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PRESENTATION

Vladimir Maximovich Sergievskii - *BofA Merrill Lynch, Research Division - Research Analyst*

Doug Pferdehirt, the Chairman and CEO of TechnipFMC. The company, of course, is having a very solid year. I mean, good order intake in subsea, benefiting from a super cycle in LNG, obviously, on the back of very good execution track record as well, and still not standing still. The bold move of this year is, of course, the separation of onshore engineering and construction business, which the company is going through right now. Yes. But before we go to the fireside, I would leave the floor for Doug for a few introductory remarks.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Thank you, Vlad. Thank you, Chase. I'm a little bit intimidated being in the middle of you 2, but certainly very much appreciate Bank of America Merrill Lynch allowing us to be here and to have an opportunity for this fireside chat. Thank you both very much for your research and following our company.

Just to start with, I'm just going to start with maybe 3 high-level messages that I think are really important when you think about the investment thesis behind TechnipFMC today and into the future, and then we'll just have a chat. Is that good, Vlad?

Vladimir Maximovich Sergievskii - *BofA Merrill Lynch, Research Division - Research Analyst*

Absolutely, Doug.

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

So at a very high level, if I just kind of focused around 3 themes, the first would be the fact that when we created TechnipFMC, it was for the sole purpose and the sole strategic rationale of creating an integrated subsea offering, one of which had never been offered in the industry prior to the consummation of our merger on the 17th of January 2017. The market response has exceeded our expectations. The success of the integrated model has been profound, not only in the transformation of our own company, but in the transformation of the subsea industry.

And why is that important? I fundamentally believe that there needs to be a reshaping of the oilfield services landscape for the companies to be able to deliver to you through cycle returns that are sustainable. We believe the way to do that is to find the opportunities within the market that you can have a very specific offering that has a high degree of differentiation. In other words, that you can build a deep moat around your company.

We were able to do that as a result of the merger and the creation of TechnipFMC for subsea, and I'm sure we'll get a chance to talk more about the integrated model. So I'll leave those comments for potentially the fireside chat. But that was the first and most fundamental element.

The second is, one has to look across their portfolio and look for the value creation and understand if there's greater value creation by it being within the portfolio or by giving the investment community the opportunity to invest in different parts of the business based upon different cycles or different activities or different profiles of those businesses.

So when we looked at TechnipFMC as it is today, we recognized that we had 2 quite different businesses: one being the Subsea business, as we just described. It was a sole rationale for the merger, and we've been very successful with that business. And then we had an engineering and construction business, that's also been hugely successful over these past 3 years. One measure of that would be, we grew our backlog from about \$6 billion to \$19 billion. We've delivered the world's most prolific E&C project to date, certainly, the most prolific LNG project to date, the Yamal LNG project. But there's not a lot of commonality or synergies between those 2 businesses.

So when we looked at it, we felt it was better suited for you to be able to make your investment decision in those 2 companies as 2 separate distinct publicly traded companies. Obviously, we would hope that you would conclude that you want to be owners of both of those companies, but we wanted to give you that opportunity to make that decision, not us make that decision for you.

So that was the next big step, which was the announcement that we made recently -- the announcement that we made in August, to create these 2 new independent companies. So TechnipFMC will continue to be the subsea company, if you will, and then Technip Energies will be the company that will be the E&C company going forward, 2 different -- 2 very distinct investment profiles, both being leaders in what they -- in the activities that they do, and both that we think are going to be very well positioned within their respective peer groups, but 2 very different peer groups.

And then the third and final area, as we continue to look forward, I've been saying for some time about this reshaping of the industry. To me, you have to look for companies that have shown real evidence of having the courage and actually taking real action versus just talking about it. So we did that when we created TechnipFMC for the strategic reason of subsea, and we think we've largely delivered on that, although there's always more to do, and there will be more to come.

Secondly, we announced the spin, which we just discussed as point #2. And now what you're going to see us do is look for ways to further, how would I say, widen the moat. So when I think about our Subsea business, we've clearly deepened the moat, and you see that reflected in the success that we've had in terms of our order inbound, our market position, et cetera. But now we want to widen the moat. And we've got some really good ideas of how we could do that going forward. So one is to take a larger portion of the pie. The other one is to grow the overall pie. And in doing so, you build a really deep and wide moat around your company. So those are kind of the 3 elements that we're looking at.

