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PRESENTATION

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

So to help us here, we've got Maryann Mannen, who is Executive Vice President and CFO of TechnipFMC. She has been with FMC Technologies since 1986, serving on several executive roles. So she is in a great position to talk about how the business model has evolved over the years.

Today's format is a fireside chat, so there's no presentation or slide. And we also welcome questions from the audience as well. I'd like to remind everybody that today's presentation is being webcast. So if you would like to ask a question, Alison will -- please wait for the microphone from Alison, and please speak into the microphone so all the audience members on the webcast can hear your question as well. So perhaps I'll, with these types of fireside chats, the analyst usually kicks it off with the first question. Thank you very much for being here Maryann.

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

My pleasure. Thank you, Amy.

QUESTIONS AND ANSWERS

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

It's been just over a year, since the merger with TechnipFMC has closed. What would you say is the company's biggest achievements?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Thank you for the question. I think, from 2017, if you will allow me, I think, we'll talk a bit about what I see as several significant contributions by TechnipFMC and successes. So first I'd say our financial performance, given that it was -- we've closed our merger on January 17th. We had a full year to come together as an integrated company. First and foremost, I think all 3 of our segments delivered at or above our own internal expectation and probably more important to all of you here today, expectations that you may have had. If I might, from a Subsea perspective, we delivered our top line just in at about $6 billion with margins of almost 18% for 2017 in a fairly challenging year. In the case of Onshore/Offshore, revenues of about $7.9 billion and margins in excess of 10% for 2018. And our surface business, North American activity improved in the back half of the year and we were able to see the benefit of the leverage of all of the restructuring, et cetera, that has been done in North America on a strong international business as well. So financial performance, I'd say first and foremost. Second, I'd say in 2016, we called the in collection for Subsea spend. And we were able to deliver inbound awards in that Subsea segment, 27% above 2016. So we think, one, this was a good indication of the success that TechnipFMC can bring to the market both from an integrated standpoint as well as from the service component as well as the traditional Subsea space. And most importantly, I think what we have declared is, we think 2018 inbound could be greater than 2017, and I think that's pretty important. Secondarily, iEPCI, we believe, could be about 25% of the inbound for 2018, which again, is a pretty significant increase year-on-year. I think another key development for 2017 was delivery of some new technologies. We've been talking about making enhancements and how we are going to deliver an integrated approach as well as sustainably reduce the cost to deepwater development. And in 2017, late in the year, we introduced Subsea 2.0. It's a new technology with our Subsea tree, smaller in terms of its size and weight and part count, making ease of manufacturability as well as installation. And associated with that, a control system as well. So new technology was implemented as well. And then we were also successful at the very end of the year with a very large -- the 6th iEPCI award in a greenfield application for the field called Fenja. And we think that was an important indication of continued and growing success around iEPCI.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Definitely lots of miles -- lots of great things to celebrate in 2017. So if I just pick up on your last point there, iEPCI, integrated Engineering, Procurement -- integrated Subsea solutions. These are lots of buzzwords we've been hearing about in the industry right now, and I think TechnipFMC actually pioneered that whole concept of integrated solutions here. So that's what TechnipFMC has been about. So can you talk us through what the customer response has been? Since you guys -- it initially started with, formed the joint venture with Forsys. Moving on from the completion of the merger, let us know what your clients are thinking.

