

Morgan Stanley Global Competitive Edge Conference



**London
June 2003**

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TECHNIP-COFLEXIP

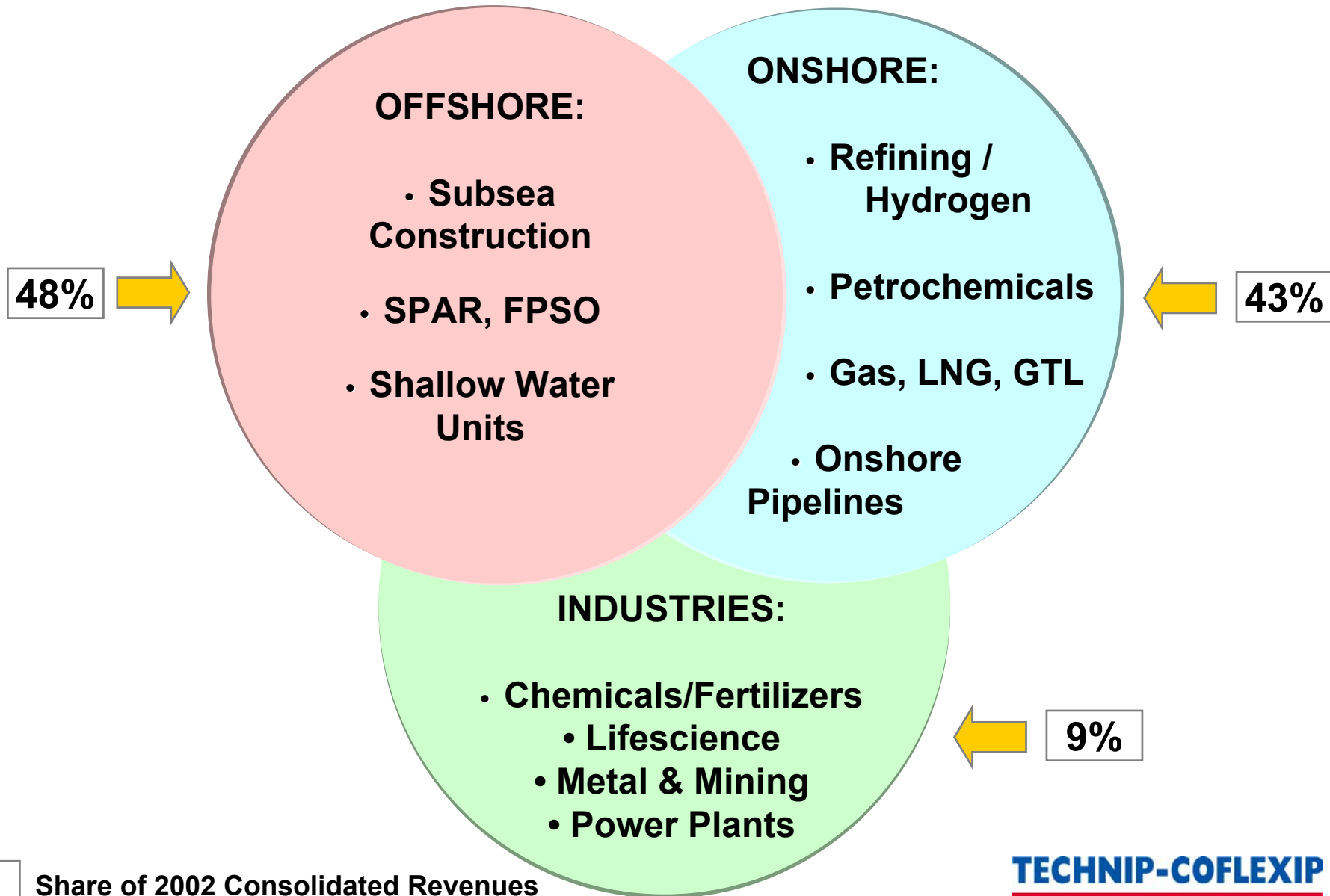
A Member of the U.N. Global Compact

**TKP
LISTED
NYSE**

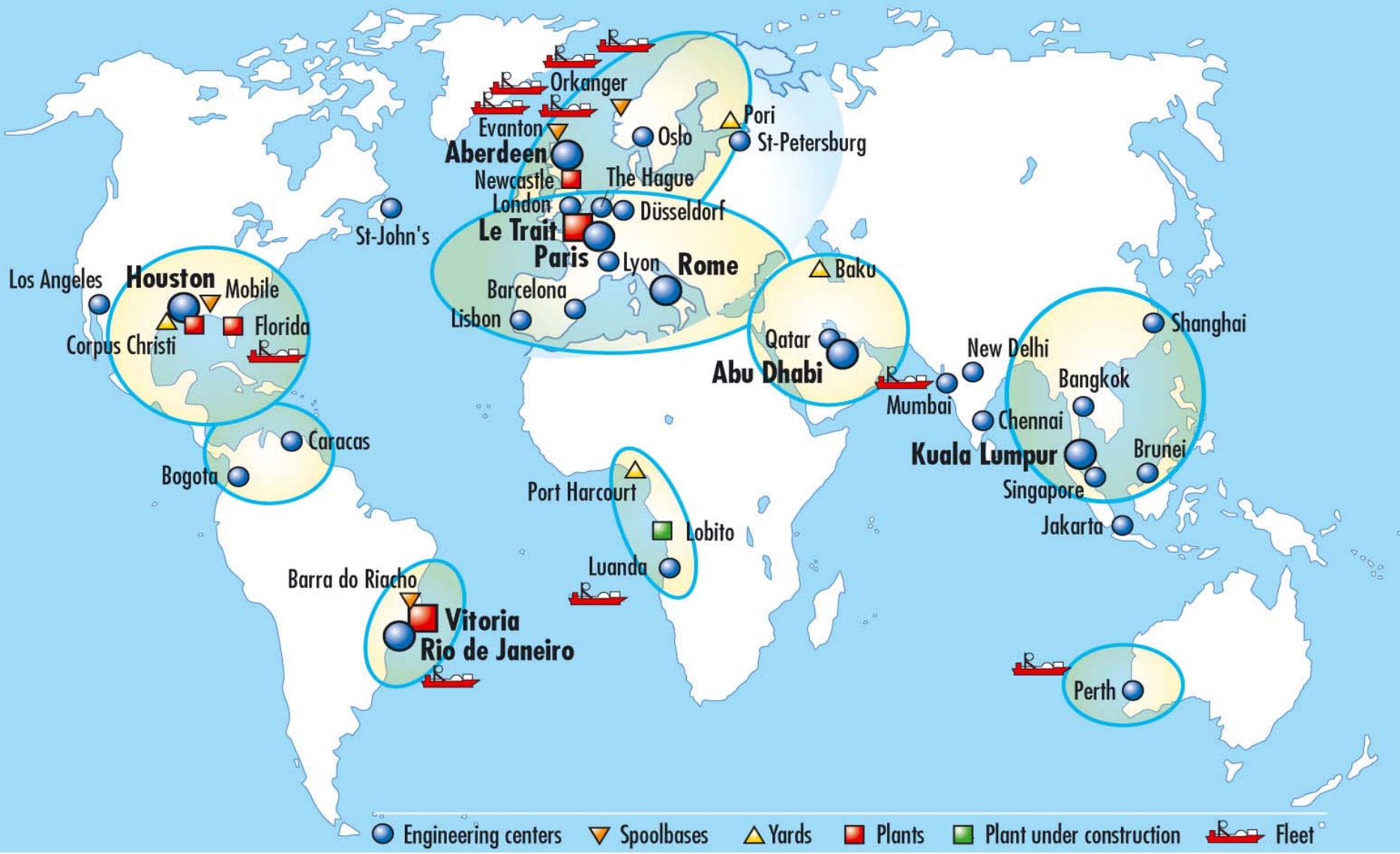
- I. Who We Are**
- II. What We Do**
- III. How We Conduct Our Business**
- IV. Where We Stand**
- V. Where We Are Going**

