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TEC.PA - Q4 & Full Year 2011 Technip SA Earnings Conference Call

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CORPORATE PARTICIPANTS

Thierry Pilenko *Technip SA - CEO*

Kimberly Stewart *Technip SA - IR*

Julian Waldron *Technip SA - CFO*

CONFERENCE CALL PARTICIPANTS

Alexandre Marie *Exane - Analyst*

Mick Pickup *Barclays - Analyst*

Guang Jalapi *Equity - Analyst*

David Phillips *HSBC - Analyst*

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

Henry Tarr *Goldman Sachs - Analyst*

Geoffroy Stern *Cheuvreux - Analyst*

Matt Tucker *KeyBanc Capital Markets - Analyst*

Rob Pulleyn *Morgan Stanley - Analyst*

Andrew Dobbing *JPMorgan Cazenove - Analyst*

PRESENTATION

Operator

Good morning everyone, and welcome to Technip's fourth quarter and full year 2011 results conference call. As a reminder, this conference call is being recorded. At this time, all participants are in a listen-only mode. Later, there will be a question-and-answer session.

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

Thierry Pilenko - *Technip SA - CEO*

Good morning, ladies and gentlemen. Thank you for participating in Technip's conference call. I'm Thierry Pilenko, Chairman and CEO of Technip; and with me are Julian Waldron, our CFO; Arnaud Real, Deputy CFO; as well as Kimberly Stewart, Apollinaire Vandier and Chaun Wang from our Investor Relation team.

I will turn you over to Kimberly, who will go over the conference call rules.

Kimberly Stewart - *Technip SA - IR*

Thank you, Thierry. I would like to remind participants that you can download the fourth quarter and full year 2011 results press release and presentation from our website, technip.com.

I would like to remind participants that statements made during the call which are not historical facts are forward-looking statements within the meanings 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 -- sorry, I'm repeating myself.

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.

Thierry Pilenko - *Technip SA - CEO*

Thank you, Kimberly. So 2011 was a year of great achievement for Technip. We delivered strong profitability, actually beyond our initial expectations with a record net profit of EUR507 million and an EBIT margin of 10.4%.

We confirm our growth potential with order intake in the year of about EUR8 billion, increasing our backlog above EUR10 billion. So we are starting 2012 on the right foot. We completed three strategic acquisitions, including Global Industries, which was close in December, and that is a step change in our portfolio of products and services. Accordingly, we will recommend a dividend increase by 9% to EUR1.58 per share at the next annual meeting.

Going to financial projects -- to execution and projects, the financial results were the result of very good execution. On slide 6, we have listed the projects that were delivered to our customers, and I'd just like to highlight a few which are pretty significant.

First of all, in Brazil, we delivered the P-56 platform, leveraging the success of P-51 and P-52 that were delivered years previously. We delivered Pazflor subsea project in Angola, which is the largest project in our subsea history. And we delivered a project, which is a FEED project, actually the largest FEED ever executed from our Middle East office in Abu Dhabi.

This FEED is paving the way for very innovative on-shore and off-shore EPC development that is going to be tendered later this year. So we continue with this strategy of getting into FEEDs early and to identify the right opportunities.

On slide 7 you can see a snapshot of our profitability evolution over the years and you can notice that we are -- EBIT margin has been above 10% for the past three years. And at the same time, going back to 2008, our backlog has actually grown by EUR3.2 billion since the end of 2008. So we are definitely on a growth path.

Taking a closer look at this backlog, which is going to help us grow again in 2012, this backlog is very diversified. We are very well-positioned in regions where there are large opportunities, notably in the Americas; and that includes Colombia, Venezuela, Brazil and the rest of Latin America. And we can notice also the growth of gas projects and the growth of shallow water off-shore projects, whilst we will continue to push the frontiers in deeper waters.

Moving to slide 9, I just wanted to show the organic and non-organic growth that happened with our fleet, our people and our plants; and we have taken two dates, four years apart, 2007 to 2011. Our fleet has moved from 18 to 34 vessels, four being under construction today. Our total employee population has moved from 23,000 to 28,000. You should never forget that beyond this execution there are very large number of competent people and we've been able to grow and recruit throughout the world.

And as far as our plants are concerned, we are moving from five plants in 2007 to seven plants, one being under construction today at the beginning of 2011. So we are not only continuing the expansion in terms of number of plants, but expanding existing plants themselves. So here again, our manufacturing capacity is growing and we are on a growth path.

As far as our subsea and off-shore capabilities are concerned, I would like you to move to slide 10, where you can see that we have now a complete portfolio of vertically integrated products and services, which have been strongly reinforced in the S-lay and heavy lift by the acquisition of Global Industries in 2011. So basically, we will continue to deliver solutions that go from conception to engineering, manufacturing, fabrication and installation. It's a great differentiator and this fits perfectly well with our growth strategy.

So moving to slide 11, you can see that the combination of organic development from technology breakthroughs and acquisition are actually opening four new markets to Technip in addition to the traditional markets that we are obviously continuously tackling.

First, floating LNG. We -- as you know, we are working on the first large floating LNG project, that there are number of opportunities on the radar screen. Our ability also to construct system, subsea systems, from deep to shore, thanks to the Global Industries acquisition. Downstream, the growing importance of petrochemical and fertilizers project. I'll come back to that about why do we see these projects growing in importance. And finally, the first step into the off-shore wind business.

And I will now turn you over to Julian, who will go over the financial highlights of this quarter and the year.

Julian Waldron - *Technip SA - CFO*

Thierry, thank you very much, and good morning, everybody. So I'll move to slide 13, which looks at the Group in the fourth quarter and the full year.

Financially, we conclude the year with a solid fourth quarter. We showed 14% revenue growth and overall 2011 revenues therefore just over EUR6.8 billion, which is 12% growth year-on-year. There was a modest negative impact from currencies inside that number. At the same time, our EBITDA grew by 32% and operating income by 26%, and we gained over the year around 20 basis points of margin at both EBITDA and operating income level.

Below operating income, there are a few moving parts. First of all during this quarter we booked around EUR11 million for transaction costs for the acquisitions we made, both Global Industries and Cybernetix. I don't expect any additional -- these material costs of that nature in 2012.

The financial result continues to be volatile as far as the IAS calculations are concerned. We had a positive impact in the quarter and in the year. It was negative in 2010. The underlying financial income from treasury and the costs from debts, however, was slightly favorable year-on-year. Our income tax rate of 29.3% for the year was a little better than our target of 30%, and accordingly net income rose 21.5% year-on-year.