And the third element, an example of that would be an announcement we made just last night, which was that we are taking the opportunity to sell one of our vessels. And this is a vessel that has a particular configuration that we were able to make a transaction with a buyer for that vessel. So really taking and demonstrating that we're serious about reshaping the industry, reshaping who will carry assets on which balance sheet, which is very different than the way that the industry has thought historically and even some of the industry continues to think today.

But we're trying to do things differently. It requires a lot of energy because you feel like you're constantly swimming upstream, if you will, a little bit across the current. But we feel that we've demonstrated very clearly in Subsea that, that vision has now become a reality. We think -- and we look forward to consummating the transaction in the first part of next year with the spin. And we hope that is -- that again, that achieves the objectives. And then the third element, we'll continue to widen that moat for the remaining business as we go forward.

So maybe I'll stop there, Vlad and Chase, and we can just have a conversation.

QUESTIONS AND ANSWERS

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Thanks very much, Doug. So if we continue on the Subsea, which is, of course, the central part of the remaining TechnipFMC business, very impressive book-to-bill so far this year. I think it's 1.5x in the first 9 months. If I see -- if I look at your competitors, both on equipment side and vessel side, an average would be around 1x book-to-bill or maybe below that. So why the industry is recovering for you but not for anyone else?



Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

Look, we have very solid competitors. They're very good at what they do. If I had to point to a difference, Vlad, and being humble in our response, it's that we had the courage to do something different.

So I think the actual number is 1.7, not that I want to correct your math. But I think it's a 1.7 book-to-bill year-to-date. We had more orders in the first half of this year than we did in all of last year. But if you strip it apart and say, where is that incremental coming from? Why do we have a 1.7 book-to-bill when maybe the industry average is closer than a 1.0? It really comes down to that integrated model.

So 50% of our orders in 2019 have come from the integrated offering. We're the only company that has those capabilities within one company. We're the only -- because of the result of the merger. So I guess a different way of saying it is, if we had done nothing, our book-to-bill would probably be closer to a 1.0. But by having the courage to make the bold move back in 2017, we're now realizing the benefit of that in 2019 and into the future years as a result of the creation and the ability to be able to offer and deliver these integrated projects as a single entity.

Vladimir Maximovich Sergievskii - *BofA Merrill Lynch, Research Division - Research Analyst*

Makes sense, Doug. And if we think about the benefits of the integrated model. So far, the majority of integrated projects you announced were primarily brownfield projects. Based on the existing infrastructure where TechnipFMC also leverage a very wide and the biggest global installed base, where perhaps you still have the room to improve the penetration of this integrated model is on the greenfield side. How do you feel about that? How you feel about your market share in greenfield projects, which are initially bid on an integrated basis? Is it more competitive? Is it less?

Douglas J. Pferdehirt - *TechnipFMC plc - Chairman of the Board & CEO*

No. And it's a thoughtful question. So let's just stick to a couple of the facts here. So 50% of our inbound is coming from integrated projects in 2019. That pretty substantial market penetration in just a couple of years of an offering that never existed before in the industry. As a result of that, as you said, our book-to-bill at 1.7 versus kind of 1.0 for the industry average, which could be interpreted as we're increasing our market position, as you pointed out.

What is true is in '17 and '18, there was a preponderance of brownfield activity. Clients were looking for ways to optimize their existing capital infrastructure and, therefore, really focusing on tieback opportunities to their infrastructure or brownfield activity.

If you take the total set of integrated awards that we've announced, and I'm looking to Matt. I think we're 16 or I forget what the number is now. About -- it's about 60-40, about 40-plus percent of those are actually greenfield if you look at it in terms of the value of those awards. So it's probably a little more balanced, Vlad, than maybe your question reflected. But you're right, it also shows where the upside is.

In '17 and '18, a lot of those greenfield awards that were announced had previous -- had already been bid back in '15 and '16, and they -- there was not an integrated model back then. There was not an integrated option back then. So therefore, they were bid in just 2 separate packages. But we're seeing more and more of our clients actually saying that they're -- not just saying, actually tendering. And we -- and again, we've been awarded over 40% of our iEPCI projects in terms of dollar revenue have been greenfield. But we're seeing more and more of them saying they want to use this model on their greenfield projects and will use this model in their greenfield projects.

