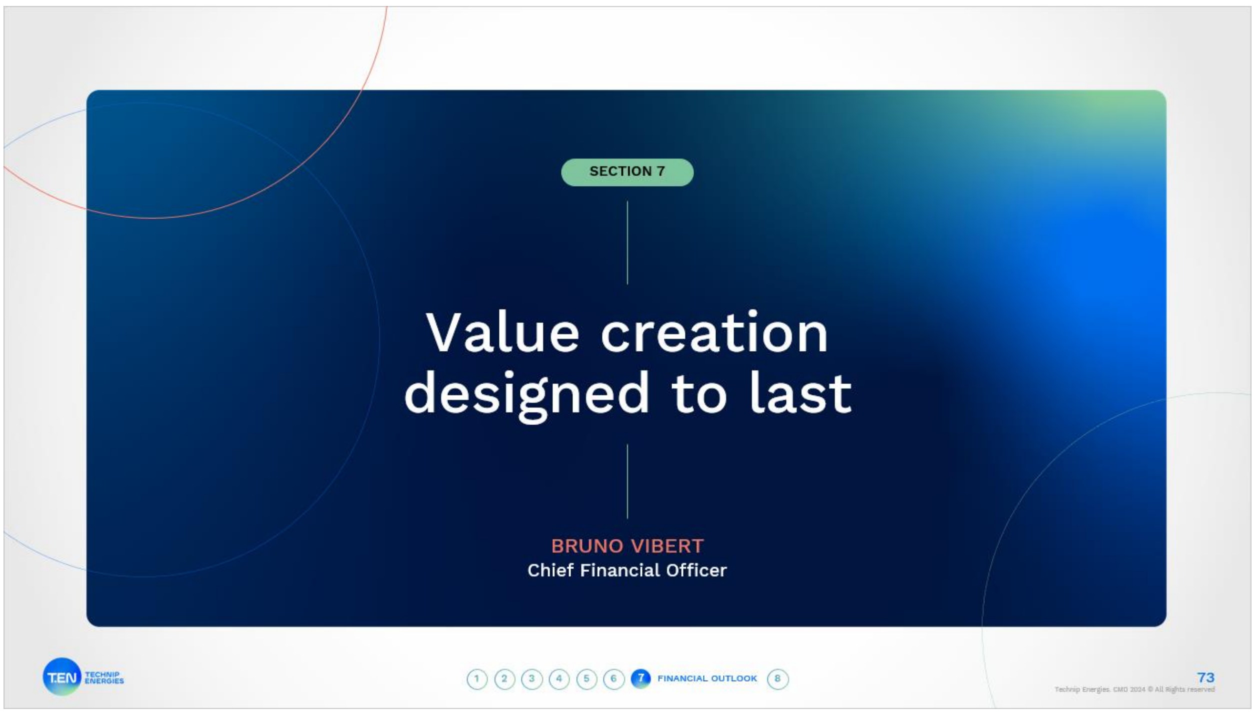
TECHNIP ENERGIES CAPITAL MARKETS DAY 2024 – TRANSCRIPT

