

FINAL TRANSCRIPT

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PRESENTATION

Thierry Pilenko - *Technip - Chairman, CEO*

Ladies and gentleman, thank you for participating in Technip's conference call. I'm Thierry Pilenko, Chairman and CEO. With me are Julian Waldron, our CFO, and Arnaud Real, our Deputy CFO, as well as our Investor Relations Team, Kimberly Stewart, Apollinaire Vandier and Chaun Wang. I will turn you over to Kimberly who will go over the conference call rules. Kimberly?

Kimberly Stewart - *Technip - IR*

Thank you Thierry. I would like to remind participants that you can download the second quarter 2011 results press release and presentation on our website Technip.com. I must remind you that statements made during the call which are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Readers and listeners are strongly encouraged to refer to the disclaimers which are an integral part of today's slide presentation which you may download from our website. Also an audio replay of today's call will be available on our website approximately two hours after the call ends.

I now hand you back to Thierry.

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Thierry Pilenko - Technip - Chairman, CEO

Thank you Kimberly. I'll be going over Technip's second quarter 2011, the operational highlights during the first part of my presentation before handing you over to Julian. But first of all this was a good and robust quarter for Technip. Our revenue grew 12%. Our margins were strong and translated into a net income growth of 25% and we are therefore raising our full year objectives.

We are also more than EUR2.1 billion of new contracts that grew a backlog to EUR9.4 billion demonstrating the strengths of Technip's broad business [days]. Now going to Slide 4, I will highlight just a few of the major projects that contributed to Technip's second quarter results. You will find more extensive details in the press release.

Starting with our subsea segment during the second quarter we successfully completed operations on Pazflor for Total and began in our handover on Block 31 to BP. Both projects are offshore Angola. Meanwhile in the Baltic Sea we completed the first campaign of the Nord Stream pipeline and continued operation offshore Egypt for Burullus West Delta Phase 8A which had been delayed slightly due to the Arab spring in Egypt.

In our North Sea Canada region we advanced on the Hibernia project and successfully installed the first subsea structures on the Goliat project in Norway. Our fleet utilization rate as expected was 80% driven by our rigid [and flexible] pipe [laying] access that we are very busy, and the [better VSV] utilization, even if bad weather in the North Sea impacted some projects during the quarter.

Our flexible pipe manufacturing plant in France and Brazil had very good level of work and the second production line in Vitoria we started -- this line was started at the beginning of the year. In Malaysia our Asiaflex plant continued to have a good ramp-up of activities notably for umbilicals.

On Slide 5, we listed our main onshore/offshore highlights. In the second quarter we handed over the P-56 semi-sub platform to Petrobras for the Marlin Sul oil field in the Campos Basin in Brazil. On the Block 1 project in Turkmenistan for Petronas we completed offshore work on the gravity base structure and interconnecting pipeline and the third gas treatment train was actually inaugurated in July.

Work progressed on Middle Eastern projects, notably on the Jubail Refinery in Saudi Arabia where we are ramping up construction workforce, almost doubling it during the quarter moving from 6000 people to 10,000.

Civil and mechanical work progressed well on Asab 3 in Abu Dhabi with the involvement of Eletech which I remind you is a joint venture with a Chinese construction company called Eleco. In addition early works on PMP in Qatar were successfully completed during the first maintenance window of the plant. Last but not least, our Prelude FLNG FEED team was reinforced to start the work on project [detailed] design after Shell's final investment decision during the second quarter.

With that I will turn you over to Julian who will go over the other [entire] backlog and financial highlights.

Julian Waldron - Technip - CFO

Thierry thank you very much. As you mentioned earlier on order intake for the second quarter was EUR2.1 billion and on Slide 7 we have got the split of that between subsea and onshore/offshore. It was almost equally split. A EUR1018 [million] in subsea and that was up from EUR773 million a year ago. Our backlog in subsea is EUR3.63 billion which is above the peak of the previous cycle.