So turning on to slide 14 to more details on the fourth quarter and order intake and backlog. Order intake was EUR2.2 billion in the fourth quarter. Of that, EUR1.2 billion of new orders were in subsea, about a quarter of this number was related to the two 550 ton pipe-lay support vessels to be put on charter with Petrobras. The next largest contract was the Nexen award in subsea, and you'll recall that this is the largest single order that we've ever received for subsea work in the North Sea.

Thierry will comment later. We think this is a precursor to the structural change in that market for the next few years, at least towards larger and more complex projects.

We continue to capitalize outside that on our global footprint. We won a large number of small and medium sized projects, and our backlog is very diversified and now stands at a record level of EUR4.38 billion.

In on-shore/off-shore. We made particularly good momentum in the quarter in off-shore in both fixed and floating platforms. The largest order intake was the bulk of the Lucius Spar. We had early works booked in Q3 and this was the bulk of the PC contract for the hull. Parallel, we made good progress winning FEEDs and early stage involvement in projects both on-shore and in off-shore, and the backlog is now above EUR6 billion again at the end of the year.

On slide 15, for revenue and profit in subsea. We had a very strong fourth quarter revenue in subsea. It reflects the backlog growth in recent quarters coming through into revenue. For example, an addition -- a first time contribution from the Niteroi charter in Brazil, and the fact that we were able to complete some of the larger projects like Pazflor, Block 31 and West Delta Phase 8A during the quarter, probably a little faster than we expected. We had a very high vessel utilization rate that also contributed to the revenue. Although I would note that underlying the vessel utilization rate as in Q3, we continued like the rest of the industry to see our operations disrupted by the poor weather in the North Sea.

We've caught up on work in January, but I think we, like the rest of the industry, remain cautious for our outlook for the 2012 season and what weather might do. Other than this, project execution was according to plan across the rest of the portfolio.

On slide 16, in on-shore/off-shore, we had the first important revenue contribution from Prelude as we started to move into the procurement phase. This will be a more significant contributor to revenue in 2012, although we'll not hit the 25% project milestones until the year after.

The main revenue drivers continued to be the large on-shore projects in their construction phase. So that's Jubail, PMP and Asab (inaudible) were in the quarter. Combined operating margin was up sustainably against a year ago. We were able to close squarely within our margin target range in the year. I'd just like to confirm at this point what Thierry said that the Brazil [field trip] will start to report on-shore/off-shore as one segment in 2012.

Turning to cash flow on slide 17. Working capital movements during the year, which have occasionally showed significant variances, were actually overall quite small including in Q4. A major variance of our cash on balance sheet and our debt was of course due to acquisitions. We spilt out the impact and the cash flow statement related to Global Industries and that's the impact of the price paid plus the acquisition debt in cash.

In January, I'd note that we paid -- we repaid Global's outstanding public bonds about $EUR325 million. Before that repayment, we were roughly financing 60% from the convertible issue and some 40% from cash and short-term debt. Taking into account the January refinancing, those percentages roughly reserve; 60% from cash, short-term debt and 40% from the convertible.

Slide 18, a few comments on the balance sheet. Firstly, construction contracts have been stable throughout most of the year and were stable in the quarter. More and more advances from our customers have been turned quite quickly into advances from us to our suppliers. We had some major projects, as I mentioned, in subsea looking at revenue moving into warranty phase. That explains some of the more detailed movements in the provision lines. And lastly, as I've mentioned, the Global acquisition is fully refinanced and we now have the required balance between our short-term assets and cash and our short-terms liabilities as we like to keep.

So slide 19, let's talk about Global in 2011 and '12 in more detail. There's a EUR132 million of our yearend backlog which came from Global. That's a relatively small amount as expected. There was no P&L impact in 2011 other than the EUR11 million of transaction costs, which I mentioned. In the balance sheet, on the asset side, we've added EUR889 million of non-current assets and EUR232 million of current assets.

Those are all on a historic cost basis and we will do the purchase price accounting and allocation during the course of 2012, and we can keep you in touch with that as it happens. So everything on the balance sheet at the end of the year is at historic cost basis.

We expect looking at 2012 -- we're at on a standalone basis. Global will contribute around about EUR300 million of revenue, and we expect an operating loss including restructuring costs to be between around EUR30 million and EUR40 million. We expect that to be loaded in the first half of the year, Q1 in particular, Q2.

Depreciation and amortization of the vessels are around about EUR30 million to EUR35 million, and CapEx will move around a little bit because we'll make some decisions on the vessels during the year. But at this point we expect around EUR30 million.

Last comment I would make is that we know that during the year you'll continue to have questions about the performance of Global. As Thierry has said, our integration is progressing actually very well and we're now very much one Technip. In particular we're bidding on projects and trying to execute projects in that way. Look at Jubilee 1A; it's a very good example of that.

So we'll try and be helpful in answering detailed questions, but we don't intend this year because we don't think it's going to be possible to report Global as a separate entity, just a subsea segment measured against its revenue and margin targets.

Lastly, before turning back to Thierry, backlog visibility. We end the year with around EUR6 billion of revenue on our backlog scheduled for execution this year. It's about EUR900 million more than a year ago. We have about the same percentage coverages, I think, as in recent years. So I think we go into the year with good visibility on revenue. Where I think visibility has increased is for the out years, particularly in subsea.

In on-shore/off-shore we already had good visibility. I think if you take into account Burgas in January -- again particularly for on-shore the visibility has improved a lot.

With that having been said, I'll turn back to Thierry to discuss the end of the year and outlook.

Thierry Pilenko - *Technip SA - CEO*

Thank you, Julian. So we'll be turning to slide 22, the business environment. And I don't intend to go into the details of all the regions, but I will highlight some trends starting with the North Sea, where the markets are very active and projects are increasingly large and complex. So the business is extremely strong in the North Sea.

Moving to North America, on-shore, the low gas price is creating lots of downstream opportunities, particularly in petrochemicals. And in the Gulf of Mexico, we see the activity catching up after two years of very slow activity, which creates both subsea and platform opportunities.

Brazil is growing very steadily and will continue to do so for the foreseeable future. And moving to Africa, we're going to see large projects again in Angola in particular and possibly Nigeria, even if the certainty is less in Nigeria than in Angola. But we are also going to see large projects, particularly gas projects in Eastern Africa, including LNG projects.