I. | WHO WE ARE

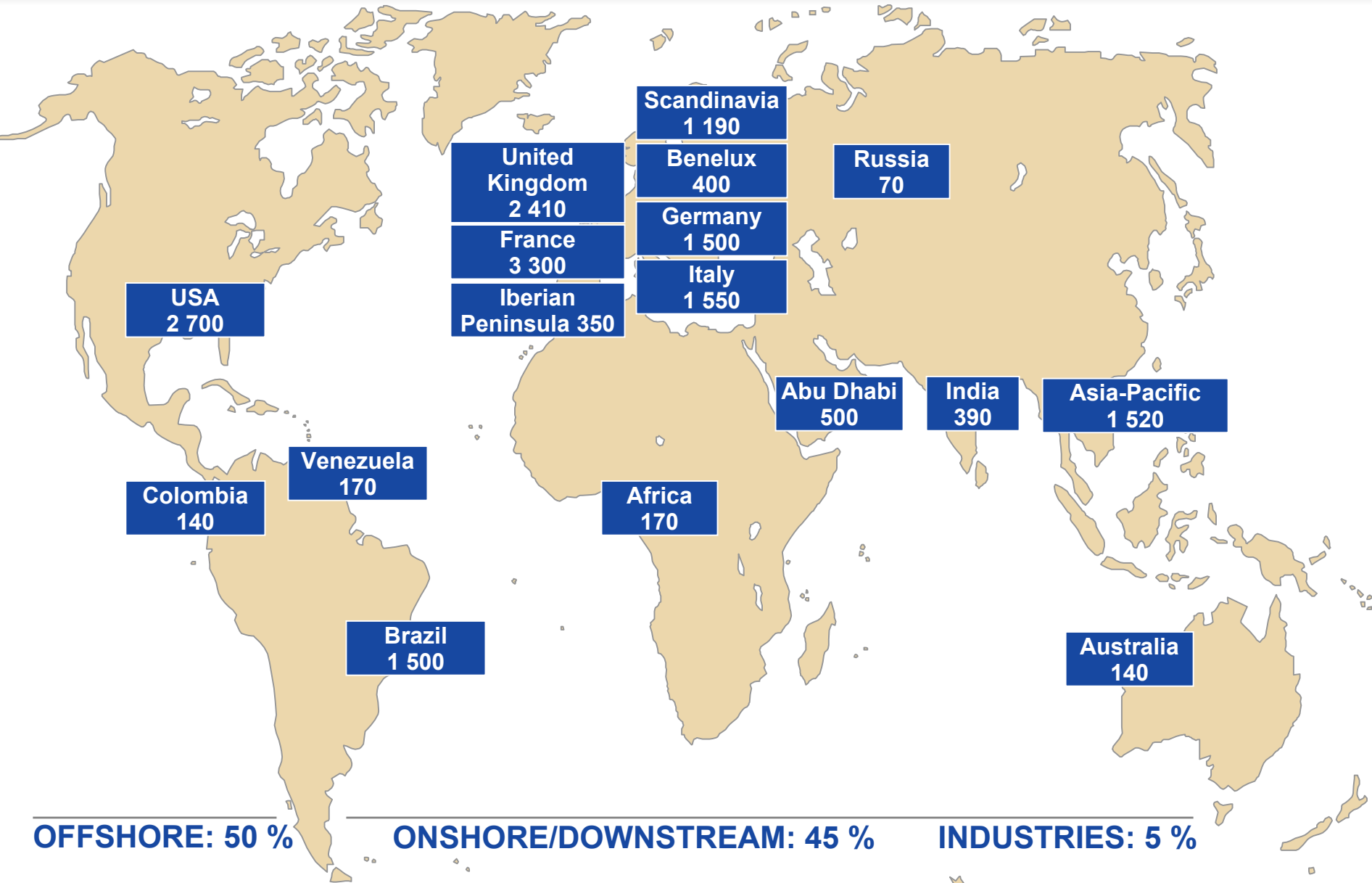
Europe's leading oil and gas services engineering and construction company



