TechnipFMC Announces Second Quarter 2018 Results

July 25, 2018

- **Net income of $105.7 million and adjusted EBITDA of $377.2 million**
- **Inbound orders of $4.2 billion; orders exceeded revenue in all segments**
  - **Subsea: orders $1.5 billion, book-to-bill 1.2x, backlog $6.2 billion**
  - **Onshore/Offshore: orders $2.3 billion, book-to-bill 1.7x, backlog $8.3 billion**
- **Onshore/Offshore guidance for 2018 increased**

LONDON & PARIS & HOUSTON--(BUSINESS WIRE)--Jul. 25, 2018-- Regulatory News:

TechnipFMC plc (NYSE:FTI) (Paris:FTI) today reported second quarter 2018 results.

Total Company net income was $105.7 million, or $0.23 per diluted share. These results included after-tax charges and credits of $26.1 million, or $0.05 per diluted share as detailed in the financial schedules. Adjusted diluted earnings per share were $0.28.

The following pre-tax items impacted the quarter and were not included in the Company's guidance:

- $24.3 million, or $0.04 per diluted share, of foreign exchange losses included in corporate expense; and
- $49.1 million, or $0.11 per diluted share, of increased liability payable to joint venture partners included in interest expense.

Total Company revenue was $2,960.9 million. Adjusted EBITDA, which excludes charges and credits, was $377.2 million. Adjusted EBITDA margin was 12.7 percent.

Summary Financial Statements

Reconciliation of U.S. GAAP to non-GAAP financial measures are detailed below and in the financial schedules.

(In millions, except per share amounts)	**Three Months Ended June 30, 2018**	**Three Months Ended June 30, 2017**	**Change**
Revenue	$2,960.9		

Pferdehirt concluded, “Our second quarter results provide a solid foundation to achieving our full-year financial objectives. Our future opportunities are driven by leverage to the three major energy investment themes of subsea, LNG, and unconventional resources.

- In subsea, we are the industry’s only provider of fully-integrated solutions, with a differentiated suite of advanced technologies and cost-effective solutions.
- In LNG, we are a clear market leader having delivered over 20 percent of global operating capacity, and we are currently executing several of the industry’s key projects and FEEDs.
- And in unconventional resources, we have leading market positions in products and services that support ongoing efficiency gains for complex well completions.

Through our unique business model, differentiated technologies, and execution capability, we are best positioned to capitalize on the growth of subsea, LNG, and unconventional resources.”

Operational and Financial Highlights – Second Quarter 2018

Subsea

Financial Highlights

Reconciliation of U.S. GAAP to non-GAAP financial measures are detailed below and in the financial schedules.

(In millions)	**Three Months Ended June 30, 2018**	**Three Months Ended June 30, 2017**	**Change**
Revenue	$1,217.4	$1,730.3	(29.6%)
Operating profit	$75.9	$236.1	(67.9%)
Adjusted EBITDA	$191.2	$376.7	(49.2%)
Adjusted EBITDA margin	15.7%	21.8%	(607 bps)
Inbound orders	$1,516.2	$1,773.0	(14.5%)
Backlog	$6,177.0	$6,186.8	(0.2%)

- **Total E&P Angola Zinia Phase 2 Project (Angola)**
  Award for the EPC of subsea equipment including 9 subsea trees as well as wellheads, subsea control systems, connection systems and associated equipment.

- **Chevron Gorgon Phase 2 Project (Australia)**
  Award for the project management and engineering, transportation, installation, and pre-commissioning of umbilicals, flying leads, and manifolds. The contract also includes fabrication, transportation, installation and testing of rigid spools.

Subsea

Estimated Backlog* Scheduling as of June 30, 2018 (In millions)	Consolidated backlog	Non-consolidated backlog**
2018 (6 months)	$1,883.4	$78.7
2019	$2,286.1	$167.4
2020 and beyond	$2,007.5	$805.4
Total	**$6,177.0**	**$1,051.5**

***** *Backlog does not capture all revenue potential for subsea services.*

****** *Non-consolidated backlog reflects the proportional share of backlog related to joint ventures that is not consolidated due to our minority ownership position.*

Onshore/Offshore

Financial Highlights

Reconciliation of U.S. GAAP to non-GAAP financial measures are detailed below and in the financial schedules.

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Change
Revenue	$1,342.4	$1,812.9	(26.0%)
Operating profit	$171.3	$204.5	(16.2%)
Adjusted EBITDA	$170.9	$187.7	(9.0%)
Adjusted EBITDA margin	12.7%	10.4%	238 bps
Inbound orders	$2,300.8	$1,103.7	

gas based fertilizer complexes in Eastern India in consortium with Larsen & Toubro Hydrocarbon Engineering. The consortium, under the leadership of TechnipFMC, is responsible for licensing, engineering, construction, and commissioning.