This is going to be the same in the Mediterranean, particularly Eastern Mediterranean. So lots of opportunities related to recent gas finds in this areas. In Asia, the price of gas is high and we can see sustained long-term demand for gas, and therefore, this is a very strong driver for traditional as well as floating LNG projects.

Now in general around the world for our downstream activities we see that there are several fertilizer projects that are being discussed in different countries.

So in summary, in spite of political uncertainties -- we continue to see political and economic uncertainties -- we continue to see opportunities in nearly all the markets in which we operate.

Now, being a little bit more specific about the markets that we will be able to address with the Global Industries' teams and assets, first of all we are now deploying the assets and the teams. We have now been able to incorporate S-lay, heavy lift in our projects worldwide and we have been able to leverage the relationship where Global was strong, such as Mexico, and relationship where Technip was strong, such as, for example, the Middle East.

So the Global fleet is being deployed. We have an integrated management center now, which has been inaugurated as soon as we could start the integration in December of 2011. And we have started to reallocate some markets into promising areas such as, for example, the Middle East, where we didn't have a subsea presence. We now have won the first project for subsea thanks to Global assets in the Middle East.

So -- at the same time we are putting together the teams to execute larger and larger projects and implementing the cost synergies, moving our offices. Rio is done. Abu Dhabi is done. Houston and Mumbai. Houston is actually the largest office. Houston will be done by the end of March, and by the end of March all the teams will be one team in Houston.

We have also implemented our processes and our methods to leverage the supply chain and the buying power of the Technip organization throughout the Global organization. So basically, by the end of Q1, Global will be integrated, fully integrated in our regional organization.

We have started to see a few wins -- going to page 24. So in addition to the recurring Gulf of Mexico activities of Global, we have actually won three projects that we have announced so far. First, KGOC in the Middle East, the project I was referring to before. But also Jubilee Phase 1 in Ghana, where we will be combining assets coming from the ex-Technip fleet and assets coming from the ex-Global fleet to execute this project. In addition, we also -- we've also been awarded with a project in Australia, which is going to be run out of our offices in Asia with the Global 1201.

So we have announced three projects and we will announce another two very shortly; two projects in which we're going to be using the assets and technologies of Global.

Moving to the bigger picture and the rest of the business, what we have started to see emerge over the past couple of years is the long-term partnerships with key customers around the world and across our businesses. These are partnerships that -- from which we'll start to see the fruits in 2012.

I will name the floating LNG with Shell, which is a 15-year agreement. The Spar agreement -- the BP agreement on Spar, which is a 10-year frame agreement. We have an agreement with BASF on petrochemicals. An agreement -- a long-term agreement with Statoil in Brazil on offshore platforms. A long-term agreement with Haldor Topsoe on fertilizers, and long-term agreement with APCI on hydrogen. This is really creating a strong base for our recurring business.

And moving to the early stages of 2011 -- 2012, sorry. 2012 has started on a strong foot. In fact, in January only we have secured about EUR1 billion in awards. The activity in general is much higher than a year ago, and in the first quarter we expect roughly to book about EUR0.5 billion on projects involving Global Industries' assets.

Two of the projects that we have announced so far, one is onshore with the Burgas refinery, about EUR600 million EPC project in Bulgaria, and the second one is a frame agreement for Petrobras for 1,400 kilometers of flexible pipes for Petrobras over the next four years. This order intake -- here the order intake will be recognized as we receive the purchase order within that frame agreement. So the total value of the agreement could be up to $2 billion -- $2.1 billion. So a very positive start of 2012.

Now to conclude, in 2012, we're going to talk about the guidance. How do we see our financial performance or outlook in 2012? Our Group revenue should be between EUR7.65 billion and EUR8 billion. The subsea revenue itself will be between EUR3.35 billion and EUR3.5 billion, with operating margins around 15%, and that includes Global Industries.

As Julian said, we will be able to report Global Industries numbers on a fully consolidated basis in our subsea segment, and so the revenue and the margin include Global Industries. As far as onshore/offshore is concerned, revenue should be between EUR4.3 billion to EUR4.5 billion with an operating margin between 6% to 7%.

And with this, I would like now to turn to the questions that you may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Alexandre Marie, Exane.

Alexandre Marie - *Exane - Analyst*

I've got a few. First of all, on Global. Could you tell us what was the contribution of Global Industries in your sales and EBIT in December, because it seems to me that it didn't have any major impact on your subsea margin at this stage?

Second question is under Petrobras frame agreement. If I look at the total value that you mentioned and just divide it by the number of kilometers, the pricing is about -- looks to be about -- seems to be about 40% lower compared to the NKT contract with Petrobras. So is it a contract for low-end products or is it something that we should bear in mind regarding this pricing, and have you received any color for this under this frame agreement yet?

And final question on the Luva project in the North Sea for Statoil. Obviously, it looks like it's going to be another contract (inaudible) of the yard and the location close to the North Sea. So do you see any serious competition for this contract? Thank you.

Thierry Pilenko - *Technip SA - CEO*

Okay. Julian will answer the Global Industries question.

Julian Waldron - *Technip SA - CFO*

So, Alex, good morning and thank you for the question. There was no impact on the P&L sales or operating income from Global in December. It was incorporated as a balance sheet item at the end of the year. The only P&L impact were the transaction costs of EUR11 million.

Thierry Pilenko - *Technip SA - CEO*

Okay. Going to your questions about Petrobras frame agreement, the first thing I would like to say is that it's not correct just to take the number of kilometers and divide by total value of -- or total value divided by the number of kilometers, because as part of this contract we have thousands, literally thousands of items that will be provided, which is probably quite different from the other frame agreements.

So we cannot say that this will be low-end or high-end or compared to the other frame agreements. It's a different picture. Technip has been providing a much broader portfolio in general than our competitors in the same market, including a lot of accessories for subsea. So the calculation that you are referring to is -- would not be the right way to look at the pricing, and we can tell you that the pricing is in line with the market practices in Brazil and the market pricing in Brazil.

Now as far as orders are concerned we haven't received orders yet, and as I said in my notes, I think, or in my introduction, we will recognize the order intake as we receive the purchase orders. But this is really something that confirms our strategy in Brazil, which is to expand our capacity but also expand our capabilities, because you need to understand that most of these frame agreement is actually for the traditional fields, so the post-salt field -- post-salt fields. And that there is another very large number of opportunities that are going to come from pre-salt.