A global network of engineering centers, yards, plants and vessels



TECHNIP-COFLEXIP WORKFORCE



OFFSHORE: 50 %

ONSHORE/DOWNSTREAM: 45 %

INDUSTRIES: 5 %

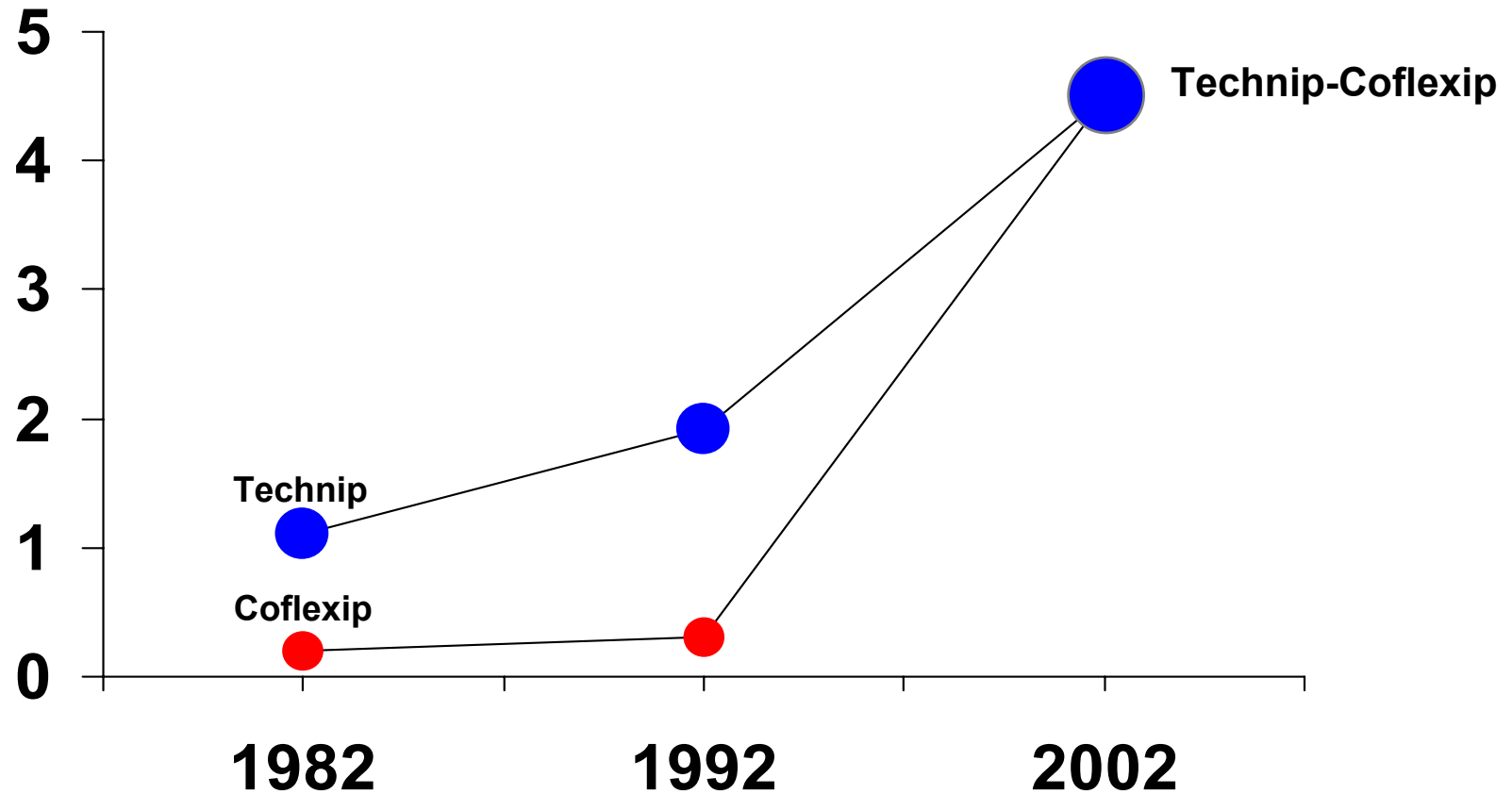
		Technip-Coflexip	Halliburton	ABB	Aker Kvaerner	Salpem	Schlumberger	Foster Wheeler	Fluor	
Oil & Gas	Upstream	Exploration & drilling	○	●	○	○	●	○	○	
		Engineering & project management	●	●	●	●	●	◐	●	◐
		Subsea construction	●	●	○	○	●	○	○	○
	Downstream	Pipelay	●	●	○	○	●	○	○	○
		Subsea equipment	●	●	●	●	○	○	○	○
		Facilities fab. & instal.	◐	◐	◐	●	●	○	○	○
		Refining	●	●	●	●	◐	○	●	●
		Gas processing	●	●	◐	◐	◐	○	◐	●
		Petrochemicals	●	●	●	●	○	○	●	●
Industries	Industrial	●	●	○	●	○	○	●	●	
	Power	◐	○	◐	○	○	○	●	●	

Source: Technip-Coflexip, based on public information

- **Technip-Coflexip sees HSE as an investment**
 - 85% improvement in HSE performance over 4 years
- **Deliver excellent HSE performance**
 - OGD II Project (UAE) +35m hours DAFWC free – unofficial world record
- **1.3m Euro “HSE Footprint” programme developed with DuPont**
 - Being delivered to 1,600 Executives and Managers across business
- **Committed to UN Global Compact**
 - Signed up to Compact and are establishing Compliance Committee

Revenues

€ in Bns



II. | WHAT WE DO

Oil Production

- Oil demand up 1 to 2% pa \neq Structural decline in oil supply (natural depletion)
- Breaching the gap requires massive capital spending (around \$110 bn pa)
- Decline in conventional oil implies major push towards new frontiers (deep offshore, heavy oil...)