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. I'd say, we've been very happy with the continued and measured acceptance that we're seeing across the broad range of our clients. So initially, we thought a lot of that acceptance would come from small independents. And frankly, we were right about that as you've seen from some of the awards that we've announced, independents have been extremely receptive. But what we have also been successful with, in a fairly consistent basis, is seeing both the majors, IOCs and the NOCs, with a level of acceptance. Our first iEPCI award was with Statoil for the Trestakk field. As we came together, we said the thing that we were most focused on trying to achieve was a sustainable method for deepwater development, meaning a sustainable way that we can continue to bring cost reduction and that will come from new technologies and new developments. The model has had some success with some of the majors, and we expect to see that continue. More and more, they are understanding how an integrated approach with new technology can bring cost reduction as well as a reduction of the risk profile. And probably most importantly, what our clients are really beginning to understand is this vendor-base specification. This new technology that we can bring lighter, smaller and more efficient has the ability to reduce lead time to first oil. And that clearly has a significant benefit over and above just the cost of that development. And I think -- and probably or hopefully, all of us in this room and listening to this webcast would agree that one of the most important things that our clients can do is put that first dollar to work in spending with the highest return. And if we can really reduce the time to first oil, it reduces the cost and obviously, reduces the lead time to first oil, and we think that is an advantage. So we're seeing a tremendous amount of uptake. Obviously, we are in different stages with those clients, but you've seen from the list, Statoil being one of them, Shell being another, in terms of clients who have adopted this methodology and are working with us today. So we've been pretty pleased with that success there.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Sure. Just a reminder, if there's any questions from the audience, just feel free to indicate. If there's not, we'll continue. It's great. Can you give us some insights into how your commercial teams are going about pitching for integrated solutions? What are they telling their customers are the key differentiators that TechnipFMC can offer and why choose you?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. Thanks, Amy. So first and foremost, we believe that we have the broadest integrated solutions of any other competitors. And when I say that, the broadest portfolio under one roof. We have the capability to provide what we call iFEED. So getting involved early and upfront in the design and the layout. We think that's important and we demonstrate that to our client because our clients -- none of our competition has that with in-house. Why is that important? We can demonstrate what the technology and what an integrated solution and what a standardized or a vendor-based approach can provide. So iFEED is part of the portfolio that our sales team brings to the party. When we talk about an integrated solution, we're able to eliminate certain elements of scope and equipment because we know when installation and delivery will happen, and so we can reduce cost in that way. And it's very easy for our sales team to demonstrate both with the historical work that we've done, but also with the large examples of FEED studies. Many of you may have seen when we had shown the amount of FEED studies that we're working on. In a year we doubled those FEED studies. Those FEED studies give us a tremendous amount of data that can demonstrate that the earlier we get involved in the field development, the more cost reduction that we can bring. And so the sales team now is equipped with a lot of that historical data from all of the FEED studies in the work that we are doing. One of the other advantages that we have and the sales team can use as well is if a client is not willing to do an integrated approach but asks us to bid in a manner in which we are providing separate bids for our equipment and also for installation services as TechnipFMC, we can also provide an unsolicited iEPCI award. Why is that important? Here, if they can see what the cost of a nonintegrated approach would be, and then if we provide this unsolicited bid, they can see the benefits both from the type of equipment, from the time and obviously, from the cost that we can provide in an integrated solution. So our sales team has had the benefit in the last year to have a lot of that detail to be able to put in front of the client to help them see how that can work. And then certainly, our success with Statoil Trestakk is another example of how the sales team can use actual data to help a client understand that.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

It almost sounds like being first mover has given you guys the advantage of having that data now to be able to show to clients and differentiate your offer.

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

We certainly think that the number of FEED studies that we are working on has given us a tremendous amount of knowledge in terms of what we are able to do both by geography, by greenfield, by brownfield, to be able to present to the client, how that success can come to fruition.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

We have a question here.