- **BP Tortue/Ahmeyim Development FPSO (Mauritania and Senegal)**
  Award for the FEED contract for the floating production storage and offloading (FPSO) unit for the Tortue/Ahmeyim Field Development. TechnipFMC will work on defining the technology and equipment scope. The agreement provides a mechanism to allow a transition of the contract to an engineering, procurement, construction, and installation contract at a later stage.

- **Hindustan Petroleum Corporation Ltd. Hydrogen Generation Unit (India)**
  Award for the project management, technology licensing, preparation of basic design and engineering package, as well as detailed EPCC, and performance guarantee test run for India’s largest Hydrogen Generation Unit. The project is part of the brownfield expansion for the Visakh Refinery Modernization Project.

Onshore/Offshore

Estimated Backlog Scheduling as of June 30, 2018 Consolidated baa01rg

(In millions)

To learn more about us and how we are enhancing the performance of the world's energy industry, go to TechnipFMC.com and follow us on Twitter @TechnipFMC.

2. Include the results of FMC Technologies for the period January 17 to June 30, 2017; revenue of $112.9 million during the period from January 1 to January 16, 2017 were excluded, of which approximately 70 percent was reported in Subsea and the remainder in Surface Technologies.

When referencing these financial statements, adjusted EBITDA is also used to describe EBITDA excluding amortization related to the impact of purchase price accounting and other charges and credits.

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share data)

	(Unaudited)			
	Three Months Ended		**Six Months Ended**	
	June 30,		**June 30,**	
	2018	**2017**	**2018**	**2017**
Revenue	$ 2,960.9	$ 3,845.0	$ 6,086.1	$ 7,233.0
Costs and expenses	2,777.6	3,490.1	5,663.5	6,832.3
	183.3	354.9	422.6	400.7
Other (expense) income, net	42.4	(37.6)	31.2	35.3
Income before net interest expense and income taxes	225.7	317.3	453.8	436.0
Net interest expense	(50.9)	(72.1)	(138.3)	(154.2)
Income before income taxes	174.8	245.2	315.5	281.8
Provision for income taxes	64.7	86.2	114.0	138.0
Net income	110.1	159.0	201.5	143.8
Net loss (income) attributable to noncontrolling interests	(4.4)	5.9	(0.7)	2.4
Net income attributable to TechnipFMC plc	$ 105.7	$ 164.9	$ 200.8	$ 146.2

Earnings per share attribuBTable 87T53T8 re W n q 0 0

Income before income taxes

Segment operating profit (loss)				
Subsea	$ 75.9	$ 236.1	$ 130.3	$ 290.3
Onshore/Offshore	171.3	204.5	374.2	347.3
Surface Technologies	51.5	(1.0)	82.1	(19.6)
Total segment operating profit	298.7	439.6	586.6	618.0
Corporate items				
Corporate expense, net (1)	(73.0)	(122.3)	(132.8)	(182.0)
Net interest expense	(50.9)	(72.1)	(138.3)	(154.2)
Total corporate items	(123.9)	(194.4)	(271.1)	(336.2)
Net Income before income taxes (2)	$ 174.8	$ 245.2	$ 315.5	$ 281.8

(1) Corporate expense, net primarily includes corporate staff expenses, stock-based compensation expenses, other employee benefits, certain foreign exchange gains and losses, and merger-related transaction9 8 Tf 1 0 0

Property, plant and equipment, net	3,697.8	3,871.5
Goodwill	9,009.8	8,929.8
Intangible assets, net	1,253.8	1,333.8
Other assets	1,255.6	1,151.5
Total assets	$ 27,058.5	$ 28,263.7
Short-term debt and current portion of long-term debt	$ 78.5	$ 77.1
Accounts payable, trade	2,924.6	3,958.7
Contract liabilities	3,973.3	

Restructuring and other severance charges	1.4	—	0.5	—	1.9	—	1.9
Business combination transaction and integration costs	6.5	—	2.5	—	9.0	—	9.0

Net income attributable to TechnipFMC plc	Net loss (income) attributable to noncontrolling