An example of that would be, we've signed over, I think, 6 integrated alliances. Our alliances now with our integrated offering, with our clients, where we will be providing to them our services on their brownfields and greenfields with this integrated model. And we've seen some very large greenfield projects actually move forward now and are either have been awarded or are being tendered currently with this integrated model as well.

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

If I kind of explore this upside, Doug, with the very large integrated greenfields, as you referred to at some point, projects, \$1 billion plus, are there many of them tendered on the integrated basis right now?

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Yes. There's been projects in West Africa, Australia, Brazil, East Africa, all big greenfield projects that have been award -- were tendered, integrated and have been awarded, or are currently being tendered on an integrated basis.

Now earlier, I said we're the only one who can offer this integrated model as a single company. So the natural kind of thought is, so what does that translate to in terms of those awards? Well, some of those have been a direct awarded or could be direct awarded to our company as a result of either our alliance agreement or the fact that we're working on a sole-source basis. But others, what they'll do is they'll do a design competition.

So they'll do an integrated FEED study, and invite companies to participate in the integrated FEED study, and then based upon the results of the integrated FEED, which we would show up as one company, all the others would have to show up as either 2 or 3 like a consortium, but they certainly can do that. And then the client would award it based upon the results of that design competition. So we'll see some of that, too, on these greenfield developments.

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Understood, Doug.

Chase Mulvehill - BofA Merrill Lynch, Research Division - Research Analyst

Could you talk a little bit about the competition? You talk about having -- I mean, I don't know if, one, if you can quantify the -- what, is it cost? Is it engineering design? Like what is it that differentiates you with an integrated model versus your peers, right?

And then if you think about your peers, do you think, going forward, that they see the success that you've had, and that they feel like that they need to do something and potentially become one company through mergers? Or...

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Okay. So let me cover the first part of that. I can only speak from my own experience, right? We initially had a joint venture between our companies. We identified that there were 3 distinct areas of conflict in trying to do an -- on this integrated philosophy within the joint venture.

The first was, you fight over scope. You're still 2 publicly traded companies, and some of the scope can either go to the equipment guy or the installation guy. So even if you're in a JV, and it's the best JV and the best relationship, which we had a very good relationship between the former FMC Technologies and Technip, and I sat on the joint venture Board, I sat on the alliance steering committee, and we had phenomenal relationships. But there was still that natural friction over who would get that portion of the scope that may be 10% or 20% of the project that kind of sits in that gray area.

Normally, the client would have decided that on our behalf. But when you're doing a fully integrated project, you have to decide who gets what. So that's a natural conflict. And rightfully so. You would expect these 2 separately independently traded companies that they should fight for that scope, but that becomes a conflict.

The second area was around technology development. So when you look at the potential from a subsea architecture to significantly change the technology footprint, it's quite profound. Once again, if you change it within a joint venture or an alliance or whatever consortium, you start to

fight over intellectual property. You start to say, well, if we design this and I move my functional capability to your scope, what if our relationship doesn't last? We've never consummated the relationship. We're still just dating. What if something happens? And now I structurally moved part of my scope and my offering to your -- to you, and then maybe you get acquired or something. So that became a serious conflict.

And then the third and probably the one that really drives a lot of our decisions is our clients. It's always good to listen to your clients, and our clients spoke with a very unified voice. We're fine with you doing integrated FEED studies as 2 companies. But if you think we're going to give you 40%, 50%, up to 60% of the total development cost of a subsea asset and bestow it to your company as a joint venture or an alliance, we're not going to do that. And you're seeing some evidence of why today. You see stronger partners and you see weaker partners. So you're starting to see where they were probably right when they told us that.

So those are the 3, I would say, lessons that we learned. Honestly, you'd have to talk to the other companies and understand it from their perspective what they're experiencing. But that's what we experienced.

And then your last point is, I would just say it this way. We would welcome another fully integrated subsea company. I think that is the right answer. And I have to believe that just given the success and the market uptake of this offering, if you're in this space and you're not thinking about becoming a fully integrated subsea company and trying to address this through some other way, joint venture alliance, consortium, friendship, whatever it may be, I have to believe you're thinking beyond that at this point. And we would welcome that. We would welcome another strong, integrated company.