Now moving to Luva. We are obviously delighted to see that Statoil would like to see a Spar design for the Luva field development. This is going to be the largest Spar ever built, and we are in competition at the seed stage with one of our Norwegian competitors.

Now as far as fabrication is concerned, the jury is still out. But obviously, we have a very strong experience in Spar, having built already 14 and having been awarded the Lucius Spar very recently. So we see these Spar opportunities popping up again in the Gulf of Mexico, and now in Norway. So it's a very encouraging sign, but the competition is open.

Alexandre Marie - *Exane - Analyst*

Thank you.

Operator

Mick Pickup, Barclays.

Mick Pickup - *Barclays - Analyst*

Good morning, team. Thank you for this one. And I think some analysts had their doom-monger calculators out. So thanks for that guidance.

A couple of questions. If I could have a go on the strategy, please. Firstly, if I look at your backlog, you're looking very successful towards the North Sea region at the moment. And while you say those projects are getting bigger over time, certainly the [more clear] business out there is smaller contracts. You don't have the big monsters in there. Can you just talk about the risks associated with a back-to-back choc-o-block schedule that you likely have in the North Sea and how you handle that?

And secondly, if I go back 10 years ago, I think all the conference calls in those days to your competitors was, "How do you match Coflexip and integrate flexibles up with vessels?" And if you look at what's happened over the last couple of weeks that market seems to now be integrated from the seabed upwards and not the boat including it.

And if I look at the values of those flexible transactions, I think there's value to be created for your shareholders by you not owning flexible manufacturing and giving it to more of a manufacturing based company. So can you just talk to me through the vertical integration model in both perspectives please? Cheers.

Thierry Pilenko - *Technip SA - CEO*

Okay. Thanks, Mick. Julian, would you like to take the first question?

Julian Waldron - *Technip SA - CFO*

Certainly. Good morning. The question on scheduling in the North Sea has been a really important one, I think, for the industry overall in 2011. Depending on how you calculate it, I think there have been anywhere between three and five times as much weather disruption in '11 compared to previous years.

So for the industry as a whole it's been an issue. I think our reaction to it is around the capacity that we want to put available in the North Sea. So we have taken additional vessels on long-term charter and we might continue to do that. We're looking to redeploy vessels which are maybe underutilized elsewhere in the fleet into the North Sea to give ourselves more capacity. Part of that is to give ourselves more flexibility in project execution. Part of it, frankly, is just looking at the market ahead of us and the scale of growth in the North Sea and saying that we think we can put more assets to work against that market.

So for us, anyway, I think the response is a question of the assets we put and getting more assets mobilized into the region both from our internal fleet and from external sources.

We also continue to look at technology innovation. We look at technology innovation not just around flexibles but also around pipelay systems and the way a pipe is laid, and at field engineering to try and reduce some of the risks of installation on projects. Those are probably longer-term things. The shorter-term things are around the capacity that we can put to work in the market.

Mick Pickup - *Barclays - Analyst*

Okay. Thank you.

Thierry Pilenko - *Technip SA - CEO*

And so going to your question about taking value with flexibles and what happened with the flexible markets over the past couple of years. I think it is a very good question, Mick, but I don't think you can put things exactly in the same basket for Wellstream and NKT.

Let's go back to, first, Wellstream, which was the first company that was sold to GE. If you remember, just before they were acquired by GE, they said that to further enhance their capabilities and their market access they would have to go into installation, and they had even announced that they were launching at least one vessel to install their flexible pipes. So they had seen that for them, as a standalone entity, that was an avenue to secure growth.

NKT was a slightly different story. It was a division that was shared between two major shareholders. And I think -- I don't want to talk on behalf of my competitors, but the strategy of one of the shareholders was certainly to be more of an installer than a product manufacturer.

As far as we are concerned, we have noticed over the years, over a very large number of projects that we can offer more complete and more secured solution in terms of quality, in terms of delivery when we can integrate the manufacturing and the installation of flexible pipes. This is the model that maybe is unique, maybe some people will try to replicate it or would have loved to replicate it, but they could not either because they didn't have time to implement the strategy or because maybe the integration was not strong enough for them to implement such a strategy.

So as far as Technip is concerned, our objective is always to broaden the portfolio of solutions for our clients. And I can understand that other companies may have a pure play, a strong but narrow offering. Our idea is to offer solutions that go from production to transformation of hydrocarbons and adding to this portfolio of solutions, which means adding capabilities, adding project management, adding fabrication, installation, but also manufacturing capabilities.

We believe there is value to be created and we believe the momentum we have on certain projects, such as Prelude, for example, which is not only an FLNG project but also a subsea project and so forth. The momentum that we have comes from these broader solutions.

Mick Pickup - *Barclays - Analyst*

Thank you. Thank you very much.

Operator

[Guang Jalapi], Equity.

Guang Jalapi - *Equity - Analyst*

Good morning and congratulations for those strong results. I would like to come again on Global Industries because, honestly, I've been a little bit puzzled by your announcement -- I just would like to know. First, so if I understand well, you plan to make losses at Global in Q1 and Q2 essentially, and then in H2 with those contracts you announced in Ghana and in Saudi Arabia, you believe that you might turn around the business as quickly as that.

And just would like to -- really to understand because if I looked at Q3 results of Global Industries, they were absolutely terrible. So just would like to understand maybe with more details what is your magic formula?

Julian Waldron - *Technip SA - CFO*

Guang, good morning. Thanks for the question. I'm not going to give an H1, H2 or a quarter-by-quarter forecast. We think -- we've given you an estimate of the loss for the year between EUR30 million and EUR40 million. I think it is fair to say that that will be more front-end loaded in the year than back-end loaded, simply because if you try to take on projects now it's very difficult to win a project in January for February or March execution. So I think that's -- I'm not going to give any more details on that. I think that's as far as -- at this stage anyway -- I think that we can go.

I don't believe that there is, as you put it, a magic formula. I think first of all we have to understand that when a company is going through difficulty and is in the process of being bought, it doesn't win business. Maybe it's focused internally rather than externally.

As Thierry said in his comments this morning, one of the really positive surprises for us since the acquisition was announced has been the really enthusiastic reaction of all of the teams internally to work together and to start focusing on winning projects and executing projects, and that momentum is very strong and it needs to continue. And I don't think it's going to have a material impact on 2012, because it remains very difficult to win and execute -- win projects for execution this year.

But that enthusiasm, I think, has maybe enabled us to get traction in order intake earlier than we expected, and it certainly turned the whole attention of the Company from thinking about integration, if you will, to thinking one Technip, thinking customers, and thinking project wins.