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Order intake was very broadly based in subsea, several [ethic] contracts with good technical content, good technology content in the North Sea, notably for pipe-in-pipe and steel tube umbilical's. Also several contracts in Brazil including the renewal of a Sunrise long-term charter for four additional years and installation contracts in West Africa.

Onshore/offshore, the order intake was EUR1.07 billion and that maintains our backlog in line with the previous quarter. It's up year on year. This included the first contribution from the Prelude FLNG roughly half of that onshore/offshore order intake, and several contracts in Asia Pacific notably for mini LNG in China and chemical and petrochemical downstream plants in Thailand, China and India.

We also signed -- looking to the future -- a services frame agreement with BASF for the development of petrochemical and chemical projects and a 10 year frame agreement with BP covering design procurement of construction of Spar platforms in the Gulf of Mexico.

Turning to Slide 8, and the key financial aspects of the results. So for subsea revenues were slightly lower than a year ago that reflects currency and the flat backlog over that period. Revenues had a good contribution from the two major West African projects that Thierry mentioned Pazflor and Block 31 which are the last large projects from the last order intake cycle.

As he mentioned we have improving fleet utilization. Although, I would say that revenue was still impacted by the weather in the North Sea and the ramp-up of the second line in Vitoria. The [trailer] was well utilized during the quarter.

In terms of profit, we delivered 17% in the quarter at the operating level and this is the first time in a couple of years that subsea has shown stability year on year its margins rather than a decline.

Concerning onshore/offshore revenue has grown consistently over the last few quarters. About 26% year on year this quarter and that's the third quarter in a row it's been over 20%. The strong order intake of the last few quarters also supports the visibility across these two segments.

Profit was above our expectations at 7.6% compared to 7.1% a year ago. That profit was made from the broad number of smaller and medium sized projects that we have in the onshore/offshore portfolio. Although we have got good revenue coming through on Dubai and Asab and PMP for example, these projects are still in relatively early phases of their execution. So there's a modest contribution only at this stage to the bottom line.

Looking at the Group's P&L on Slide 9. The operating margin overall stood at 10.6% roughly equal to the 10.8% last year. This is ahead of where we expected to be at the half year and that explains the increase guidance for the full year on profits.

Financial result was a significant swing year on year. We had a negative impact throughout last year of mark to market of our hedge and [swap book]. The year before some of that was positive and again in the second quarter we've had a positive impact. That will continue to be volatile.

The tax rate was stable just below 30% and overall we had a good rise in net income and in earnings per share. Turning on Slide 10 for the cash flow and the balance sheet. The quarter was a significant one for both the financing flows and net cash flow. We paid out EUR156 million in dividends during the quarter and that explains essentially the movement from the net cash in March to the net cash in June.

On a growth basis we repaid the EUR650 million bond which we had refinanced during the course of 2010. As you will see in the press release we have also renegotiated our syndicated credit in July and signed that last week.

Looking at working capital movements, those were negative in the quarter. Two things to comment there. The first is the further plan payments for TSKJ. But secondly as in particular the Middle Eastern onshore projects ramp-up, the advantages on those projects had been used to fund the procurement activities in particular.



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CapEx was EUR64 million and we're probably still just about in the line with the EUR400 million expectation for the full year, maybe a little bit lower than we thought at the beginning of the year. The Group's net cash position remains pretty robust just over EUR1.1 billion with a low level of advances on the balance sheet at the end of quarter.

Just two other points to mention on the balance sheet. Sorry one other point to mention on the balance sheet. You'll see that the MHB stake which came into the balance sheet at the end of last year has increased significantly in value. There's no P&L impact from that. All changes from that are taken through the balance sheet.

With that I will hand you back to Thierry to cover strategy and outlook.

Thierry Pilenko - *Technip - Chairman, CEO*

Thank you Julian. I would like to start to zoom in on some of the Middle Eastern projects that we recently won. These projects are often Brownfield and require strong project management skills, because of the complexity of the interfaces with existing facilities.

So this includes, for example, the KJO project in the neutral zone to expand all processing facilities between Kuwait and Saudi Arabia, as well as projects such as the Upper Zakum 750 FEED and recently awarded Satrah EPC Full Field Development. So these are two projects which are part of Abu Dhabi program to increase oil recovery and boost gas production for local consumption.