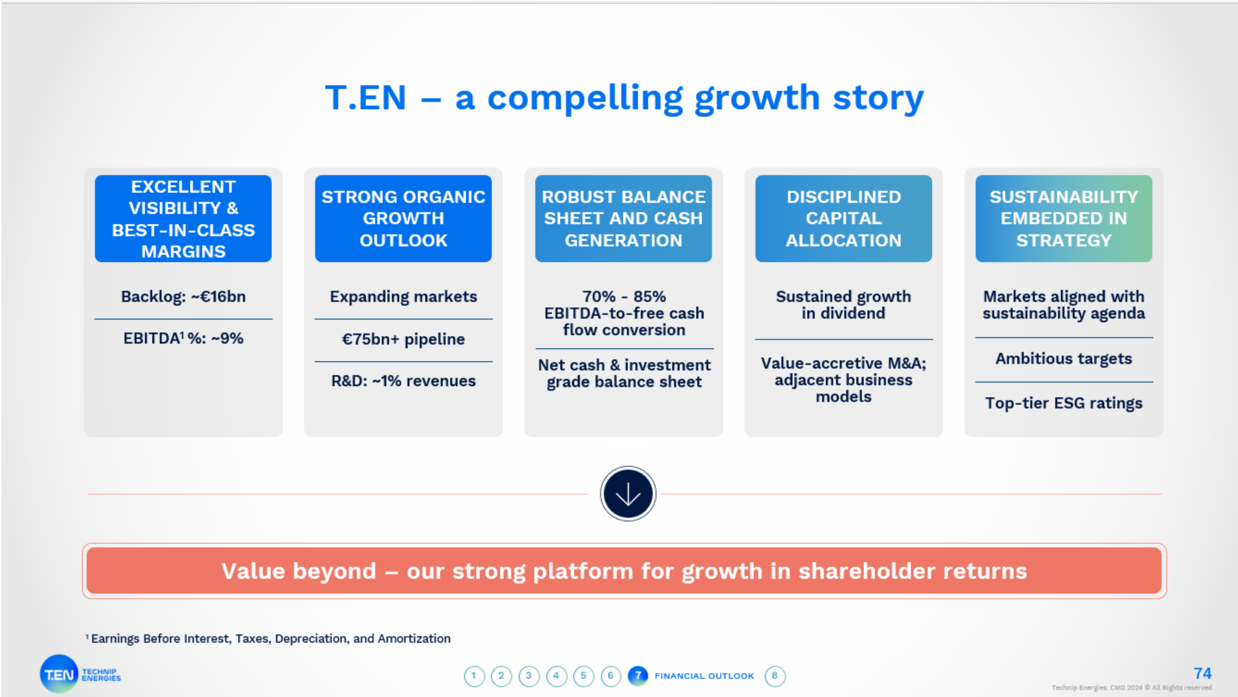
Paris, Thursday, November 21, 2024, 2:00pm CET.

Financial Outlook

Bruno Vibert



So, I'm Bruno. I'm unleashed. That's a scary prospect. Value creation designed to last. Value creation designed to last. I'm proud of the value creation we've delivered over the last four years. I am thrilled about how much more value can be delivered over the next years. T.EN is all about creating value beyond.

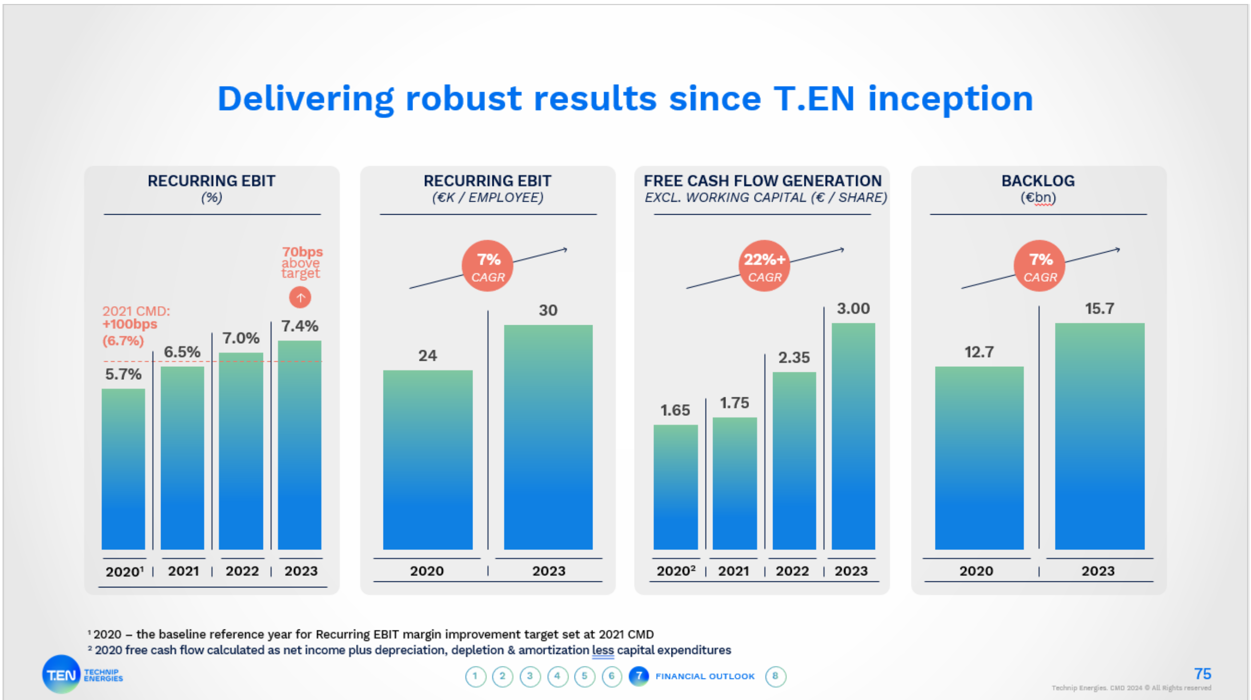


So, what is value beyond? What does it look like for T.EN?