We need to maintain that momentum. It's very early days, but I think showing those project wins is the most important thing that we can do this year. Afterwards, we'll have costs in the business. That's the way it is. But I think the most important thing for us is to get those orders, maintain that momentum and show the growth and the profitability in the after years.

Thierry Pilenko - *Technip SA - CEO*

Guang, if I may add something. What we have seen since December as we mobilized our entire commercial team together jointly with Global and started talking to clients, is that we have seen clients who had thought about technically potentially using Global Industries but were not comfortable because they didn't have the local presence or the financial strength.

And now that we are together, they are coming back to us and giving us those projects. And I cannot be specific at this stage, but within the next couple of months I will be much more (technical difficulty) these type of projects that we win, because we put the capabilities and the know-how of Global together with the Technip Global footprint.

A typical example maybe at this stage which I can talk about, even if it's not a massive project, it's a very significant project for us, is what happened in the Gulf of Mexico -- in the Gulf -- in the (technical difficulty) with the project in Kuwait. We did not have, as Technip, any presence in the Persian Gulf because we were not an operator in shallow water. We would put assets mostly in deeper water projects.

And we do have a presence now with a full commercial team and execution team in the Middle East and we have been able to bid as Technip, as one Technip. We have been able to bid and win this project in a very short time because of our local presence combined with the Global assets. We now have deployed a full team in Abu Dhabi and we're capable to execute. So these are the type of positive top line synergies that are happening, actually, in some cases even faster than what we anticipated.

Guang Jalapi - *Equity - Analyst*

Okay. That's very impressive.

Operator

David Phillips, HSBC.

David Phillips - *HSBC - Analyst*

Just a couple of questions really. I wanted to just pick up on your comments about the unconventional gas market in the US and what that might open up for you. Can you talk a little bit about your scope, or the scope of the market you see ahead in terms of chasing downstream work linked to cheap North American gas and also the environments you see? [Samsung], for instance, has been chasing work with DOW for instance, and I wondered how you see that market playing out over the next few years?

Thierry Pilenko - *Technip SA - CEO*

Well, the unconventional gas market is going to create different types of opportunities. First of all, there are very strong talks about LNG export, so liquefying gas for export. That's one type of opportunity. The second type of opportunity is with the resurgence of projects in the downstream or the downstream of downstream, including petrochemicals and possibly fertilizers because of the low cost of the raw material, which is gas for petrochemicals.

So what are we going to be targeting? First and foremost, we're going to be targeting projects in the petrochemical area, but with contractual terms that are not going to be lump sum turnkey. We have no intention to go back into lump sum turnkey in North America. We will do engineering, procurement, of course all the design, particularly when it comes to [retail] and plant, and construction management. This is the type of projects that we will be targeting.

Priority will be put on the petrochemical projects. There will be LNG projects, but we believe that we may not have the right footprint in North America to tackle North American LNG project at this stage. It may happen later on. What we prefer to do at this stage is to accompany North American companies in their effort to develop LNGs in other parts of the world.

David Phillips - *HSBC - Analyst*

Okay. Thank you. I just have one quick follow-up just on the floating LNG. What's the latest on the second vessel on the Shell? We're hearing at the time of the Prelude they're hoping to order another one or at least to have a view of one in about a year. What are you hearing about that right now and what about the actual competitive environment?

There's -- a couple of your competitors in the Asian side look to be confident of chasing -- of seeing some more work coming in this space in the Southeast Asia; Indonesia and so on. I wonder what your thoughts were as to how that was developing?

Thierry Pilenko - *Technip SA - CEO*

Okay. Well, I will not be commenting about the opportunities coming from our customers. I think these are -- this is really their responsibility and their opportunity to comment. So you should be asking our customers about what and when they intend to develop.

But the thing that I can tell you is that since the first project has been FIDed for Prelude, we have seen within Shell and within all the major or national or large independents, a very high interest in floating LNG, and today we are working on several conceptual and several FEEDs at a very early stage. So there is definitely a market that is growing there, whether it is in Brazil, Australia, possibly the Mediterranean at some stage. There will be opportunities.

Now, as far as competition is concerned, obviously this is a huge opportunity because of the number of projects that could happen over the next 5 to 15 years and we may see some competition. But there are not too many competitors that combine subsea, floaters and LNG experience in the market, and that's probably why we manage to get, at least in this space, more momentum than most of our competitors in this market.

David Phillips - *HSBC - Analyst*

Okay. Thank you.

Operator

Jean-Luc Romain, CM-CIC Securities.

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

I have two questions please. The first is, obviously, the fourth quarter was very strong in the subsea division despite bad weather in the North Sea. Could you quantify what the negative impact of the North Sea was in terms of turnover which was delayed?

The second question is about Global Industries. If I try to isolate Global from your guidance for 2012, I reach an operating margin for the rest of subsea division, which should be above 17.5%. Do you have any comments on that?

Thierry Pilenko - *Technip SA - CEO*

Julian?

Julian Waldron - *Technip SA - CFO*

The weather question on revenue in the fourth quarter is an interesting one, because paradoxically it probably very slightly moved our revenue up because -- it was to our expectations, because you have boats which are -- in the fourth quarter maybe you would have expected them not to be utilized in the North Sea because of the weather. But they were out there trying to do work for the customers or executing work for the customers. So in revenue terms it's probably a slight positive.

In terms of subsea for 2012 -- I very much appreciate the question and understand where it's coming from. It's quite difficult, I think, to strip out one part of the business from another, and I think that's why we put forward our guidance for the year for subsea combined. Clearly, if you just do the math and take the EUR300 million of revenue and the EUR30 million to EUR40 million of loss out, you get an ex-Global, if you will, or ex-Technip, as Thierry puts it, subsea margin which is at -- or maybe a little firmer than last year's level.

And that reflects, I think, what we've been saying about the evolution of the market over the last 12 to 18 months, which in some markets, for example, the North Sea, has been broadly favorable for pricing. I wouldn't want to be more specific than that and I think it's a theoretical question, but directionally you are right. I think we are actually maybe a little firmer than where we were last year in margins.

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

Thank you very much.

Operator

Henry Tarr, Goldman Sachs.

Henry Tarr - *Goldman Sachs - Analyst*

Please can you talk a little bit about the flexible market both inside and outside of Brazil. NKT and [Prutimum] are entering into Brazil. I just wondered whether the competitive landscape for Technip's position had changed there? And then outside of Brazil, do you see a good market currently and how utilized is Asiaflex currently?