On Slide 13, I would like to focus on the [technical] capabilities that we developed in [floating] LNG, because this is one of the main highlights of the quarter is the nature of the Prelude project as Shell went into their final investment decision.

So Technip has been building performance, FLNG know-how for the past decade, starting with field development planning back in 2001, then we moved into conceptual studies and finally in 2009 we launched the 15 year frame agreement which was crystallized in the second quarter with this final investment decision on the Prelude FLNG.

During this period we have worked very closely to develop an extensive implementation plan to ensure that all the stakeholders are well aligned and that maximum has been done to mitigate risk to such a project. So the involvement of the construction yard, Samsung a partner in the consortium at the very early stages of conceptual stage was combined with Technip experience on [FBSOs], experience with the LNG process which is well known as we have developed we have several LNG plants.

Shell and Technip have defined the contractual terms that are in line with our onshore/ offshore risk profile. We also continued to perform some engineering work for Petrobras FLNG and for Petronas. Earlier this month we held our first technical conference call that presented the development challenges and the opportunities and Technip's expertise in the FLNG which I invite you to download on our website.

So should FLNG opportunities continue to develop in the coming years in addition to the traditional offshore business? We believe that our offshore segment revenues could potentially increase by two or three times over the next three to four years. This will help us drive growth for the Group and maintain a diversified portfolio and backlog across our onshore/offshore business. This is important because as you know, we are increasingly managing the roles, the resources and the risk profile of these two segments together.

Going to subsea. We have seen our subsea backlog increase to EUR3.6 billion which is above the peak of the last cycle. The backlog at the end of June 2011 is built around technology, as Julian mentioned before. In particular [floor assurance proprietary] technology. I would just mention the Smoothbore flexible risers for [diverse] production or our IPBs which combine several [floor assurance] applications in one flexible bundle. Also ultra deep water flexible pipes from Brazil, steel tube umbilicals and as well as an increasing position for pipe-in-pipe particularly in the North Sea as the tie-ins become longer.



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As shown on Slide 15, our solid subsea order intake combined with our onshore/offshore segment award totaling EUR2.1 billion of new contracts. So our backlog grew to EUR9.4 billion. What's interesting is to notice the times we saved a couple of quarters ago, we start to see a growing proportion of gas related projects. So this backlog compares to 9.1 billion at the end of the first quarter, 2011 and EUR8.3 billion at the end of the same quarter -- same second quarter 2010.

So looking forward we actually see opportunities to expand in nearly all our markets. Price of oil is high and fairly stable. If you combine that to an increase demand for gas, which both drives [downstream] investment. But we also see a strategic downstream investment in many countries. So the business environment is positive. Our competition should not be underestimated and there is always uncertainty about the general economics done in a widespread political uncertainties which could impact the timetable for some projects notably those who require financing.

Overall the current business environment shows a steady recovery. It may be slower to than some industry expert anticipated. But the trend that we see could prove more sustained. The areas that are supporting this growth, [deported] development, to refining the emerging market, gas production, including FLNG.

All of these remain robust regions such as Brazil, Australia, Middle East, West Africa show no signs of slowing down. Middle East are starting to upgrade the existing facilities notably in Abu Dhabi, so competition remains intense. New regulation and geopolitical factors add a certain level of uncertainties, but in general the environment is positive.

So we have (inaudible) the end of new orders in the quarter with wide variety of small and medium sized projects, I think we have good backlog visibility. That's why in conclusion our robust second quarter is increasing revenue, solid project performance, strong margins, only has increased our confidence and visibility for the full year 2011.

Accordingly we are raising our full year profit objectives and expect subsea operating margins between 69.5% and 70% and our onshore/offshore combined operating margin between 6.5% and 7%.

With that I would like now to turn the call over to participants to answer the questions you may have. Thank you.