Chase Mulvehill - BofA Merrill Lynch, Research Division - Research Analyst

And just to follow up on that. Now that you're under one roof, one company, you can price risk differently. So could you talk to that a little bit? You've booked all the projects. And so how do you -- how have you managed risk in your backlog?

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Yes. In the past, the way that the model worked was the subsea equipment manufacturers basically transferred custody at the key side. And then the installation companies were responsible for the installation, the connectivity, power, be it electric, hydraulic, telemetry as well as the flow path and then the overall commissioning of the asset.

Because of that, there was a lot of inefficiencies because the client had to basically cover that lack of efficiency, right? So they had to build windows. Well, they're probably going to deliver the equipment 6 months late, so I'm going to build in an extra 6 months. And well, the vessel people may show up late, so I'm going to have to build in another 6 months. And that's why these subsea projects took so long. We're delivering subsea projects fully installed, commissioned on the sea floor in 14 months. 14 months. It used to take 28 to 30 months.

We now have all of that capacity. We can make decisions. We can change the installation program based upon a window of opportunity that may become available on a particular vessel within our control, or we can accelerate or decelerate the cadence of the manufacturing to meet that requirement. And that's what our customers have really come to appreciate, is we're highly incentivized to be able to shorten the cycle time, not only because it improves the project economics, but it makes us more competitive against our real competition, which is not the other subsea companies, it's the unconventional.

So we're fighting for that capital dollar. And that capital dollar can go to conventional, unconventional or it can go to offshore. We had to be able to demonstrate that we can make a long-cycle business, short cycle, and that's the biggest lever that we have that we can now -- and that's what we've been able to demonstrate. On every one of these projects we've delivered so far, we've significantly exceeded the original schedule for the project. And in the past, it was just the opposite of that. It should be behind schedule and over budget.



Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Doug, a related question to that. This year, you saw a big jump with subsea equipment market share. Again, feel free to correct my numbers if they're not precise.

I think historically, the market share for TechnipFMC and FMC Technologies before was 30% to 40%, roughly. On my numbers, it's more than 70% in the first half of this year. How do you think about it? Is it a structural shift? I'm not assuming 70% is sustainable because it's probably not sustainable in any business. But is it a structurally higher market share from here? Are you targeting market share? Are you thinking about it differently? And what was your perhaps competitors' reaction to this sort of market share gain?

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Look, this may be surprising to some, but we don't target market share. My concern with that is you have -- there's unintended consequences. The minute we start targeting market share, we will try to achieve that, and that could come from a variety of means, including accepting suboptimal economic projects that don't meet our returns threshold. So we do not target market share.

I would agree with your numbers. And I think that's just the market speaking for where they believe the greatest value is in the type of offering that they're looking for. And again, it's this transition from nonintegrated to fully integrated subsea projects. That's the reason. Again, 50%, just -- we can do the math real quick here together. 50% of our new orders are integrated. If you didn't have this integrated offering, we wouldn't have that 50%. If we didn't have that 50%, our market share would be back down at the historical level of the 30% to 40% that you pointed out. So really, that's the answer.

We're going to continue to target those projects that we believe that will deliver the best returns, where we can create the greatest value for our clients. We preference the integrated projects versus the nonintegrated projects.

And to your earlier -- or to the last part of your question, how -- what do our customers think? What do our competitors think? I don't know what they think, but I bet you Chase probably hit on it earlier, they're probably thinking, how do we become an integrated company?

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Makes sense, Doug. And if we move to the part of the market which is nonintegrated still -- and it will probably be always a portion of market which will remain nonintegrated. You're giving out an opportunity set in terms of visible projects in every presentation you have, and that's very helpful. And again, if I'm not mistaken, this opportunity set in terms of dollar value is at multiyear high right now, put it this way.

How do you feel about the quality of this pipeline? It's obviously concentrated in Brazil right now, and to a lesser extent, but still in West Africa, in particular, Nigeria. How do you feel about those 2 regions in terms of places where projects are progressing? How fast this will go?