Unidentified Analyst

A couple if I may. On the -- can you actually give us concrete advantages you are providing on solicited sort of integrated solutions business, translated into you getting the business? And why is owning the assets over potentially partnering with other providers a superior solution?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes, sure. I'll give you one example. I may -- I can give you a couple, but let me go back to Statoil Trestakk, because that was actually the first award that we were successful with an iEPCI. And frankly, this was a project that unbeknownst to TechnipFMC was even in Statoil's portfolio. And what Statoil said to us was, "Look, if you can demonstrate to us that you can bring the level of project economics that are necessary to make this field economic, then we will direct award that to you." And so we were able to show them, with using a standard approach to a tree design as well as the installation associated with that, that we could reduce the cost and clearly, we were able to get to the economics. Another example would be Shell Kaikias. We used new technology. This was one of the first projects where we were awarded with a new compact manifold. The benefit of that compact manifold, obviously, no engineering design associated with that, for this project. And because of the lead times, we were able to meet faster delivery, so another example. In a more generic sense, when we're doing an integrated award, we are an integrated approach to design and delivery. We're actually able to eliminate some scope because of the proprietary nature of the things that we can do together, our competition do not have that same capability. We also have visibility in terms of when our equipment manufacturer will be complete and when we will be ready to install. And so we are able to pull risk off the table, if you will. It's part of our value proposition to our clients. We're able to pull risk off the table and manage that risk in a more efficient manner.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

More and more, Maryann, you guys seem to talk about there is this list of projects that's not sitting on everybody's wall that they're all bidding for, and it's quite specific to TechnipFMC. And there's an edge to you guys bidding on the specific projects. Can you comment on how that pipeline -- that tendering pipeline has moved over time?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes, of course. Part of what we have been trying to do, with respect to the value proposition with our client base, is demonstrate that if we can bring the economics to these projects, then we will go to direct award. And over the last year, about 1.5 years ago when we first began talking about the number of FEED studies, I think, we've presented a number in and around 16 FEED studies. And then about a year later, we actually have stopped providing a count, so to speak, but I've given you the ability, if you will, or a visual to share with you the increased number of FEED studies that we have been able to garner in order to be able to have a pool of what we would consider largely mutually exclusive from the broader list that we provide. And many of those projects -- or the projects that we think we will see for 2018, being part of that group at 25% iEPCI, we try to be a bit exclusive about that and perhaps a little less vocal around the names and the reason for that, clearly, is from a competitive viewpoint. So we are trying to maintain some competitive control over the projects that we have some visibility to. But much like the example of Statoil where it was a project that was not economic, the pool of projects that we are working on right now fit some of the same characteristics of that one.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

So if we can continue on the theme of, like, Subsea inbound orders, sounds like lots of things are happening. You guys are calling for inbound orders in '18 to be higher on '17 in Subsea. You've got Subsea revenues of roughly $5 billion to $5.3 billion. Do you feel comfortable right now at this point in the year to say if your subsea backlogs can be growing this year?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. Wow, crystal ball. So I think clearly for 2018, we do have the potential to see a growing backlog. In 2017, our inbound was just a little over $5.1 billion, and as Amy just reiterated, we have called for revenues between $5 billion and $5.3 billion in Subsea. We've also said that 2018 inbound should exceed 2017. So therefore, assuming all of those estimates are accurate and our view with the market and our clients and our understating of where FIDs are going, then it looks like there is a potential to do that. As you may know and as you've seen from some of the work that we've tried to present on the third quarter and fourth quarter as we gave guidance, we've got about $3.3 billion worth of backlog that is executable in 2018. On top of that, we've got service revenue that is not in our backlog which sits on top of that. Which means in order to achieve that revenue target for 2018 that we guided to, we need to see some inbound in 2018 in order to be able to achieve that. And given our guidance, obviously, we do have some degree of comfort that we'll see that level of inbound in 2018.

Unidentified Analyst

And just as an extension to Subsea...

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Can we get a microphone, please. Sorry, you have to...