QUESTIONS AND ANSWERS

Operator

Ladies and gentleman, at this time we will begin the question and answer session. (Operator Instructions). Our first question comes from Mr. Mick Pickup from Barclays. Please go ahead.

Mick Pickup - Barclays Capital - Analyst

Good morning. Nice set of results there. A couple of questions, if I may. Firstly, can you just help me with the way I should be thinking about the subsea business? You mentioned that you had got a record backlog, but I think Julian also mentioned that profitability at this point in time was helped by the completion of two of your big contracts, awarded at the peak of your last cycle.

So I was just wondering if you could help me on how we look at the embedded profitability within that backlog, given that it's a combination of what's been [tougher] a period of time yet it's higher technology. Secondly, just on your guidance I think we're all aware it is been a bit slower. Can I just get your reasoning for why you think it is more sustained, clearly those industry experts who don't know the pace of it often get the oil price wrong as well and the sustainability often depends on the oil price.



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Finally, just more of a request this has been another quarter where you've had a nice little backlog number but very [little in else]. I'm just wondering if in future you could accumulate projects and give us an idea of backlog as it goes through the quarter because we all do tend to get nervous when we don't see dollar numbers building up. Thank you.

Thierry Pilenko - *Technip - Chairman, CEO*

I'll start talking about the - thank you Mick - I'll start talking about the record backlog in subsea and (technical difficulty) quarter and then I will pass it on to Julian to talk about margins. I think the first element and the last are a little bit linked in that this quarter in our order intake we have certainly a large number of small to medium sized projects. Many of these projects, for various reasons, we could not announce, because we did not have the customer clearance to announce.

We considered our strategy about handling several projects at the same time in the future, but what I would like to say is that we have a good mix of different types of projects and from different regions. Now, in that backlog what I would like to say is that as the market is recovering we have differences by region.

If I take for example the North Sea region. We have strong activity where we had -- as you remember at the end -- in the second half of 2010 a fairly high tendering activity which was turned into [awards] at the end of 2010 and this year. This season although we had poor weather we have continued to secure backlog and we started to see quite simple (inaudible) in that region.

Now in other parts of the world like Asia for example we don't have the same price momentum. There is still some competition, but overall the conditions are getting slightly better. Now can Julian talk about the impact of the last project and of the new backlog?

Julian Waldron - *Technip - CFO*

Yeah Mick, thanks for your questions. I think I would make the following comments. First, neither Pazflor nor Block 31 are completely finished yet. So I wouldn't -- I agree as they finish their offshore phases that's when they start to contribute to the bottom line, but they're not quite finished yet. So I'd mitigate a little bit that impact.

I think looking forward I'd make the following comment. At the beginning of the year our forward year one and forward year two visibility in subsea was relatively limited and if you look at the half year subsea has got now about EUR1.6 billion of backlog estimated for scheduling next year. That implies that the backlog is renewing itself quite quickly, it's renewing itself in particular, for example, in the North Sea, in Brazil and increasingly over the last quarter or so in the Gulf of Mexico.

So we have a backlog that maybe a little bit shorter than it was three or four years ago, renewing itself quicker, renewing itself as -- in some of those markets, pricing picks up. Too early to say how that will shake out of course, but that seems to us to be a reasonably good place to start looking forward over the next several years.

Mick Pickup - *Barclays Capital - Analyst*

Okay, thank you. And then the sustainability of this up-cycle, if there is one? What gives you that confidence?

Julian Waldron - *Technip - CFO*

I think two things that I have mentioned. Thierry might have a couple of others. First of all, although projects are -- which don't need financing are taking slower to move to FID. That slowness is not in most cases, linked to the economics of the project. It's linked to discussions between partners which are pushing back FID timing.

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For those projects which require financing, those again continue to struggle in the current environment to get that financing put together. But the drive I think both of the parties involved and of the bankers trying to get financing of those seems to us, still to be very strong.

So I think we look at those projects and we don't see things being cancelled. We just see them struggling, I think, in timing terms to get to FID.

Mick Pickup - *Barclays Capital - Analyst*

Magic, thank you very much.