Gas Developments

- Gas growing twice as fast as oil due to specific attributes: clean fuel, large stranded low-cost reserves, preferred feedstock for power and petrochemicals
- Regional imbalances lead to large international projects: long-haul pipelines, Liquefied Natural Gas (LNG), Gas-to-Liquids (GTL)

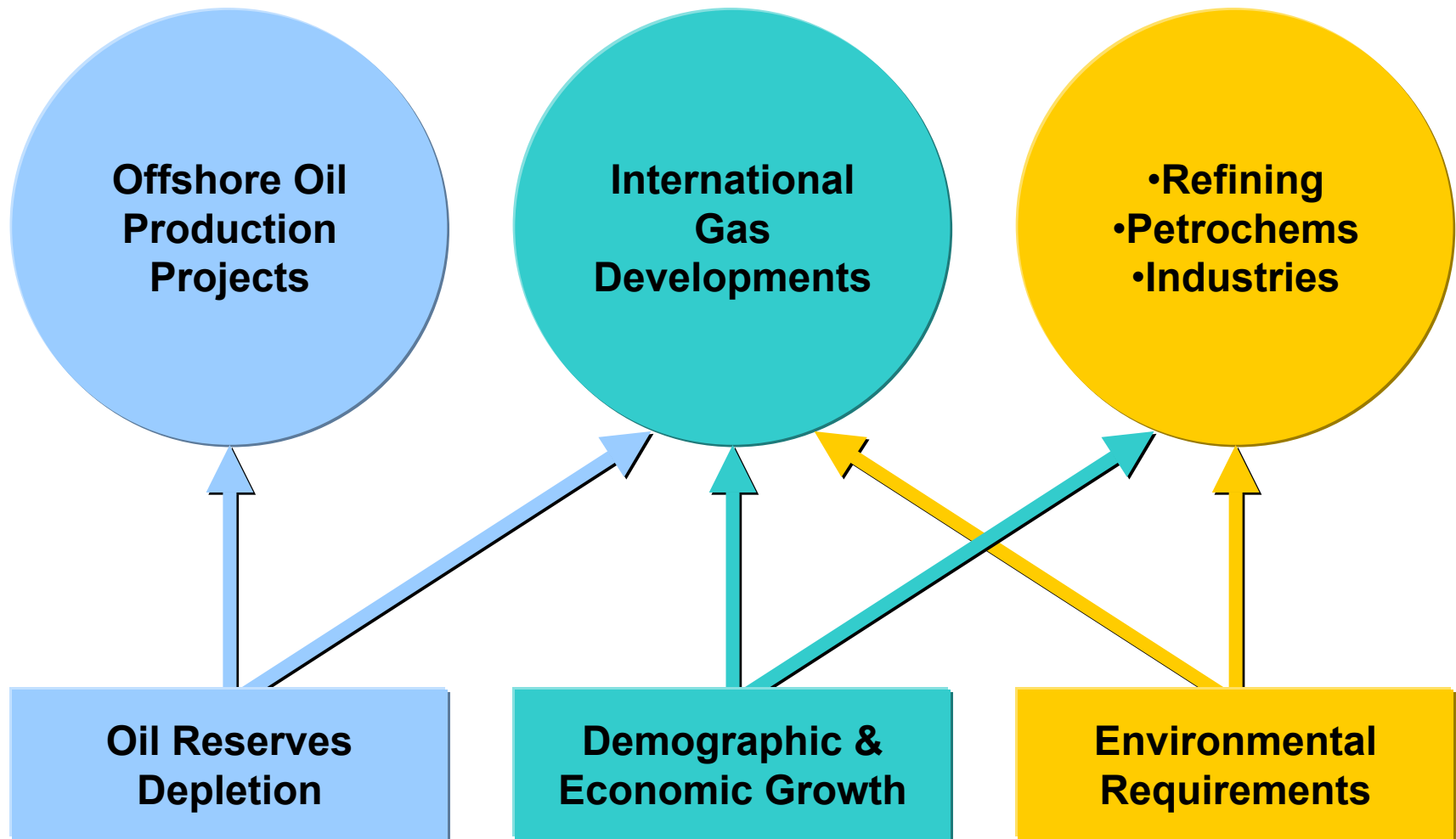
Refining

- World refining capacity: 80 MBD in 2000 \rightarrow 120 MBD expected by 2020
- Capex growth driven by demographics (outside OECD) and environmental constraints (OECD)

Petrochemicals

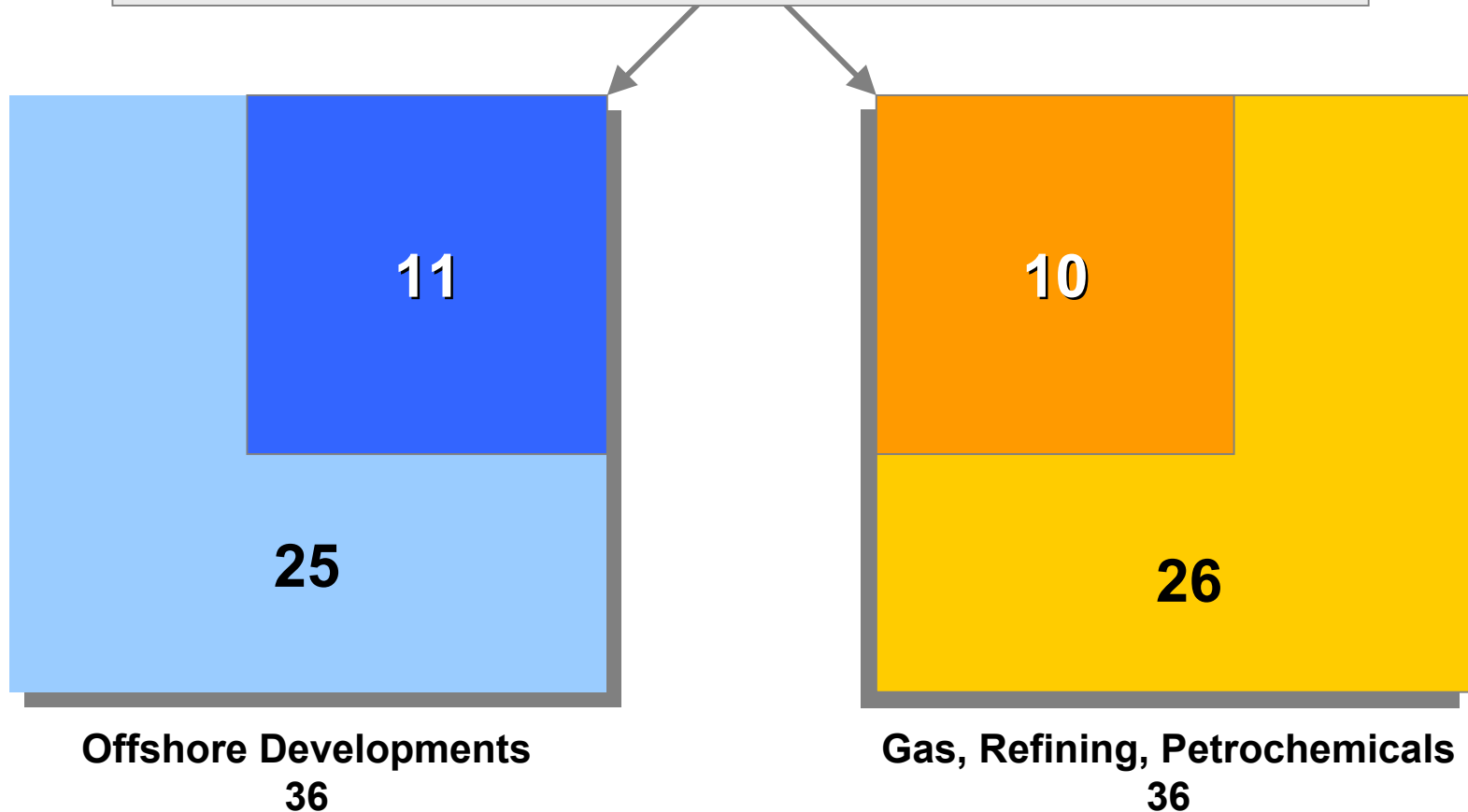
- Strong growth outside OECD driven either by cheap feedstock availability (Middle East) or by demographic/economic growth (China)