Thierry Pilenko - *Technip SA - CEO*

Okay. Good questions, Henry. Thank you. The flexible market is very strong, not only in Brazil, but outside of Brazil. The competitive environment in Brazil has been there for quite a number of years today. So one or two more players is not going to change significantly the landscape because the demand is growing dramatically. And today, even if I look at the capacity that is being built in Brazil to respond to this demand, I think there will still be a shortfall in 5 years time; that the demand will be stronger than the supply from Brazil. Okay.

Now, however, with the number, both relatively shallow as well as deep waters, some of them are North Sea projects, some are African projects, Asian projects and so forth, and the mix of technologies continue to be extremely wide depending on the type of projects.

Now as far as the loading of the -- of our flexible pipe manufacturing is concerned, our plants are fully loaded and we have very good visibility. Asiaflex is fully loaded and -- or close to -- and the order intakes are coming in and we will be working very soon in three shifts in Asiaflex. So this strategic move that we made, that we decided back in 2007 is starting to pay off. Our presence in the region is well known. The quality of our products is known now, and the market is developing itself because we created that plant in Asia. So the demand continues to be strong.

Henry Tarr - *Goldman Sachs - Analyst*

Great. Thanks. Just one other quick question. On the onshore business, backlog continues to come down a little bit. You said you are going to target the petchems projects and fertilizer plants. Do you see any other major opportunities or regions where there is significant work out there in the onshore business?

Thierry Pilenko - *Technip SA - CEO*

Actually it's not only petchem. And petchem is --- and fertilizer is a trend which is driven by cheap gas particularly in North America. But fertilizer is a trend driven by very high demand and the fact that for the 10 years around the world there was little investment in fertilizers, and now it's picking up.

It's going to pick up in India. It's going to pick up in Africa and in Latin America, where the population growth is such that the production of fertilizers has to ramp up. But don't get me wrong. We continue to see opportunities across the board. We just won the Burgas refinery, which we announced at the beginning of this quarter. And this is traditional work. This is expansion of a -- significant expansion of a refinery.

There are several refining projects which we have been working on for several years, actually, which could get sanction this year. And LNG continues to pick up, not only in Australia, but we are going to see opportunities in East Africa and possibly in the Mediterranean as well.

So it is really across the board. And some projects got delayed because in the onshore downstream sometimes those projects require financing, and 2010 and 2011 were difficult years to obtain financing. But we have seen that slowly we have been able to rebuild momentum in the onshore backlog.

Henry Tarr - *Goldman Sachs - Analyst*

That's great. Thank you very much.

Operator

Geoffroy Stern, Cheuvreux.

Geoffroy Stern - *Cheuvreux - Analyst*

Actually, I have a question with regard to the Ichthys project in Australia. I would like to get your thoughts on the fact that being a SURF project it was awarded to McDermott and Heerema, because to me it sounds like a couple of years ago those players would have never been awarded such a big project in the SURF business. So, do you think that going forward we could see new smaller players tackling the deep water challenge?

Thierry Pilenko - *Technip SA - CEO*

Well, I think it's a good question. It's probably the largest project that McDermott and Heerema are going to do and together. This is a project that, had we had the Global Industries assets, we would have been in a very strong position to win. But the deal was concluded a little bit too late for the contract to work.

Now I can see that following the merger of Subsea 7 and Acergy and the merger of Technip and Global Industries, that McDermott would just build to -- in the process of building new barges will want to get into that space.

But for the very large projects, I think customers will continue to favor the large groups, which are the three leaders in the subsea business. So we will see how Ichthys is going. It's a huge project for the size of the companies that are going to be handling it. But I wish them good luck.

Geoffroy Stern - *Cheuvreux - Analyst*

Okay. And just if I can have two follow-up questions, housekeeping question I will say. The first one would relate to the PPA impact on the EBIT from acquisition of Global Industries. Could you just give us a kind of range? Is it EUR20 million -- is it EUR10 million to EUR20 million impact expected for 2012, which was not included in your guidance?

And the second question would relate to the financial charges. There is a wide discrepancy in terms of market expectation with regard to your financial charges in 2012. So could you help us in terms of indication?

Julian Waldron - *Technip SA - CFO*

Geoffroy, thank you very much for the questions. On PPA, I don't have a number to give you because we really are at a very early stage of that and there are going to be very many moving parts, not just the value of the vessels, but also the project and a number of other impacts. And given the speed with which we closed, we are just at a too early stage for me to be able I think to give you any thing useful and answer that question. I understand the question. I think it's a good one, a fair one. I think we are a little too early to give you anything useful for your purposes on that one, but I hope it is something we can come back to.

As far as financial charges are concerned, I think we need to split them into two bits. We need to look at the impact of mark-to-markets on hedging instruments, and there it is -- I have said a few times before and I'm afraid I'm going to have to repeat myself in giving a not answer. I find it very difficult to give guidance on what is a mark-to-market impact going forward --

Geoffroy Stern - *Cheuvreux - Analyst*

I was referring to the cost of net debt only, if you can gather correctly.

Julian Waldron - *Technip SA - CFO*

So in terms of net debt, I don't think we are going to be a million miles away in 2012-2013 from where we are in 2011. I think you should take '11 and move it forward.

Geoffroy Stern - *Cheuvreux - Analyst*

All right. Okay. And just coming back on PPA. The impact of PPA will be recorded below the operating income from [agreement duty] is it correct?

Julian Waldron - *Technip SA - CFO*

But we need to -- sorry, there's two -- there's just the --

Geoffroy Stern - *Cheuvreux - Analyst*

Okay. Yes.

Julian Waldron - *Technip SA - CFO*

Let's just look at two different things. Any adjustment to any of the balance sheet values there is no P&L impact to that. If there is then an increase or a decrease in, for example the amortization charges, then that flows straight through recurring in the P&L because it's a recurring item going forward. But in any adjustments of any balance sheet values there will be no P&L impact.

Geoffroy Stern - *Cheuvreux - Analyst*

All right. Okay.

Julian Waldron - *Technip SA - CFO*

That will just be a balance sheet adjustment.

Geoffroy Stern - *Cheuvreux - Analyst*

Okay. So we will only see the amortization of the PPA. Yes.

Julian Waldron - *Technip SA - CFO*

Yes.

Geoffroy Stern - *Cheuvreux - Analyst*

All right. Okay. Thank you.