Unidentified Analyst

(inaudible) EBITDA margins, obviously, you (inaudible) what is closing that shipment -- Just as an extension to the Subsea comments, if you can just perhaps run through some of the margin discussion on Subsea. Where do you think that will eventually land? Obviously, you've got some guidance out there, but what's the structural change in margins that's impacting at the moment?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Sure. So with respect to margins for Subsea for 2018, a couple of comments if I might. Thank you for the question. We provided an early view kind of third quarter of 2017 to give some insight into how comfortable we were for 2018. And at that point, we said we expected margins of at least 14%. That is a step-down, obviously, from the margins that we've seen in 2018. And that's for a couple of reasons. One, we will take about $1 billion step-down as we guided from 2017 to '18 in terms of the top line. And so just from a share utilization of our fleet and the utilization of our manufacturing capacity, that will have some impact. Point two, we are feeling rather confident in the step-up, given a 27% recovery in inbound, '17 to '16, and then again in '18. So we're holding on to what we call strategic resources, that means people. We want to be sure, given the question that Amy asked me when we have this backlog that we've got the resources necessary to execute that backlog. And so given the strength, if you will, and our conviction around that, we're holding onto some resources so that we can be sure as that backlog builds, that we're able to execute because even when that backlog comes in, and just depending on the timing of it in the first 12 months, we normally aren't able to get as much revenue as we'd like off of that backlog. And then we are making some investments in R&D to continue the development beyond Subsea 2.0. We think part of the key differentiator, as Amy asked, between us and our competition is our ability to continue to innovate the technology necessary to sustain the cost reduction, to reduce the cost, to reduce the cost of installation and that development -- that R&D development we think is critical. I did say margins of at least 14% and so depending on the timing of that inbound and our ability to turn it, that clearly will have a benefit. Pricing also does have some impact. We've been fortunate that we've been executing backlog that, one, we've executed well, which is always a positive; and two, came from an environment that was probably a little less competitive in the environment that we've seen in the last 12 months. So we'll be fighting a bit of pricing headwind as we execute some of that.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

On that point of pricing, I think a lot of your peers have commented, 2018, 2019, it's fairly tough. But there is some hope, kind of, for a longer-range work now that's scheduled for execution in 2020, 2021 that there potentially could be some tightness building up, and pricing for that looks a little bit better. Would you agree with that comment? Or how do you guys view the market?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. I think, certainly, as we see the volume come through, I think, certainly, pricing -- I'd almost argue pricing is probably beginning to see some leveling. But I think there's certainly some upside in the out-years. I think one of the advantages from a TechnipFMC standpoint on pricing and we've tried to articulate that in a couple of ways, we've been fortunate TechnipFMC given our market share to have a portion of this market that's largely secured. And it's secured because we've got either exclusive alliance agreements or otherwise alliance agreements that give us a portion of that volume that we are not competitively bidding, and therefore, not as susceptible to the more aggressive pricing. Second, we've got probably the largest subsea services opportunity set. And when I talk about subsea services, not the installation side but rather the area where we are focused on like well intervention, repair and replacement, refurbishment of trees, condition performance monitoring. And that's a market that is growing for us. We were historically participating in about a $3.5 billion market. We now have access to an incremental $6.5 billion because we now have fleet capabilities to address all of that equipment that's sitting on the ocean floor that is TechnipFMC umbilicals, flowlines, flexibles, trees, controls and manifolds and an opportunity set that others don't have, and that margin is typically pretty strong. So there's a smaller subset that we think we can access through the iEPCI that again, being able to use our differentiation and our technology, we should benefit margins. And therefore, that smaller subset remaining is where the competitive pricing exists.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Sure. I feel in all of these meetings, we always spend so much time on Subsea and we almost forget about to move on to Onshore/Offshore. If anybody has any objections, let me know. But Onshore/Offshore, where are you guys seeing the biggest opportunity? I think in the recent analyst meeting, Doug talked about LNG quite a bit and that's been a topic that UBS has been talking about as well. So give us some of your thoughts in your term what's going to happen in LNG market?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. So with respect to Onshore/Offshore, we've said, first and foremost, in the short term, we see a potential for backlog replacement or inbound order. We're tracking several large projects. We talked about potential for about $5 billion in inbound associated with that. We announced one of those, BAPCO. BAPCO will be inbound in Q1, so a portion of that we're seeing. So there is a large opportunity set just kind of current. But LNG, as you mentioned, Amy, Doug has talked about that. We talked about that on the call as well. We think we are uniquely position, given our historical performance with Prelude. Obviously, Yamal LNG and our capabilities there, we think we probably have some of the best gas monetization capabilities in the industry. We see that opportunity set for LNG in the coming years being incremental to the volumes that we have been talking about. We think our success, particularly as we look at a Prelude successful sale away. Yamal, first train operating effectively. We think our historical performance should give us a good opportunity set for the future market.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Don't let me limit you to LNG. What do you feel about your other end markets? Because your Onshore/Offshore EPC capability is actually spread quite a few end markets. Anything else you're interested in -- excited about?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. So we think we've got very strong capabilities across the portfolio both Onshore/Offshore, obviously, as the offshore market recovers our demonstrated capabilities there in terms of project management and the large projects that we've done we think will bode well as offshore comes back. Secondary, when we look at some of the other onshore opportunity sets, historically, we've done quite a bit of work in where we're the incumbent on many of these. We see that as a significant advantage as well, refining petrochemical as well. And also where we have the opportunity to be involved in the FID study. When we were doing the FID study, we learned a lot about that project and it gives us good access and it also gives us the ability to understand that project and do well from a project management, risk management standpoint. So those markets are good markets for us as well.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