Industries: Sector specific



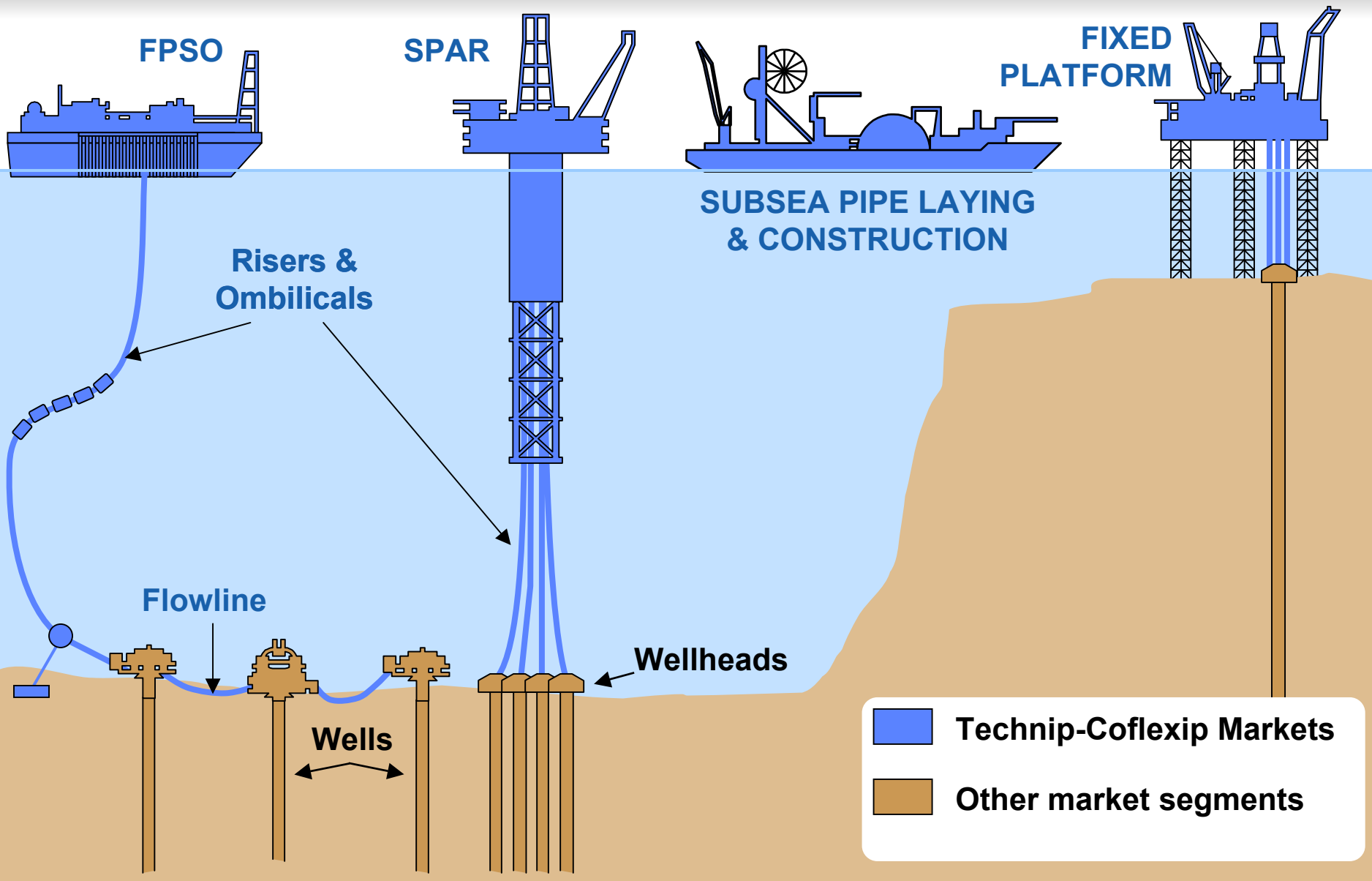
\$ in billions

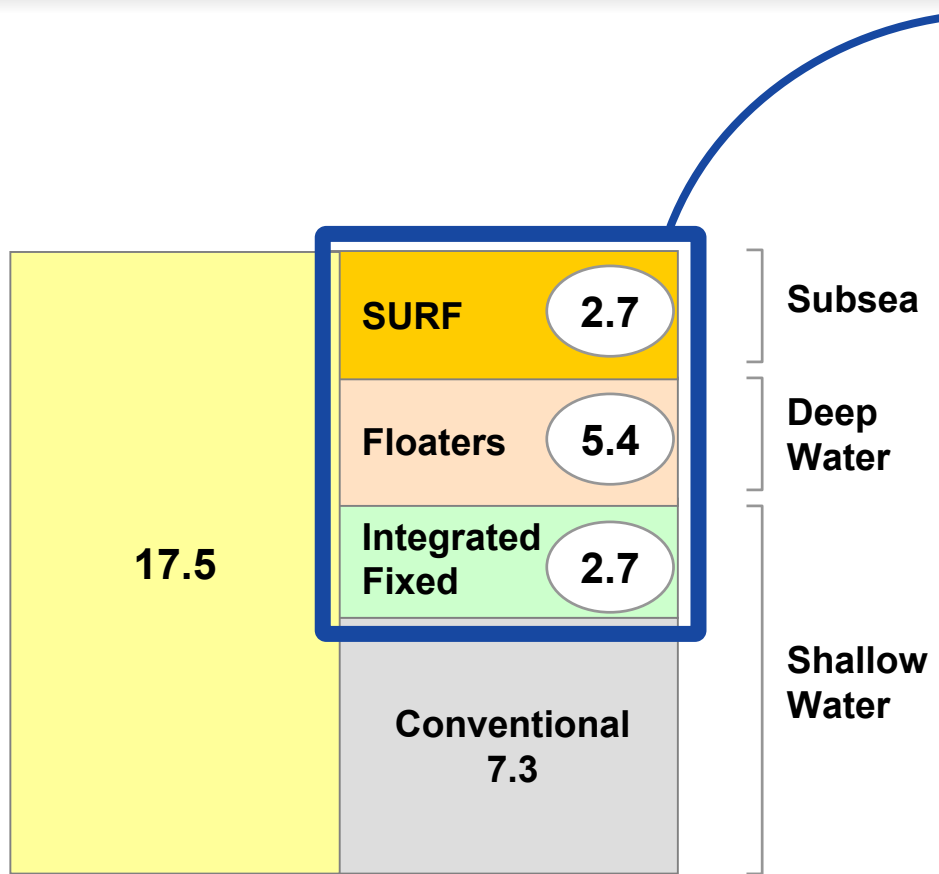
Markets Targeted by Technip-Coflexip



+ Other markets (non-oil): chemical, pharmaceutical, power, etc...

OFFSHORE DEVELOPMENTS





Exploration /Drilling

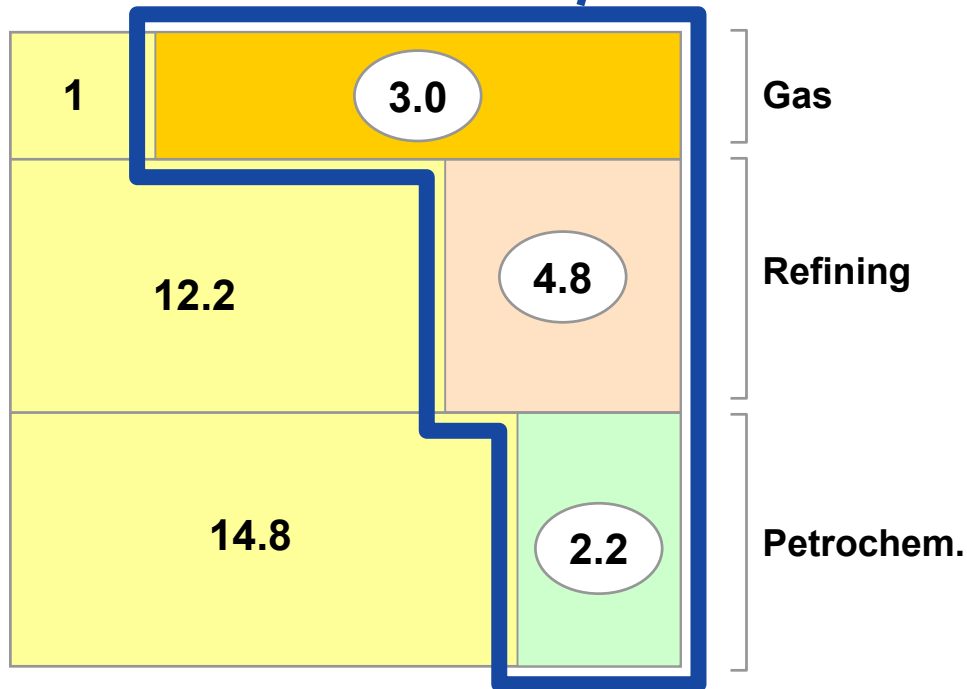
Production

TOTAL MARKET
 ≈ \$36 billion in 2002

Market targeted
 ≈ \$11 billion

Expected growth trends to 2005:	Recent Achievements
■ SURF ↗	Dalia Surf
■ Floaters ↗	Dalia FPSO
■ Int. Fixed ↗	CTOC

MAIN ONSHORE MARKETS (\$ billion)



TOTAL MARKET
 ≈ \$36 billion in 2002

Market targeted
 ≈ \$10 billion/y

Expected growth trends to 2005:		Recent Achievements
■ Onshore/ Gas	↗	NEB GTL Qatar
■ Refining	↗	Midor (Egypt)
■ Petrochem.	→	Iran / China

A Mosaic of Markets

- Chemicals
 - Life Sciences
 - Power Generation
 - Metals and Mining
 - Sophisticated Buildings
- Key Success Factors: Technologies and Experience
 - Low Risk Business (mostly service contracts and small LSTK)
 - Sector not impacted by oil and gas cycles
 - Potential for growth:
 - Some large LSTK contracts from time to time
 - Leverage the Group's international network to expand business outside Europe

Contribution to Consolidated Revenues: around 10%

Strategic Goal: Increase this business as fast as oil and gas business

OUR CUSTOMERS

TOP TEN CUSTOMERS (2002 Revenues)