Thierry Pilenko - *Technip - Chairman, CEO*

Now going to another part of your question is about the sustainability. If you look at what is starting to happen in the Gulf of Mexico, geographically. So Gulf of Mexico, as you will probably know many of our customers have been quite frustrated by the pace at which they get permits for drilling, but those projects are there and they are slowly moving forward and moving through the pipeline, if I may say so. These can obviously impact both of subsea as well as our offshore platform business. But that's from the Gulf of Mexico.

Brazil continues to be strong, with emphasis more as recently highlighted in the (technical difficulty) more emphasis more on the upstream and on the development of the [force] which is where technology makes a difference. There are a number of projects in West Africa including Nigeria where we start to see momentum. I think over the next 18 months or so we (technical difficulty) coming back up again.

Now if you [said that] in the Far East and in Australia in particular many gas projects we have enough projects on the horizon although the timing may not be completely cast in stone, enough projects on the horizon to say that the activity should be sustained.

Mick Pickup - *Barclays Capital - Analyst*

Okay, thank you very much.

Julian Waldron - *Technip - CFO*

I think the last comment to make is that if we're showing growth with the small and medium sized projects as we are today and I think when we look over the next few quarters given the tendering book we have, we don't see any particular change in those sorts of trends. That again I think is a good confidence in the overall market in which we're operating.

Mick Pickup - *Barclays Capital - Analyst*

Cheers. Thanks mate.

Operator

Thank you. The next question comes from Mr David Thomas from UniCredit. Please go ahead.

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David Thomas - *UniCredit - Analyst*

Yes. Good morning all. It's Dave Thomas at UniCredit. A couple of questions please. Firstly, back to the subsea and looking at the very good utilization in the second quarter of 80%. That's up from 70% a year ago. I'm just trying to understand how that stacks up against revenues that are actually down 4% year on year. Does this for example reflect changed conditions when you were tendering for those jobs that are now being executed? So what might we expect for the rest of 2011? The second question is on the onshore. The delivery of the operating income was strong in this quarter. Is there any particular reason for that -- a contingency release execution? If you could provide some color there please.

Thierry Pilenko - *Technip - Chairman, CEO*

Do you want to answer that?

Julian Waldron - *Technip - CFO*

So David on -- thanks for your questions. On vessel utilization, probably three things to note on revenue year on year. You probably have contracts generally with slightly lower pricing this year than a year ago. Secondly as we mentioned, you have a little bit of waiting on weather impacting revenue in the North Sea. Thirdly, outside vessel utilization you still had some revenue impact from the partial shutdown in Vitoria. Those overall I think would be the three things that I mentioned.

Looking at the 80%, it's good year on year. We're clearly not back to the sorts of levels we were operating at two, three, four years ago. As far as the onshore is concerned there's nothing I particularly would want to call out underlying the revenues and the profitability in those two segments. We have a very broad based backlog. No very major projects completing during the quarter.

David Thomas - *UniCredit - Analyst*

If I could just go back to the question on the subsea and just look at it in terms of the guidance for the full year then. If utilization is going to go up -- continue to progress up -- and you've got more contribution from Vitoria, isn't there further upside to your outlook guidance for the full year?

Julian Waldron - *Technip - CFO*

No. I think we're very happy with the guidance we've given this morning. We see our flexible plants pretty fully occupied between now and the rest of the year. So we don't see any additional upside of great substance in terms of revenue. Given some of the weather impacts we've seen in the North Sea, again our ability to take additional work and grow revenue further above what we've indicated I think again is somewhat constrained there. So we're pretty happy with the guidance we've given this morning.

Thierry Pilenko - *Technip - Chairman, CEO*

You should not forget that in this second half, as Julian said, there's no contribution or significant contribution of the major projects. It's more a large number of smaller projects that they are going to contribute, some of them having been warm in the period 2009/2010 where we all knew that margins were under pressure. However, in spite of that we are able to demonstrate that those margins are resilient and that we will be landing between 16.5% and 17% -- we're well confident.

David Thomas - *UniCredit - Analyst*

Okay I'll leave it there. Thanks very much.