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Yes. So let's break it down a little bit. That -- so we publish every quarter the subsea project outlook. That obviously doesn't include those proprietary projects that we're working on through our integrated FEED to be converted to integrated EPCI or integrated projects. That's a proprietary data set to us that we, for competitive reasons, don't disclose. So these are those projects that are out there in the public domain that some may be integrated through design competitions, as I said earlier, and some may not be.

Geographically, there's a lot of activity going on in other basins that you didn't mention, because they're not on that list because it's more brownfield activity, more direct awards from our alliance partners, as I mentioned earlier, and more of the integrated projects that are in our proprietary backlog. So there's a lot going on other than those geographies.



Speaking specifically to those geographies. Look, Brazil remains extremely exciting for us and for the industry. There's been reactions to the different bid rounds. But regardless of that, there has been a tremendous amount of investment in Brazil. And when I just was there a week or 2 ago, and the amount of focus by the IOCs that have invested in Brazil is significant in developing those projects that they have acquired, that acreage that they have acquired, and I think it's relatively a high priority amongst their opportunity set, and it's high quality.

So there's a lot of activity going on there. And it's a very exciting place for us. We have -- it's the country that we have the most capability in, in terms of vertical integration. We pretty much have everything in-country and an extremely strong and talented team with a phenomenal track record. And that's both from a manufacturing, from the fleet, from our aftermarket services point of view, is all within the country.

So -- and then when you -- it's hard to not talk about Guyana. Guyana is a wonderful opportunity set for the industry. We're extremely excited to be partnered with ExxonMobil in Guyana and Hess on the developments that are occurring in Guyana. Then if you leave South America and you move to Africa, you mentioned West Africa. There's also quite a bit of activity in North Africa and East Africa. We've been quite focused on East Africa and have been quite successful there, both in the subsea, but also in our Onshore/Offshore division.

And in terms of West Africa, again, there are some larger projects, and they're clearly identified on our opportunity set. You mentioned both Angola and Nigeria. The timing of those projects is, like any other large project, always a bit uncertain. But we would say they're quite mature in terms of their technical -- the technical work that's been done, and in some cases, even the commercial work that's been done on those projects.

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Okay. That's great to hear that. And in terms of, I would say, if we think about moving away from subsea a little bit.

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Yes. I was looking at the clock. That's why I tried to make that transition.

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Yes, that's exactly what it is. Very quickly touching on LNG. I know you're leaving this business to the SpinCo, but still obviously, a super cycle in all cases, in terms of awards this year. No one has a crystal ball. What sort of -- how do you think this cycle playing out further? Of course, you already got awards sufficient to grow revenues, I would say, at least for a couple of years, if not more.

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Yes. So first of all, it's hard to be short on the topic of LNG because it's incredibly important to our company. And we're very proud of what we've been able to do and very excited about the partnerships that we've developed around LNG. But I'll try to be as succinct as I can.

So a couple of things. We've never put a target around million metric tons per annum. I don't think of it that way. I actually think that's maybe not the best way to think about the market because, again, if you do that, you start chasing volume. Chasing volume in that business, just like any other business, is not a good idea because you start to take on contracts to try to protect market share or you take on contracts to try to meet a certain volume metric that you put out there. Instead, we focus very much on the quality of the project, we focus on the client and the relationship, and we focus on the contract, the contractual terms.

We've been very selective. We are invited to the conversation almost in all of the projects just because of our track record in LNG, starting back from 1964. We've delivered over 20% of the world's installed capacity. We've done some of the most prolific LNG projects in the world, and we have the currently -- just a very, very strong track record of execution. So we're invited to the table, but we're quite selective at what table we sit at, and we prioritize based upon that criteria that I said earlier. We use the word selectivity, if you will.

So with that, as I've said before, we're active in over 20 different LNG projects, but we strategically targeted 5 of those projects very specifically to work with certain clients in certain geographies with certain partners in very specific contractual terms.

We were extremely honored to receive the Arctic LNG 2 award from Novatek following the successful Yamal project. We're very excited about that project. We've been able to deploy the resources and talent that delivered this world-class Yamal LNG project under the Arctic LNG 2 project. And again, working with Novatek and our very deep relationship that we've developed with them. I'm very happy.

