due to their short maturities, the fair value of cash and cash equivalents is considered as being equivalent to carrying value.

During the half year ended 2018 and 2017, there were no transfer between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

During the half year 2018, available for sale financial assets were transferred to category of financial assets that are Fair valued through Profit or Loss in accordance with IFRS 9.

Mandatorily redeemable financial liability - We determined the fair value of the mandatorily redeemable financial liability using a discounted cash flow model. The key assumption used in applying the income approach is the selected discount rates and the expected dividends to be distributed in the future to the noncontrolling interest holders. Expected dividends to be distributed is based on the noncontrolling interests' share of the expected profitability of the underlying contract, the selected discount rate, and the overall timing of completion of the project.

A decrease of one percentage point in the discount rate would have increased the liability by $6.6 million as of June 30, 2018. The fair value measurement is based upon significant unobservable inputs not observable in the market and is consequently classified as a Level 3 fair value measurement.

Changes in the fair value of our Level 3 mandatorily redeemable financial liability is presented below.

	Six Months Ended June 30,	
(In millions)	**2018**	**2017**
Balance at beginning of period	$ 312.0	$ 174.8
Less: Gains (losses) recognized in net interest expense	(120.3)	(129.6)
Less: Settlements	124.2	76.6
Balance at end of period	$ 308.1	$ 227.8

Redeemable liability (Put option over non controlling interests) - We determined the fair value of the put option over non controlling interest as the present value of the expected redemption price of the written put option.

NOTE 11. OTHER LIABILITIES (CURRENT AND NON-CURRENT)

Other current liabilities consisted of the following:

(In millions of U.S. dollars)	**June 30, 2018**	**December 31, 2017**
Accruals on completed contracts	$ 335.4	$ 321.3
Deferred income on contracts	—	492.2
Other taxes payable	98.0	204.4
Social security liability	120.4	124.1
Redeemable financial liability	123.9	69.7
Other	260.5	256.5
TOTAL OTHER CURRENT LIABILITIES	$ 938.2	$ 1,468.2

Other non-current liabilities consisted of the following:

(In millions of U.S. dollars)	June 30, 2018	December 31, 2017
Payable on Tangible Assets	$ —	$ 13.7
Payable on intangible assets	7.1	0.4
Subsidies	6.3	6.4
Financial Liabilities on non-qualified employee retirement plans	36.2	35.6
Redeemable financial liabilities	224.6	242.3
Other	99.9	70.8
TOTAL OTHER NON-CURRENT LIABILITIES	$ 374.1	$ 369.2

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities associated with guarantees - In the ordinary course of business, we enter into standby letters of credit, performance bonds, surety bonds and other guarantees with financial institutions for the benefit of our customers, vendors and other parties. The majority of these financial instruments expire within five years.

Management does not expect any of these financial instruments to result in losses that, if incurred, would have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Guarantees consisted of the following:

(In millions of US dollars)	June 30, 2018	December 31, 2017
Financial guarantees[(a)]	$ 848.2	$ 933.3
Performance guarantees[(b)]	3,878.3	3,670.3
Maximum potential undiscounted payments	$ 4,726.5	$ 4,603.6

a. Financial guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on changes in an underlying agreement that is related to an asset, a liability, or an equity security of the guaranteed party. These tend to be drawn down only if there is a failure to fulfill our financial obligations.

b. Performance guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on another entity's failure to perform under a nonfinancial obligating agreement. Events that trigger payment are performance-related, such as failure to ship a product or provide a service.

Management believes the ultimate resolution of our known contingencies will not materially affect our consolidated financial position, results of operations, or cash flows.

Contingent liabilities associated with legal matters

A purported shareholder class action filed in 2017 and amended in January 2018 and captioned Prause v. TechnipFMC plc, et al., No. 4:17-cv-02368 (S.D. Texas) is pending in the U.S. District Court for the Southern District of Texas against the Company and certain current officers and a former employee of the Company. The suit alleges violations of the federal securities laws in connection with the Company's restatement of our first quarter 2017 financial results and a material weakness in our internal control over financial reporting announced on July 24, 2017. The Company is vigorously contesting the litigation and cannot predict its duration or outcome.

On March 28, 2016, FMC Technologies received an inquiry from the U.S. Department of Justice ("DOJ") related to the DOJ's investigation of whether certain services Unaoil S.A.M. provided to its clients, including FMC Technologies, violated the U.S. Foreign Corrupt Practices Act ("FCPA"). On March 29, 2016, Technip S.A. also received an inquiry from the DOJ related to Unaoil. We are cooperating with the DOJ's investigations and, with regard to FMC Technologies, a related investigation by the U.S. Securities and Exchange Commission.

In late 2016, Technip S.A. was contacted by the DOJ regarding its investigation of offshore platform projects awarded between 2003 and 2007, performed in Brazil by a joint venture company in which Technip S.A. was a minority participant, and we have also raised with DOJ certain other projects performed by Technip S.A. subsidiaries in Brazil between 2002 and 2013. The DOJ has also inquired about projects in Ghana and Equatorial Guinea that were awarded to Technip S.A. subsidiaries in 2008 and 2009, respectively. We are cooperating with the DOJ in its investigation into potential violations of the FCPA in connection with these projects. We have contacted the Brazilian authorities and are cooperating with their investigation concerning the projects in Brazil and have also contacted French authorities about certain of the existing matters.