	 <p>أرامكو السعودية Saudi Aramco</p>	
 <p>KERR-McGEE CORPORATION</p>	 <p>TOTAL</p>	 <p>PETRÓLEO BRASILEIRO S.A. PETROBRAS</p>
 <p>مركز OFFSETS</p>	 <p>Chevron Phillips Chemical Company LP</p>	 <p>Williams.</p>
<p>National Petrochemical Company</p>		<p><u>TECHNIP-COFLEXIP</u></p>

III. | HOW WE CONDUCT OUR BUSINESS

1. SELECTIVITY IN ORDER INTAKE

- **A Key Success Factor in our industry is Not to Take Contracts with:**
 - Poor Margins
 - Excessive Risks

- **Emphasis is placed on projects for which we have a distinctive advantage, linked to our:**
 - Specific Technologies (SPAR, SURF, Gas Treatment, Polyefins, etc.)
 - Cumulative Experience
 - Financial Engineering Capabilities

2. DISCIPLINE IN PROJECT EXECUTION

- **Strict Monitoring of Projects By Management**
- **Single Point of Accountability (Project Directors)**
- **Contract Margin Assurance/Improvement Through:**
 - Low-Cost Engineering Centers (India, China, Abu Dhabi, Colombia)
 - Global Procurement and e-Procurement

3. DISCIPLINE IN RISK MANAGEMENT

- **Foreign Currency Exposure:**
 - Systematically Hedged

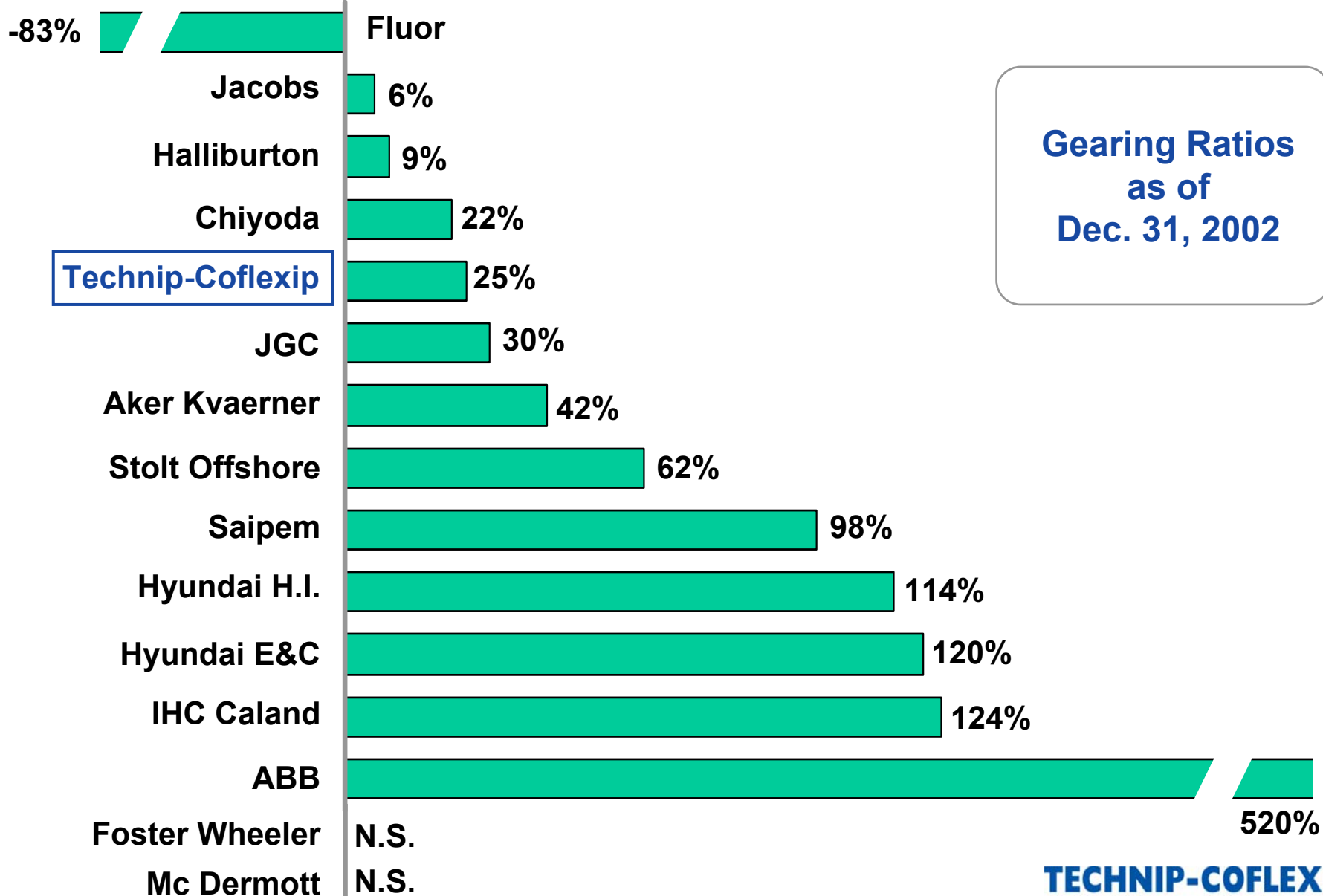
- **Contract Awards:**
 - Enter Backlog Only When Financing in Place

- **Project and Legal Risks:**
 - Promptly Identified
 - Adequately Covered by Specific Provisions