We -- there was an announcement of an award, or not an award, but yes, the award, the project yet to be sanctioned, which is the Rovuma project in Mozambique. Again, with a different set of partners. There, we're working with JGC and Fluor, but again, very exciting -- very excited to be part of that project and working with ExxonMobil and their partners. And we've got a few others that we're targeting.

We believe, for us, it is a multiyear. It's not over. We've been selective. We know where those projects are. We know where they rank against other LNG projects. We've been specific to stay out of certain geographies that we felt were a little overheated from an E&C point of view, from a resource point of view. We focused in other geographies where we believe we can bring our best talents to bear and deliver world-class LNG projects, and we believe there's more to come for TechnipFMC, and in the future, Technip Energies.

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

And one of the geographies, which you, I would say, quite prudently stay out is the U.S. Gulf Coast, of course, where -- some of your peers had significant problems, issues in recent years. Do you think it's a cyclical thing with labor market overheating, and that's why contractors are obviously obliged to take higher risk. Will it be a time for, let's say, better economics for contractors in the U.S. Gulf Coast? Can we see this time coming at some point?

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Yes, we -- so I just want to be clear. It's not that we are not interested in the U.S. Gulf Coast. It's not that we don't work in the U.S. Gulf Coast. As a matter of fact, we're doing a refinery upgrade in the U.S. Gulf Coast right now, but we're doing that on a fully reimbursable basis. So it just comes down to contract structure. And you have to understand the market. You have to understand the resources that are in that market. Yes, the U.S. Gulf Coast is overheated right now. We're not a construction company. We're an engineering and procurement company, so we always have a construction partner. And when we look at that market right now, the construction partners are quite busy. And you have to be very clear of what resources you're going to bring to bear.

So if we pursued a project in the U.S. Gulf Coast in LNG or non-LNG, in the E&C space, we would do that with a partner that had those construction capabilities, either in-house or access to those construction capabilities, so that we didn't end up in a hyperinflationary mode that led to project delays because of high turnover, et cetera, which is what tends to happen in a market that has overheated -- is overheated on the construction capability side.

So we're interested in the market. We do participate, but where we -- today, we're participating in a fully reimbursable basis on a refinery project. When we look at LNG, it would have to be with a very strong partner that brought those construction capabilities to bear that we don't have in-house.

But that's the benefit of not chasing volume, right? That's a benefit of not saying we're going to go after x volume or x amount of this because you stay very focused. You say very targeted. I constantly remind our team. It's quality over quantity. It's quality over quantity. And if you deliver -- if you focus on the right projects, you deliver them and you create success for your client, you're going to be invited back to the party.



Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

We're running out of time, but the last one very quickly on the spin-off, which you are currently implementing right now. You laid out pretty clearly the benefits of the spin-off, being more focused on separate business lines. What are potentially the cons there that you considered as well? What -- in particular, I'm thinking about increased cyclicalities of both businesses. Because obviously, before TechnipFMC combined an upstream and downstream, which follows slightly different cycles, now the one will be pure downstream, the other is pure upstream.

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Yes, we -- it's a good point. We discussed this a lot actually internally before we made the decision to pursue it. And actually, part of it is, we went back and we looked at the math. And because we were convinced that, that -- basically upstream and downstream exposure provided an offset. And when we went back and we looked at the math over the past 15 years, it's actually not been the case, which surprised us. I'll be honest, because it was just -- that was thought to be true.

So we went back and we looked at it. We looked at the math. That really wasn't the case. And then when we look forward, we've built very substantial companies that have now a substantial backlog that have these differentiations. For Technip Energies, it's around LNG; for TechnipFMC, it's around subsea and the moat that we built, the deep moat and now widening that moat. So when we look forward, we felt that this was the right time for those companies to be able to go out and capitalize on the capital markets and let the capital markets make the decisions on how they want to value those companies. And we believe there are 2 very attractive companies in a point within the investment thesis that is in the very early stages that could make it a very unique value proposition for both companies.

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Doug, thank you very much. I guess next time, if you agree, we will book a double slot for our fireside chat with you.

Douglas J. Pferdehirt - TechnipFMC plc - Chairman of the Board & CEO

Very good. Very good. Thank you.

Vladimir Maximovich Sergievskii - BofA Merrill Lynch, Research Division - Research Analyst

Thank you, sir.

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