- *It looks like a company with a EUR16 billion quality backlog and delivering industry best-in-class margins.*
- *It looks like a company with an untapped growth potential, currently working on a EUR75 billion pipeline of opportunities.*
- *It looks like a company that has demonstrated quite exceptional free cash flow performance, that is building to a net cash balance sheet. I'll come back to that.*
- *Value beyond is also value beyond organic growth of our two segments. It's deploying capital for incremental growth.*
- *Value beyond is also beyond financial value. It's about value for all stakeholders.*

I'll talk and mention and go over through these attributes as I go in my presentation.

Before we look at the future, let's look a bit at the past.



Indeed, it's been four years since our first CMD, in Jan 2021, a few weeks before the spin-off.

A few of you had doubts about our ambition, we expressed at the time, to increase our EBIT by 100 basis points, above the 2020 target of 5.7%. In fact, a few of you were a bit more concerned about the potential cliff, the infamous Yamal cliff.

As you see on the graph on the left, in fact, we've been able to over-deliver on this target. And 2023, we were at 70 basis points above this target.

Now taking a step back on in the environment in which this was delivered,

- *we've had to exit Russia, which was a geography for us.*
- *We had to operate in a period without inflation.*
- *We were still operating under COVID.*

The fact that we've been able to deliver these results in such an environment is really testament to

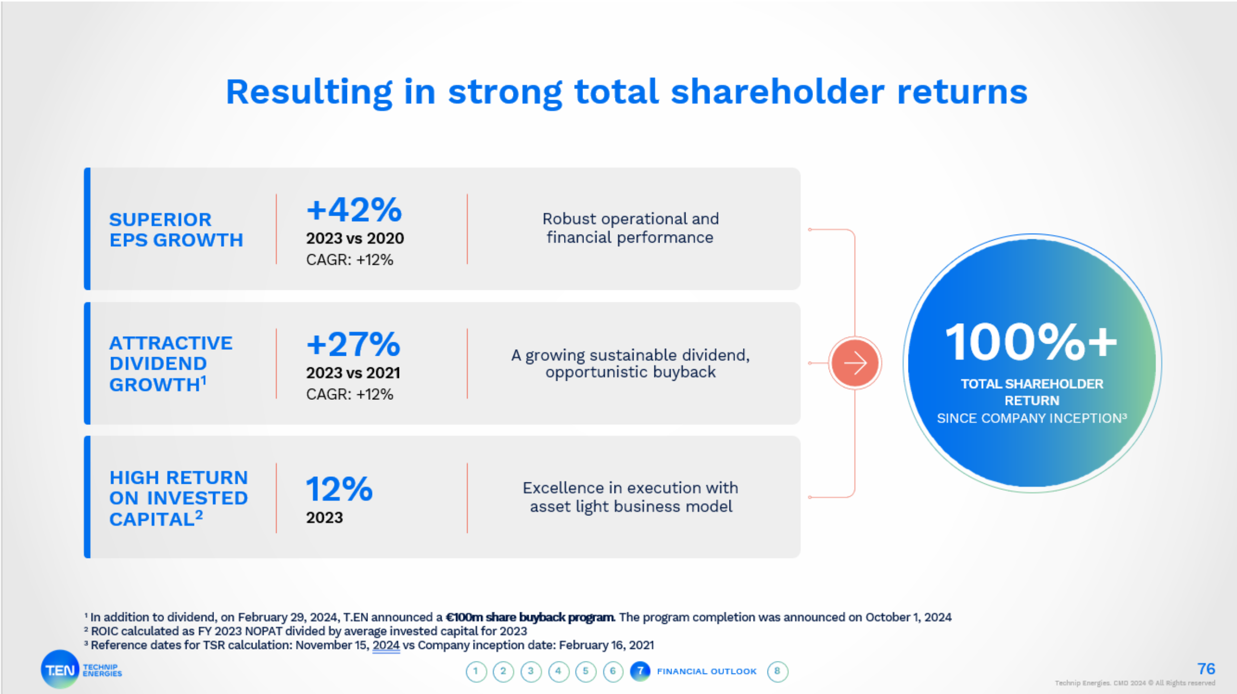
- *the execution of the team and the strength of our operating model,*
- *our discipline, notably in terms of contract management,*
- *and the relentless dedication of the teams to deliver and rise to the challenge.*