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Operator

Thank you. Our next question comes from Alexandre Marie from Exane BNP Paribas. Please go ahead.

Alexandre Marie - *Exane BNP Paribas - Analyst*

Hi everyone. I've got a few questions on your offshore business actually. I understand that your offshore under intake -- order intake -- includes only part of the work that you will be undertaking on the floating LNG project. So could you please elaborate a little bit on the staging of the order intake on this project? Will you be taking more next quarter? Do you have to achieve milestones to book more of this contract?

Second (inaudible) I'd like to come back a little bit on the head count predictions that you announced last year I think. Could you please give a timeline for this prediction? If you get Spar allocation contract in the Gulf of Mexico, will this put in question the head count prediction? Will you still go ahead with the head count prediction or will you need to keep staff to actually support activity there? Thank you.

Thierry Pilenko - *Technip - Chairman, CEO*

Let me try to answer both questions. First of all on the FLNG -- yes, the phasing of the order intake is based on certain milestones that have been defined together with the clients. Those milestones will depend on the progress of the engineering and the progress of the procurement. So I cannot tell you whether it is going to be in the next quarter or the quarter after. But I would say that probably over the next 18 months to two years we will recognize the entire project.

We have actually defined this progressive contractual scheme with Shell (technical difficulty) we have good grasp of the risks. So we continue with the trading of order intake. As far as Pori is concerned I have some good news which is that [everybody] Pori (technical difficulty) is fully occupied. We have actually recruited this month an additional 74 people. We didn't have to put in place the plan we announced last year.

In Finland, in case you have to do a partial reduction for a short period of time which is called technical unemployment if you want, you have to make a preannouncement and you have to make this preannouncement well in advance. In the case of Pori we have been able to bring additional work to keep our workers busy. We are currently recruiting because all the intake has been increasing. Pori is now ready to take the full Spar as soon as we get an award. So -- and I think this is very important, because we haven't had the Spar award for several years now but we managed to keep the skills and the capabilities of the shipyard intact which I think our customers appreciate. So the bad period of Pori is behind us.

Alexandre Marie - *Exane BNP Paribas - Analyst*

Okay. Thank you.

Operator

(Operator Instructions). The next question comes from Mr Andrew Dobbing from JP Morgan. Please go ahead.

Andrew Dobbing - *JP Morgan - Analyst*

Yes, good morning. You mentioned little profit contribution from those three large onshore projects in Q2. Is it fair to assume that the margin dilution from projects in that early phase was unusually high in the onshore division in Q2?

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Julian Waldron - *Technip - CFO*

No I think we were pretty happy with the overall profitability of the onshore/offshore both this quarter and in fact for the last few quarters I think we're delivering at or slightly above where we expected to be at this stage. Nothing in particular to point out either up or down.

Andrew Dobbing - *JP Morgan - Analyst*

Thanks. Can you just remind us on the size or value of the Spar projects, the new build projects you're bidding for at the moment. What's the typical size of a Spar platform?

Thierry Pilenko - *Technip - Chairman, CEO*

Well that depend whether you have the topside or only the hull but the hull could be anywhere between 250 to 350 depending on the diameter and the length.

Andrew Dobbing - *JP Morgan - Analyst*

From the top sides?

Thierry Pilenko - *Technip - Chairman, CEO*

Well top side that could be another 250 to 350 depending on the complexity.

Andrew Dobbing - *JP Morgan - Analyst*

Would you do that as well?

Thierry Pilenko - *Technip - Chairman, CEO*

Yes, if we are given the contracts. But generally the clients are separating hull and topside.

Andrew Dobbing - *JP Morgan - Analyst*

Okay. Thanks very much.

Operator

The next question comes from Mr Ian Macpherson from Simmons. Please go ahead sir.

Ian Macpherson - *Simmons - Analyst*

Hi. Thanks. I also was positively surprised by the order intake given what we saw in announced awards. I wonder is \$1 billion of relatively not highly visible subsea awards, does that suggest a more broad diversified mix of smaller contracts like you've described for your onshore portfolio. Is the subsea backlog becoming more similar to that or am I misreading that.