If we think about the integrated solutions model in Subsea, I mean, you guys are much further ahead in terms of only the entire water column. Moving that concept into Onshore, what's the next step in terms of integrating that product offering with other parts of TechnipFMC?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

I think a good example of that, Amy, would be a recent award in 2017 with Coral FLNG. Here, we were able to combine in an integrated fashion the installation of all of the subsea component tree. While we weren't successful with the equipment side, we were successful with the installation, along with the FPSO and the vessel work associated with Coral FLNG. So I think there's a good example of where that technology could come together. I think it's been in the press, but we were shortlisted on LNG Canada. So here again, another good solid opportunity for us to demonstrate those capabilities as well.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Then moving on also to the third division as well which is surface. Some of the things you guys have unveiled quite a bit of -- and of the stuff that you guys were doing at the Capital Markets Day. How -- what's the next phase that we should be expecting from the surface business?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. Surface has gone through quite a bit of change in the last few years. As we were going through the downturn, one of the things that we tried to do was really streamline the surface North America business to be able to capture a greater portion of that onshore spend and provide an integrated model. Amy, you were fortunate enough, I think, to come see Analyst Day and have the ability to see some of the new technologies that we are offering for both from the drilling phase as well as the production phase in the North American piece. So by combining our capabilities with the requirements for high intensity frac and our lease model with our frac asset than being able to provide flow back and then come in and complete that well. And then during the production phase, bring equipment that reduces the congestion on the pad and provides a more service orientation, we think we can take a bigger portion of that customer spend. We can provide a more integrated approach. And obviously, I see the leverage across that portfolio as it recovers.

2017, we saw some pretty significant recovery in the North American market. And we were able to demonstrate in the last 2 quarters of 2017 the success of that model. We're pretty optimistic for 2018. We're seeing volumes on the pressure control side, fluid control business that kind of mirrors the peak of 2014. So we're pretty hopeful that all of the work that we've done in that business will allow us to see that leverage come through in 2018.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Could you perhaps speak to the international side of your surface business, see how that's tracking?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. So from a volume perspective, we've done quite well, particularly in the Middle East. Both '16 and '17 has been pretty good solid performance. The challenge in that market has been headwinds with respect to pricing. It's been some pretty aggressive pricing. We're seeing that pricing level stabilize and we're seeing volumes improve. So we would expect to see some strengthening in the international market in '18 as well. So overall, for Surface Technologies, we're seeing top line growth, coming more from North America but also from some improving pricing on the international side and then the leverage around the margin set for '18 as well.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Because you guys are so present in so many different parts of the supply chain, perhaps you'd be in a very good position to talk about where the relative pricing has moved. I mean, in terms of your subsea equipment pricing, relative to surface equipment pricing and perhaps Onshore/Offshore project pricing, where have we seen the most pressure? I mean, where will we see area that still has more pricing pressure to come?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. I'd say, so let's talk about surface first. We are probably seeing the relief valve, if you will, on pricing on the surface business return first. I mean, the level of activity, the volumes are obviously pretty supportive. In the markets that we serve, we are a little less subjected to that price volatility. It tends to be a little more stable. But we're clearly seeing the recovery in the surface business first. When you go to Onshore/Offshore, I think, the offshore market for the Onshore/Offshore business has been pretty soft in general. I mean, essentially it's really not much of a market there at all, as you know. On the onshore side, we've been pretty successful, I think, on some of our bids. There are places where we really can't be competitive, and so we opt not to participate. But we've seen some success there on the onshore market with recovery. So I say Subsea is clearly the last to see that recovery and we're beginning to see that obviously, as volumes improve in 2018. But I think that's clearly been the last to turn for sure. And I wouldn't say we've turned the corner just quite yet.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Right. Keep those models in check.