Julian Waldron - *Technip SA - CFO*

I think it's worth -- I'll make one final comment on PPA. The rationale behind the deal from a strategic point of view but also therefore from an accounting point of view is synergy. We don't believe there is a lot of capitalizable tangible assets in what we're purchasing and what we purchased. It is much more the value of putting the skills, people, assets, technology of Global together with the skills, people, assets and technology of Technip. In accounting terms synergy is it capitalizes goodwill; goodwill is not amortized.

I do expect significant amount of goodwill to end up on our balance sheet at the end of the year. I don't have a number to give you, because clearly we are at an early stage. But the goodwill I think will be quite significant.

Geoffroy Stern - *Cheuvreux - Analyst*

All right. Okay. Thank you.

Julian Waldron - *Technip SA - CFO*

Thank you.

Thierry Pilenko - *Technip SA - CEO*

Thank you.

Operator

Matt Tucker, KeyBanc Capital Markets.

Matt Tucker - *KeyBanc Capital Markets - Analyst*

I just have a couple. On Global, just curious how the 2012 guidance you provided compares to your initial expectations when you announced the deal in the fall or when the deal was closed?

And then just hoping you could provide a little more color on your outlook for onshore? And I realize you will be combining onshore and offshore going forward, but the onshore backlog has been declining over several quarters but you just won this nice Burgas refinery award. Do you think that represents kind of the beginning of a sustainable inflection? And just specifically on the refining side, do you see some of the financing issues that have been delaying some projects being resolved this year?

Thierry Pilenko - *Technip SA - CEO*

Julian, take the first one.

Julian Waldron - *Technip SA - CFO*

So thanks for the question. On Global, I think the most important thing for me to say is that since the business came on board at the beginning of December, we've not had anything that changes really from the due diligence we were able to do. We were able to do very extensive due diligence during the course of the summer and the autumn, and I think what we expected to find is what we found, and I think that's reassured us all that the work we were able to do was of good quality.

I think the principal difference therefore between the 12th September when the deal was announced and today is that we closed earlier than we expected and the impact that has on your ability to mobilize and utilize the assets and the time that you have them in your P&L. I think that is the principal difference for us from 12th September to today. Onshore, Thierry?

Thierry Pilenko - *Technip SA - CEO*

Yes. So first of all I like to insist that we look at our onshore and offshore businesses together, because for many years our offshore business was relatively small, but as we started to grow, and in particular with Floating LNG, we have been able to transfer large resources from our onshore business with LNG expertise to our offshore business. And the business model in essence is very similar. So you really need to look at how the combined businesses are growing.

Now going specifically to onshore projects, we continue to see projects obviously in the Middle East, but this is probably where the competition has been the most intense, and we have been redeploying our -- or continuously deploying our commercial teams to other territories such as Eastern Europe or over Latin America or Mexico and now North America.

Some of the financial issues regarding the financing of new project is concerned, there were a number of projects in the pipeline in 2010-2011 which have taken time to rebuild momentum around the financing. This financing is sometimes not coming from the usual financing institutions. In particular the European institutions are a little bit more shy, and you can imagine why, but they are being replaced by Asian institutions that are ready to finance these projects. So we are working on a few opportunities around the world for which we see the financing being built up and which should translate into awards before the end of 2012.

Matt Tucker - *KeyBanc Capital Markets - Analyst*

Thank you. That's very helpful. I just had one follow-up on the Global topic. Would it be safe to assume that had you not put some of these projects recently that utilized Global's assets, that the 2012 operating loss from Global that you're guiding to would be larger?

Julian Waldron - *Technip SA - CFO*

Yes, that's fair. Yes, that's fair.

Thierry Pilenko - *Technip SA - CEO*

But that's true for all our business. If we don't win projects we don't make money.

Julian Waldron - *Technip SA - CFO*

But that's certainly --

Thierry Pilenko - *Technip SA - CEO*

But that's --

Julian Waldron - *Technip SA - CFO*

As far as Global in 2012 is concerned, yes. The good thing for us is that we're beginning to show internally and externally with customers that the combination of the business is something that the market wants and values, and that's helpful. It's a little bit helpful for 2012; I think it's most helpful for the long-term return from the acquisition.

Matt Tucker - *KeyBanc Capital Markets - Analyst*

Thank you.

Julian Waldron - *Technip SA - CFO*

Thanks.

Thierry Pilenko - *Technip SA - CEO*

Thank you.

Operator

Rob Pulleyn, Morgan Stanley.

Rob Pulleyn - *Morgan Stanley - Analyst*

I have three questions if I may. First of all, given your comments on the North Sea, to what extent will you start to see pricing power in 2012? I mean, obviously is that in the guidance you've given or is that more likely to be a 2013 event?

The second question is, in terms of the CapEx guidance you've given, what will the new [Azul] plant cost and what is the contribution of that in the EUR350 million to EUR400 million you've guided for 2012?

And finally, just maybe a housekeeping question on depreciation, I see quite a large step-up obviously in the SURF depreciation for the fourth quarter versus the third quarter. Is that -- should we consider that the new run rate for the legacy Technip fleet going forward? Thank you very much.

Thierry Pilenko - *Technip SA - CEO*

Do you want to answer the financial questions, Julian, first?

Julian Waldron - *Technip SA - CFO*

So on CapEx, this year is for [Azul] is some work on the land and the long-lease items. So in terms of cash it's going to be 15% to 20% of the CapEx this year, of that order or magnitude.

Depreciation, two comments. I think first of all including -- we've given you a number for Global of around about $35 million and you have some new assets in the Technip fleet over the last 12 months, notably the Niteroi. So the run rate will be a little higher than, say, the first three quarters of this year, 2011, plus Global. So maybe 160, 180 run rate, something like that.

In quarter 4, we continue the policy that we have really for the last three years, which is to look at some of the older vessels in the fleet and say to ourselves, "What we want to do with the carrying values of those?" And we took some additional depreciation in quarter 4.

I think we've done that in some quarters, quarter 3, quarter 4 over the last 2 or 3 years with a number of things. It's not a particular policy. It's just something that we like to do regularly. And I think as we go into looking at the older vessels on the Global fleet, that was something that we felt was appropriate to look at. North Sea?

Thierry Pilenko - *Technip SA - CEO*

Yes. Going to your question, specific question on the North Sea market and on the pricing in the North Sea, we started to see momentum in the pricing throughout 2011, knowing that the worst year was probably 2009 after -- when the activity really decreased on vertically.