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Thierry Pilenko - *Technip - Chairman, CEO*

First of all it's EUR1 billion, not \$1 billion.

Ian Macpherson - *Simmons - Analyst*

I apologize.

Thierry Pilenko - *Technip - Chairman, CEO*

Yes, sorry for that. It is indicative of more small contracts in the portfolio. I think as we start to see activity picking up across the board we have seen small to medium sized contracts popping up. So we have a broader mix. The weight of the larger contracts in our portfolio is much less than what it was six months or a year ago. By the way--

Ian Macpherson - *Simmons - Analyst*

(Multiple speakers) projectable trends?

Thierry Pilenko - *Technip - Chairman, CEO*

Not necessarily because they might -- well, they are on the radar screen -- some pretty significant contracts for the next say 18 months that could be awarded in the next 18 months. But what I'd like to say is that what we saw over the last couple of years is that the competition was actually fiercer on the larger projects than it was on the smaller ones. In fact, winning smaller projects in the current environment allows us to potentially surf the wave a little bit earlier.

Ian Macpherson - *Simmons - Analyst*

Okay. To that point Julian mentioned before maybe -- I don't know if this was specific contracts or if it's a broad comment for subsea that average embedded pricing is probably a little bit lower in Q2 '11, as opposed to a year ago when we look at the top line. Would average embedded pricing be flat or lower or higher you think a year from now?

Thierry Pilenko - *Technip - Chairman, CEO*

That's a good question. We're not yet ready to give you guidance for 2012, if this is where you are leading. But I think a year from now we could expect that pricing will be firmer than today.

Ian Macpherson - *Simmons - Analyst*

Okay. Great. Thank you.

Thierry Pilenko - *Technip - Chairman, CEO*

For new orders, yes.

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Ian Macpherson - *Simmons - Analyst*

Yes.

Julian Waldron - *Technip - CFO*

Ian, you've seen over the last 12 months, and I think we've tried to call this out consistently, that the order intake for example in the North Sea has been stable and then in some cases has been firming up. I don't think we're alone in indicating that. That's an early cycle market that you've seen in one place that that trend happened already.

Ian Macpherson - *Simmons - Analyst*

Got it. Thank you.

Operator

Thank you. The next question comes from Mr Bertrand Hodee from Kepler. Please go ahead.

Bertrand Hodee - *Kepler - Analyst*

Yes. Two questions if I may. Thierry, you mentioned that in the offshore you could double or triple revenues in the next three or four years. You many times mentioned that you manage both engineering teams working in onshore and [offshore as a whole], as you mentioned a kind of guidance for the offshore revenues. Could you give us a feel of what could be the onshore trends or I would say as a combined offshore/onshore trends in revenues in coming years.

The second question is in the floating LNG we saw recently Shell entering the [Abu Dhabi] project with impacts. Does your frame agreement with Shell include both operated and non-operated projects for Shell?

Thierry Pilenko - *Technip - Chairman, CEO*

That's a quicker question, the second one. The first one is we want to grow our onshore offshore segments together. The WC we are starting from a much shorter base for the offshore, so when I say two to three times I was taking 2010 as a base, where I think we paid around EUR660 million, but both will grow in the coming cycle.

Obviously the onshore will not grow at the same pace as the offshore because we start from a different base, but the reason I give this indication on the revenues of the offshore is because we have the surplus energy project, we also have much better visibility on the Spar prospects and we do know that the final investment decision of Shell has triggered a lot of interest from many other customers around the world, which will translate for some projects.

Now we may win some, we may lose some, but the fruit in LNG is going to be one of the areas that is going to support this course.

As far as the [Abu Dhabi] project is concerned, and although Shell is non operating (technical difficulty) I wouldn't make any comment about what's going to be the final decision of the operator or their partners on how they want to move forward with floating LNG. I think it's a question you should be asking Shell and (inaudible).

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Bertrand Hodee - *Kepler - Analyst*

Okay, but it means that in fact we cannot exclude, at this stage, that Shell could bring its, I would say, generic design into that project?