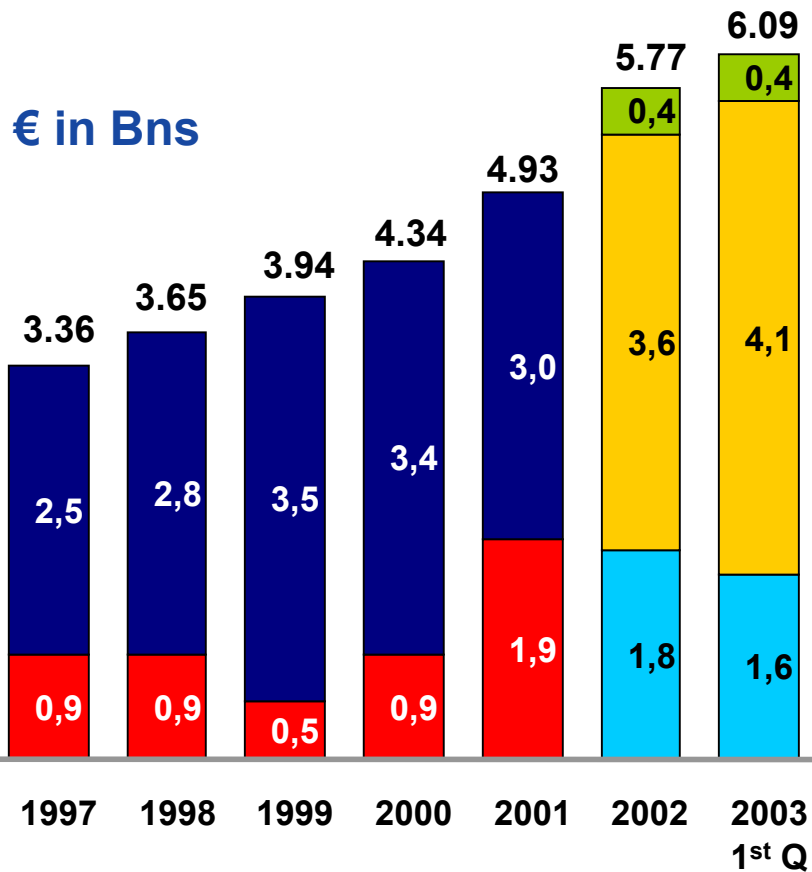
- **Margin Recognition:**
 - Back-end Loaded
 - No Change Orders or Claim-Related Revenues Are Recognized without Formal Acceptance by Customer

IV. | WHERE WE STAND

SOLID FINANCIAL STRUCTURE



ACTION PLAN	STATUS
■ Relocation of Paris staff to a single leased location	May-July 2003
■ Disposal of non-strategic assets for €130m to €140m	€100m already done
■ Savings & cost synergies: procurement, I.T., overhead	Ongoing
■ Merger of Technip-Coflexip and Coflexip	Shareholders' Meeting July 2003
■ Streamlining of management structure	Done (single board of Directors)



New contracts since Q1 2003:

- Signed, in-force ≈ 1.4
- Signed (pre-backlog) ≈ 0.4



**T-C
Share**

- **GTL Qatar (\$675m): 1st large scale GTL plant in M.E.**
- **Dalia (Angola, \$1,220m): SURF + FPSO in deep water**
- **NEB (Abu Dhabi, €566m): onshore/offshore development**
- **Kharg Island (Iran, €173m): 3rd steam cracker in Iran**
- **Secco (China, \$205m): polyolefins for BP/Sinopec**
- **Pechiney (South Africa, \$600m): large aluminium smelter**

\$ 675m

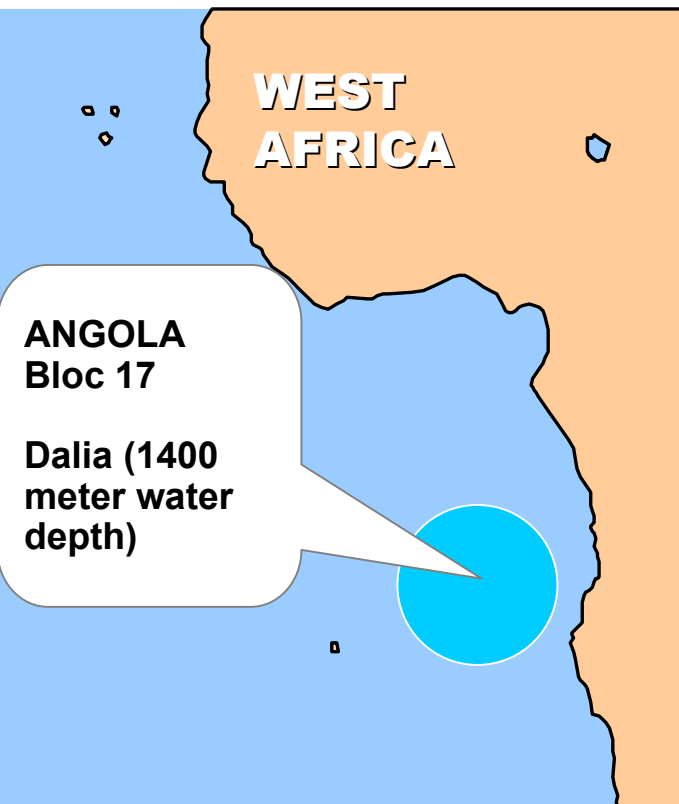
\$ 780m

\$ 374m

€ 173m

\$ 160m

\$ 300m



- **FPSO Contract (Technip-Coflexip leader in a JV with Saipem and Stolt, working under a consortium with Daewoo and Samsung)**
- **SURF contract (Technip-Coflexip 100%): Largest SURF contract ever awarded to the Group.**
- **All together, Group share is around \$800m, to be compared to the total backlog of the offshore branch of the Group which was €1,761m at year end 2002.**

IV. | WHERE WE ARE GOING

■ IN SPITE OF A CHALLENGING ENVIRONEMENT, OUR STRATEGIC VISION IS TAKING SHAPE IN 2003:

- Access to large integrated deepwater projects: **Dalia**
- Expansion in gas international developments: **GTL Qatar**
- Major Contracts in non-oil industries: **Pechiney
South Africa**

Group Targets 2003-2005: Revenues CAGR + 10%
(45-50% Offshore, 45-50% Onshore, 8-10% Industry)

Deep Offshore Developments

- SURF
- Floaters
- West Africa
- GoM
- Brazil
- Far East

International Gas Developments

- Gas Treatment & P/L, LNG, GTL
- Middle East
- Far East
- Russia
- Africa

Auxiliary Growth Engines

- Shallow Water
- H₂ & Sulfur
- Petrochemicals
- Fertilizers
- Life Sciences
- Power Plants
- Mining & Metals

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