Certain of the government investigations have identified issues relating to potential non-compliance with applicable laws and regulations, including the FCPA, Brazilian and French law, related to these historic matters. U.S. authorities have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations, which they may seek to impose against corporations and individuals in appropriate circumstances including, but not

limited to, fines, penalties and modifications to business practices and compliance programs. These authorities have entered into agreements with, and obtained a range of sanctions against, numerous public corporations and individuals arising from allegations of improper payments whereby civil and/or criminal penalties were imposed. Recent civil and criminal settlements have included fines of tens or hundreds of millions of dollars, deferred prosecution agreements, guilty pleas, and other sanctions, including the requirement that the relevant corporation retain a monitor to oversee its compliance with the FCPA. Brazilian and French authorities also have a range of sanctions available to them and have recently imposed substantial fines on corporations for anti-corruption violations. Any of these remedial measures, if applicable to us, as well as potential customer reaction to such remedial measures, could have a material adverse impact on our business, results of operations, and financial condition.

In addition to the above-referenced matters, we are involved in various pending or potential legal actions or disputes in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions because of their inherent uncertainty. However, management believes that the most probable, ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

NOTE 13. MARKET RELATED EXPOSURE

We are subject to financial market risks, including fluctuations in foreign currency exchange rates and interest rates. In order to manage and mitigate our exposure to these risks, we may use derivative financial instruments in accordance with established policies and procedures. We do not use derivative financial instruments where the objective is to generate profits solely from trading activities. As of June 30, 2018, substantially all of our derivative holdings consisted of foreign currency forward contracts and foreign currency instruments embedded in purchase and sale contracts.

These forward-looking disclosures only address potential impacts from market risks as they affect our financial instruments and do not include other potential effects that could impact our business as a result of changes in foreign currency exchange rates, interest rates, commodity prices or equity prices.

Foreign currency exchange rate risk

We conduct operations around the world in a number of different currencies. Many of our significant foreign subsidiaries have designated the local currency as their functional currency. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. We do not hedge this translation impact on earnings.

When transactions are denominated in currencies other than our subsidiaries' respective functional currencies, we manage these exposures through the use of derivative instruments. We primarily use foreign currency forward contracts to hedge the foreign currency fluctuation associated with firmly committed and forecasted foreign currency denominated payments and receipts. The derivative instruments associated with these anticipated transactions are usually designated and qualify as cash flow hedges, and as such the gains and losses associated with these instruments are recorded in other comprehensive income until such time that the underlying transactions are recognized. Unless these cash flow contracts are deemed to be ineffective or are not designated as cash flow hedges at inception, changes in the derivative fair value will not have an immediate impact on our results of operations since the gains and losses associated with these instruments are recorded in other comprehensive income. When the anticipated transactions occur, these changes in value of derivative instrument positions will be offset against changes in the value of the underlying transaction. When an anticipated transaction in a currency other than the functional currency of an entity is recognized as an asset or liability on the balance sheet, we also hedge the foreign currency fluctuation of these assets and liabilities with derivative instruments after netting our exposures worldwide. These derivative instruments do not qualify as cash flow hedges.

Occasionally, we enter into contracts or other arrangements containing terms and conditions that qualify as embedded derivative instruments and are subject to fluctuations in foreign exchange rates. In those situations, we enter into derivative foreign exchange contracts that hedge the price or cost fluctuations due to movements in the foreign exchange rates. These derivative instruments are not designated as cash flow hedges.

For certain committed and anticipated future cash flows and recognized assets and liabilities which are denominated in a foreign currency we may choose to manage our risk against changes in the exchange rates, when compared against the functional currency, through the economic netting of exposures instead of derivative instruments. Cash outflows or liabilities in a foreign currency are matched against cash inflows or assets in the same currency such that movements in exchanges rates will result in offsetting gains or losses. Due to the inherent unpredictability of the timing of cash flows, gains and losses in the current period may be economically offset by gains and losses in a future period. All gains and losses are recorded in our consolidated statements of income in the period in which they are incurred. Gains and losses from the remeasurement of assets and liabilities are recognized in other income (expense).

Interest rate risk

We assess effectiveness of forward foreign currency contracts designated as cash flow hedges based on changes in fair value attributable to changes in spot rates. We exclude the impact attributable to changes in the difference between the spot rate and the forward rate for the assessment of hedge effectiveness and recognize the change in fair value of this component immediately in earnings. Considering that the difference between the spot rate and the forward rate is proportional to the differences in the interest rates of the countries of the currencies being traded, we have exposure in the unrealized valuation of our forward foreign currency contracts to relative changes in interest rates between countries in our results of operations. Based on our portfolio as of June 30, 2018, we have material positions with exposure to interest rates in the United States, Canada, Australia, Brazil, the United Kingdom, Singapore, the European Community and Norway.

NOTE 14. SUBSEQUENT EVENTS

None.

4 STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL

INFORMATION

Independent review report to TechnipFMC plc

Report on the interim condensed consolidated financial statements

Our conclusion

We have reviewed TechnipFMC plc's interim condensed consolidated financial statements (the "interim financial statements") in the half-year financial report of TechnipFMC plc for the 6 month period ended 30 June 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 June 2018;
- the condensed consolidated statement of income and condensed statement of other comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-year financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-year financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-year financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Aberdeen
6 August 2018

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Category Code: IR
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