Thierry Pilenko - *Technip - Chairman, CEO*

Well that's a discussion between Shell and their partners. As you know, generally we are not privy of type of information.

Bertrand Hodee - *Kepler - Analyst*

Thank you very much.

Thierry Pilenko - *Technip - Chairman, CEO*

One more question?

Operator

The next question comes from Mr Guillaume Delaby from Societe Generale. Please go ahead.

Guillaume Delaby - *Societe Generale - Analyst*

Good morning. I think my question has been partly answered. It's surrounding Spar. I just would like to be very clear, so you give figures for both the top side and for the whole, is it \$2.5 to \$3.5 billion each?

Thierry Pilenko - *Technip - Chairman, CEO*

No.

Guillaume Delaby - *Societe Generale - Analyst*

No, it was not clear.

Thierry Pilenko - *Technip - Chairman, CEO*

[EUR]250 million to EUR350 million for the whole.

Guillaume Delaby - *Societe Generale - Analyst*

Yes, okay.

Thierry Pilenko - *Technip - Chairman, CEO*

The top side can be from maybe EUR100 million to EUR300 million.

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Guillaume Delaby - Societe Generale - Analyst

Okay, now that makes more sense.

Thierry Pilenko - Technip - Chairman, CEO

We're talking about hundreds of millions and not billions.

Guillaume Delaby - Societe Generale - Analyst

I was just thinking about the (inaudible) which was, I think, a little bit more expensive than that. Okay, that's clear. Thank you very much.

Thierry Pilenko - Technip - Chairman, CEO

We can take one more question before we wrap.

Operator

The last question comes from Ms Dominique Patry from Cheuvreux. Please go ahead.

Dominique Patry - Cheuvreux - Analyst

Yes, good morning. I have a question. Given the fact that you mentioned that the cycle could be more sustained and at the same time that you are going to size investment opportunity, I would like to know what is your latest thinking in terms of CapEx going ahead in the subsea division obviously, but more broadly maybe as well.

Thierry Pilenko - Technip - Chairman, CEO

So, Julian, you want to take this question?

Julian Waldron - Technip - CFO

Dominique, thanks for the question. I think on CapEx we have the three announced things on which were focused, so the new vessel for Asia where we've started construction on that, milestone payments start later on this year; completion of the steel tube umbilical investment in the UK and, most importantly, the design and the build out of the second facility in Brazil. I think it's that second facility which is the most significant project we have for the next two to three years.

That's advancing well over the last six months. We have a lot of work to do, and particularly with our customer, Petrobras, designing what is going to suit their needs over the next many years.

Second thing, which I think is still out there and which is still uncertain, is Petrobras's requirement for PLSVs. We've bid on the tender which is ongoing at the moment. The outcome of that isn't known and I think it will be a number of weeks more before the outcome of that is known. If that came through in one way or another for us, that would be probably our next significant area of CapEx in subsea.

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Dominique Patry - *Cheuvreux - Analyst*

But basically there is no major increase despite the improvement in the markets that you have noticed and which are leading you to say that the new cycle is going to be more sustained?

Julian Waldron - *Technip - CFO*

I think over and above what I've mentioned, we think that we have, for the businesses that we're in today, we have new assets coming on stream in 2011/12 and the beginning of '13, new vessels in particular. We've invested to improve the capacity for flexible production at Vitoria and at Le Trait. We still have Spare capacity for flexibles to ramp up in Asia and that's a promising market, and then we have the additional CapEx that I've just mentioned.

So, we see ourselves investing in capacity to meet that increased and sustained demand. So we think that we're definitely investing at the pace of and, in some cases, ahead of that sustained demand. So we think we're in line with our view of the market in terms of CapEx.

Dominique Patry - *Cheuvreux - Analyst*

Okay, thank you very much.

Julian Waldron - *Technip - CFO*

Thank you.

Thierry Pilenko - *Technip - Chairman, CEO*

Thank you, Dominique, and thank you all for participating today and have a good day.

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