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

I'd say, keep those models in check.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

And it was moving away from just the end markets and business and to think about Technip investment case -- TechnipFMC investment case, I mean efficient capital allocation has been another kind of pillar of the investment case. What are your priorities for cash?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. Thanks for the question, Amy, and I'd appreciate that. We obviously, are very much focused on demonstrating improving returns on invested capital. We think that's a pretty important piece of the portfolio, particularly as we are going through that down cycle and we reward our management teams for the delivery of improving return on invested capital. A piece of that return on invested capital, obviously, is a capital allocation strategy. And as we committed early on, we intended to use 2 approaches to return capital to our investors. And the first was share repurchase and we announced a $500 million share repurchase program. We started that share repurchase program late 2017. And we reiterated our commitment to complete that $500 million no later than the end of 2018. It would be our expectation, of course, that we would go back and see the incremental authorization to continue share repurchase in the future. The second part of that allocation strategy was a dividend. And what we said was we wanted to begin a dividend for TechnipFMC that would be sustainable through the cycle. And in the third quarter, we announced the first dividend and we've reiterated that dividend in the fourth quarter. And so we think those were 2 very important pieces. In terms of others priorities, if you will, first and foremost, we want to continue to invest in organic or inorganic growth associated with our portfolio. We think we demonstrated and hopefully, Amy, you had the ability to see the fruits of the efforts of TechnipFMC when you saw what we've done with the technology development for Subsea 2.0, compact manifold, robotic manifold, the smaller tree, as we call it, bonsai tree, Subsea 2.0 and the related control system that all continue to support the sustainable change. We can't be done because we think the differentiation on this technology is a critical component of the success in continuing to be able to deliver that cost reduction and improve margin and maintain the competitive differentiation as our competitors will continue to develop technology as well. We will continue to look for opportunities and acquisitions. And we announced a few smaller ones, Plexus for surface, island offshore where we can help complement our ability to deliver light well intervention technology, where we think we can demonstrate lower cost and faster, which is a unique solution to improving producibility ahead of a well, and therefore, reducing the overall cost of producing from that well. So we will continue to invest in opportunities across the portfolio where we see we can put that cash to work, so to speak, that can continue to grow the portfolio and deliver the returns that we're committed to.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

I mean, it is a very cyclical business. And for that reason, it makes very challenging actually to manage the cash flow to think about -- how to think about that dividend policy going forward. How do you guys think about managing your cash flow through the cycle? Would you stay a cash positive company throughout -- through the next few years? Is that how you think about it?

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Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. So for 2018, as we look at implications and requirements, we see less requirements coming from working capital. 2017 was a pretty significant year as we made several projects reach conclusion. So working capital should not see the same level of use that it did in 2017 also because given the inbound potential across both of the portfolios, we would expect to see strengthening from milestone payments and advance payments, et cetera. So we'll see some benefit associated with that. We talked about CapEx and while it will be slightly higher as we estimate in 2018, we don't see a substantial requirement for CapEx. Most of that CapEx comes in the form of maintenance and capital requirements. So we're not -- we don't see significant requirements there. So we would expect to see cash positive performance in 2018 and '19.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

It almost feels like if your clients aren't spending that much that you guys need have lid on that CapEx.