THOMSON REUTERS

But in 2011 we started to see pricing momentum. We are not back to the previous peak level, but the demand continues to be strong and the environment should be very favorable. But don't forget that if you want to translate this pricing power into margin, you need to continuously execute well these projects. So as the projects are increasing in size and complexity, we need to make sure that we deliver the same level of project execution in the North Sea. But the market is -- in terms of prices, is coming up already.

Rob Pulleyn - *Morgan Stanley - Analyst*

That's great to hear. If you can just clarify on that CapEx, Julian. Is that a 15% to 20% of Azul CapEx will be in 2012 or 15% to 20% of the CapEx you've announced will relate to Azul?

Julian Waldron - *Technip SA - CFO*

It is the second of those two; 15% to 20% of the EUR350 million to EUR400 million of this year.

Rob Pulleyn - *Morgan Stanley - Analyst*

Okay. And then Azul in total will cost -- what level do you think?

Julian Waldron - *Technip SA - CFO*

Depending on the final configuration and some of the options that we have around logistics, between EUR200 million and EUR250 million.

Rob Pulleyn - *Morgan Stanley - Analyst*

Thank you very much. That's very helpful.

Operator

Andrew Dobbing, JPMorgan Cazenove.

Andrew Dobbing - *JPMorgan Cazenove - Analyst*

A couple of questions from me please. First of all, Technip's prequalified on a number of large onshore and conventional offshore projects in Abu Dhabi. I think you've won one already with NPCC. Do you see the relationship with that yard, the local yard, and indeed the global assets supporting your opportunities on those projects because I think some of them are quite big?

And secondly, can you please discuss how Technip is looking at what appears to be an emerging opportunity for pure composite rises on flow lines and the impact this could have on Technip's business? Thank you.

Thierry Pilenko - *Technip SA - CEO*

Okay. The answer is -- to your first question about the Middle East, the answer is, yes, we are very successful and very satisfied with the relationship that we have with NPCC. A number of projects in which we will continue to work with NPCC, and perhaps bringing new capabilities in the Middle East for shallow water pipeline vessels is going to be a plus for our partnership.

Now we have been working on -- in particular on a very important onshore/offshore project, which is the Upper Zakum FEED that I was mentioning in my introduction. And this is going to be a mega project for ZADCO on which we just completed the Feed and we have some intention to participate to the bidding process on the two EPC packages that we have.

So the acquisition or the partnership with NPCC Abu Dhabi has been particularly successful, not only for operations in Abu Dhabi, but also for projects in Qatar in the past.

Now I forgot your second question.

Andrew Dobbing - *JPMorgan Cazenove - Analyst*

Composite rises in flow line.

Thierry Pilenko - *Technip SA - CEO*

Oh, yes. I will not go into lots of details about our R&D strategy, particularly in terms of what we will be doing over the next three years for the ultra-deepwater or even some shallow water, but ultra-deepwater in particular. Flexible -- but, no, I do think this is a threat to Technip's business. I think we have some good ideas about how to make our flexible even more performing and lighter in the future. But at this stage I would not want to go into any more detail.

Andrew Dobbing - *JPMorgan Cazenove - Analyst*

Okay. Can I ask one last question then? Can you give us a rough idea or an indication of the split between turnkey work and I guess pure engineering work in both onshore and offshore and how this might develop over time?

I guess we've seen your kind of split shifting more and more to kind of pure engineering work, in a way becoming more like I guess a US engineering company and with you moving -- looking at opportunities in North America. How do you see yourself trying to differentiate yourself versus some of those US engineering companies because there are quite a few of them.

Thierry Pilenko - *Technip SA - CEO*

I think we -- for the past few years we said that we would want to broaden our portfolio not only geographically, but -- or in terms of the different business segments that we have, but also in terms of different types of contracts that we have.

Now, overall, at this stage I think we have close to 74%-75% of all our contracts which are still equivalent of lump sum turnkey or EPIC type of contracts, and this is, I think a good place to be. And we do want, however, to continue to develop the very conceptual -- or the involvement of Technip at the very conceptual stage and at fixed stage with our key customers to make sure that we understand the opportunities and better understand the risk when it comes to execution.

When you're talking about how we're going to differentiate ourselves particularly in North American market, we're going to differentiate ourselves with technology in the on-shore market. This is why we are targeting primarily the petrochemical and fertilizer business.

Julian Waldron - *Technip SA - CFO*

I think just to put that 75% number into perspective, it really has not changed a lot and we don't expect it to change a lot either over the last three or four years or going forward.

We'd like to have a mix of fixed price business with the pure engineering. What's been important to us when we look at taking fixed price risk has been first the diversification. Do we have enough diversification in the portfolio to enable us to take that risk? And that's why in every conference call and every set of slides that we produce, we do focus very much on that diversification.

The second thing I think is how we take the projects and the way in which those projects become fixed price. Now I won't go into it in detail because I think we're running out of time. But Prelude and the Shell FLNG is a very good example of how we can work with customers to take lump sum fixed price risks in a way which gives them an excellent outcome and gives us the right balance of risk and reward.

So we remain very much a Company that believes in our ability to execute well a risk-based diversified product -- project based, and we'll continue to do that.

Andrew Dobbing - *JPMorgan Cazenove - Analyst*

Thank you very much.

Julian Waldron - *Technip SA - CFO*

Last question I think.

Operator

Ian Macpherson, Simmons. Hello, Mr. Macpherson, your line is open. Please ask your question.

Julian Waldron - *Technip SA - CFO*

Ian, I think we've lost you.

Unidentified Company Representative

Yes. It looks like we've lost Ian. So that will conclude our conference call this morning. Thank you again for attending, and looking forward to meeting you during the road show. And good bye and have a good day.

Kimberly Stewart - *Technip SA - IR*

Ladies and gentlemen, this concludes today's conference call and I would like to thank all of you for your participation. As a reminder, a replay of this call will be available on our website in about two hours. You are invited to contact us in the IR team should you have any questions or require additional information.

Once again, thank you for partaking today, and please enjoy the rest of your day.

Operator

Thank you for your participation in today's results conference call. We would like to clarify that a replay of this call will be available within the next two hours. The replay will be on our website www.technip.com in the Investor Relations section or by dialing +33 172 00 1500, or +44 203 367 9460, or +1 877 642 3018 using the conformation code 275 674#. The replay will be available for two weeks.

Thank you and goodbye. You may now disconnect.