	2018	2017	2018	2017
(after-tax)				
Net income (loss) attributable to TechnipFMC plc, as reported	$ 106	$ 165	$ 201	$ 146
Charges and (credits):				
Impairment and other charges (1)	7	—	9	—
Restructuring and other severance charges (2)	1	(8)	8	(1)
Business combination transaction and integration costs (3)	7	15	11	54
Change in accounting estimate (4)	—	16	—	16
Purchase price accounting adjustments (5)	11	24	35	118
Total	26	47	63	187
Adjusted net income attributable to TechnipFMC plc	$ 132	$ 212	$ 264	$ 333
Earnings (loss) per diluted EPS attributable to TechnipFMC plc, as reported	$ 0.23	$ 0.35	$ 0.43	$ 0.31
Adjusted diluted EPS attributable to TechnipFMC plc	$ 0.28	$ 0.45	$ 0.57	$ 0.71

(1) Tax effect of $3 million and nil during the three months ended June 30, 2018 and 2017, respectively, and $3 million and nil during the six months ended June 30, 2018 and 2017, respectively.

(2) Tax effect of $1 million and $(5) million during the three months ended June 30, 2018 and 2017, respectively, and $3 million and $(2) million during the six months ended June 30, 2018 and 2017, respectively.

(3) Tax effect of $3 million and $8 million during the three months ended June 30, 2018 and 2017, respectively, and $4 million and $24 million during the six months ended June 30, 2018 and 2017, respectively.

(4) Tax effect of nil and $6 million during the three months ended June 30, 2018 and 2017, respectively, and nil and $6 million during the six months ended June 30, 2018 and 2017, respectively.

(5) Tax effect of $3 million and $9 million during the three months ended June 30, 2018 and 2017, respectively, and $11 million and $44 million during the six months ended June 30, 2018 and 2017, respectively.

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, unaudited)

	Three Months Ended June 30, 2018				
	Subsea	Onshore/Offshore	Surface Technologies	Corporate and Other	Total
Revenue	$ 1,217.4	$ 1,342.4	$ 401.1	$ —	$ 2,960.9
Operating profit, as reported (pre-tax)	$ 75.9	$ 171.3	$ 51.5	$ (73.0)	$ 225.7
Charges and (credits):					
Impairment and other charges	6.8	(2.6)	1.4	3.9	9.5
Restructuring and other severance charges	4.2	(6.5)	2.9	1.3	1.9
Business combination transaction and integration costs	—	—	—	9.0	9.0
Purchase price accounting adjustments - non-amortization related	(8.6)	—	1.2	(0.2)	(7.6)

Adjusted Operating profit margin	8.3	%	12.1	%	14.2	%	8.8	%
Adjusted EBITDA margin	15.7	%	12.7	%	18.1	%	12.7	%

	Three Months Ended June 30, 2017	
	Subsea	Onshore/Offshore

Adjusted Depreciation and amortization	177.1	17.3	29.6	2.5	226.5
Adjusted EBITDA	$ 363.2	$ 385.9	$ 122.9	$ (108.2)	$ 763.8
Operating profit margin, as reported	5.4 %	12.8 %	10.6 %		7.5 %
Adjusted Operating profit margin	7.8 %	12.6 %	12.1 %		8.8 %
Adjusted EBITDA margin	15.1 %	13.2 %	15.9 %		12.5 %

	Six Months Ended June 30, 2017				
	Subsea	Onshore/Offshore	Surface Technologies	Corporate and Other	Total
Revenue	$ 3,107.0	$ 3,576.9	$ 548.4	$ 0.7	$ 7,233.0
Operating profit, as reported (pre-tax)	$ 290.3	$ 347.3	$ (19.6)	$ (182.0)	$ 436.0
Charges and (credits):					
Impairment and other charges	0.6	—	0.2	—	0.8
Restructuring and other severance charges	12.1	(28.0)	4.0	8.5	(3.4)
Business combination transaction and integration costs	3.0	—	1.0	74.0	78.0
Change in accounting estimate	11.8	—	10.1	—	21.9
Purchase price accounting adjustments - non-amortization related	43.4	—	42.4	(8.0)	77.8
Purchase price accounting adjustments - amortization related	72.6	—	11.2	(0.5)	83.3
Subtotal	143.5	(28.0)	68.9	74.0	258.4
Adjusted Operating profit	433.8	319.3	49.3	(108.0)	694.4
Adjusted Depreciation and amortization	181.5	20.6	22.6	2.7	227.4
Adjusted EBITDA	$ 615.3	$ 339.9	$ 71.9	$ (105.3)	$ 921.8
Operating profit margin, as reported	9.3 %	9.7 %	-3.6 %		6.0 %
Adjusted Operating profit margin	14.0 %	8.9 %	9.0 %		9.6 %
Adjusted EBITDA margin	19.8 %	9.5 %	13.1 %		12.7 %

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, unaudited)

	June 30, 2018	December 31, 2017

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