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

That's exactly right.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Do you feel that your vessel fleet and your manufacturing facilities right now are now fit for purpose and adjusted for what the new normal could look like in the next cycle?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Yes. So it's certainly something that we are constantly reviewing and monitoring. If we talk first about manufacturing facilities and capacity, over the last few years, one of the things that we've tried to do is reduce the footprint. We have been able to do so without fundamentally changing the throughput. And that's partly because of a lot of the internal standardization that we've done on the equipment. The more vendor-based specifications we have, the less variability, the more made-to-order -- made-to-stock versus made-to-order, allows us a much smaller footprint. We can move that geometry around and more fully utilize that. So we've made significant reductions in the manufacturing footprint of the company. As we look at the fleet, as you know, over the last several years, we've done a tremendous amount of optimization of that fleet. And we do it both from an ownership perspective, a JV and a leasing model that we have to maintain some flexibility on that fleet in '18. We've got slightly lower utilization than we have in '17, but we expect to see some recovery in '19 as well. And that's an area that we'll continue to monitor and be sure that we've got the capabilities that we need both for the short term as well as for the long term as we think about what the demands and their requirements will be on the fleet, particularly as less requirements are needed with respect to size and weight.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

We always push the oil producers on this question by how much they've lowered their per unit cost, listing cost and F&D cost on a per barrel basis. If we had to flip that into your world, how do we think about your unit cost reduction and how much of that hasn't passed on to your customers?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

It's tough to think about it as a unit cost, simply because we are not necessarily producing units, right? But when we look at the sustainable change that we have had to undertake in order to be able to provide the 25% to 30% cost reduction to our clients, that comes in the form of resources. As you know, over the last 2 years, we have had a fairly significant reduction in our workforce that comes from synergies. As you know, we announced $400 million in synergies and then we increased that to $450 million. We committed to about $200 million in 2018 run rate and we achieved slightly more than that as we shared and we're well on track to be able to deliver the balance of that in '18 and '19. So clearly, that is a big piece of the cost reduction benefit to be able to offset that. Additionally, we've had other restructuring initiatives across the portfolio. Purchasing and procurement savings, obviously, is part of those synergies to help us reduce overall cost, unit cost as well. So there's a series of those benefits that help us offset. We think therefore, as we get into 2019 and beyond, when those volumes recover, therefore, we will see the benefit coming from all of that work that we've done in greater incremental margin performance as that volume comes through with the inbound perspective (inaudible) that's right.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

We probably have a time for one question from the audience. Although we do seem to have quite a shy one this morning. Tom, can you -- has a question right there?

Unidentified Analyst

If no one else has a question. How long do you see the competitive advantage that you've developed in the Subsea, both from the technology and from the integration perspective, being sustainable?

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Let me try to answer the question this way. We are not naïve to think that we can maintain competitive advantage without continuing to develop new technologies. We believe we probably have a few years advantage with respect to some of the technologies that we have introduced and that Amy had the ability to see: the new tree, the control system, compact manifold, robotic manifold. We typically try to think we'll cut that in half to think that, in other words, that lead time won't exist. It will be cut in half by 50%. So we are actively pursuing incremental technology developments, hence the reason for part of the investment here, so that we can maintain that competitive edge. We are well along into 2.5, if you will, Subsea 2.5 and beyond to continue that and maintain that differentiation.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

You're welcome.

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Thank you for the question.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

I think with that, I'm getting the signal from them that we are at the end of our slot. So there's no other questions. Maryann, thank you very much for sharing your insights with us today.

Maryann T. Mannen - *TechnipFMC plc - CFO and EVP*

Thank you, Amy, for the opportunity, and thank you all for your interest in TechnipFMC.

Hin Kin Wong - *UBS Investment Bank, Research Division - Executive Director and Analyst*

Thank you.