So, in a challenging environment, great metrics across the board,

- *EBIT by employee, an interesting metrics that capture the benefits of our complementary model.*
- *Free cash flow, 22% CAGR growth over the period.*
- *Backlog, much more than replenishing the backlog we had to write off as we orderly exited from Russia.*

So, great metrics in a challenging environment.

But okay, what is it for you shareholders? What is it for you investors?

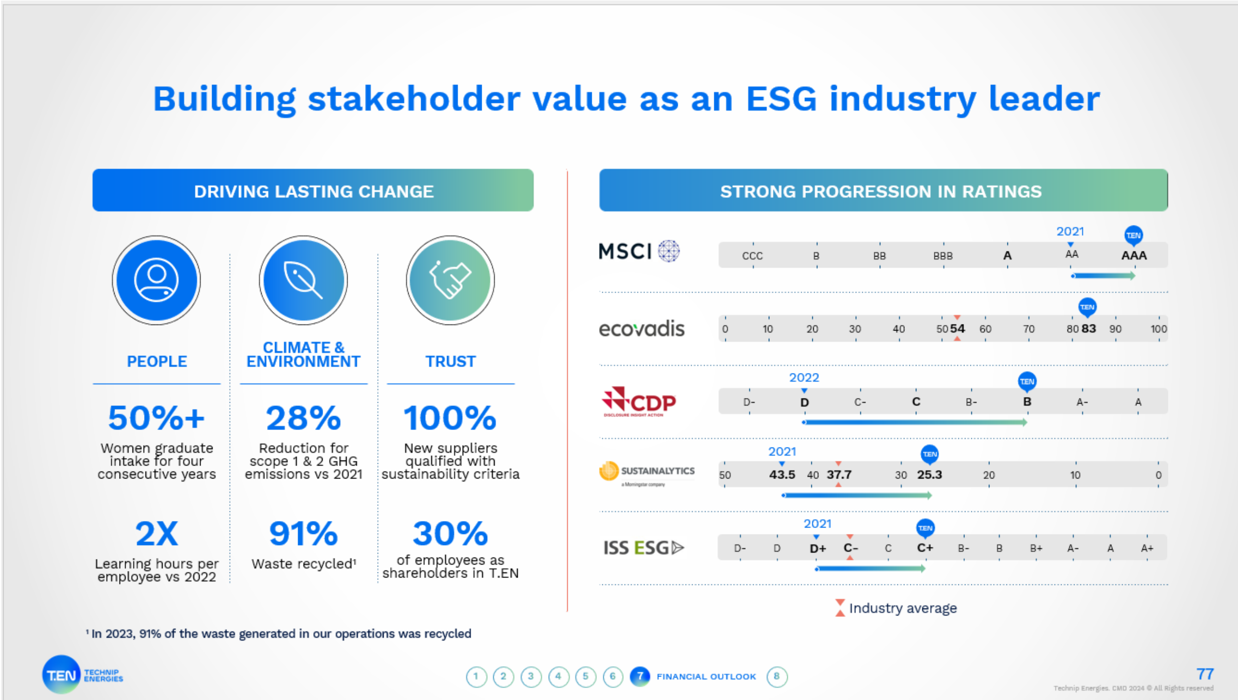


There again, a very robust set of metrics. EPS, as earnings grew, EPS 2020-2023 grew by 42%. Year-to-date Q3 2024 is up 35% up same period 2023. So, this momentum is clearly continuing.

Dividend, from day one, we committed to be a dividend paying company. And our maiden dividend was paid in 2022 based on the 2021 earnings. Since then, we've been able to increase by 27% our dividends. And this doesn't include the buyback, the EUR100 million buyback program, which we just completed at the end of Q3 2024.

Finally, return on invested capital at 12% comfortably above our weighted average cost of capital. So, great metrics.

But really, where I'm pleased is really to have been able to deliver more than 100% total shareholder value for investors that have fluttered us from day one. So, a lot of value created. But I was saying, value is also pure beyond financial value. It's for all stakeholders.



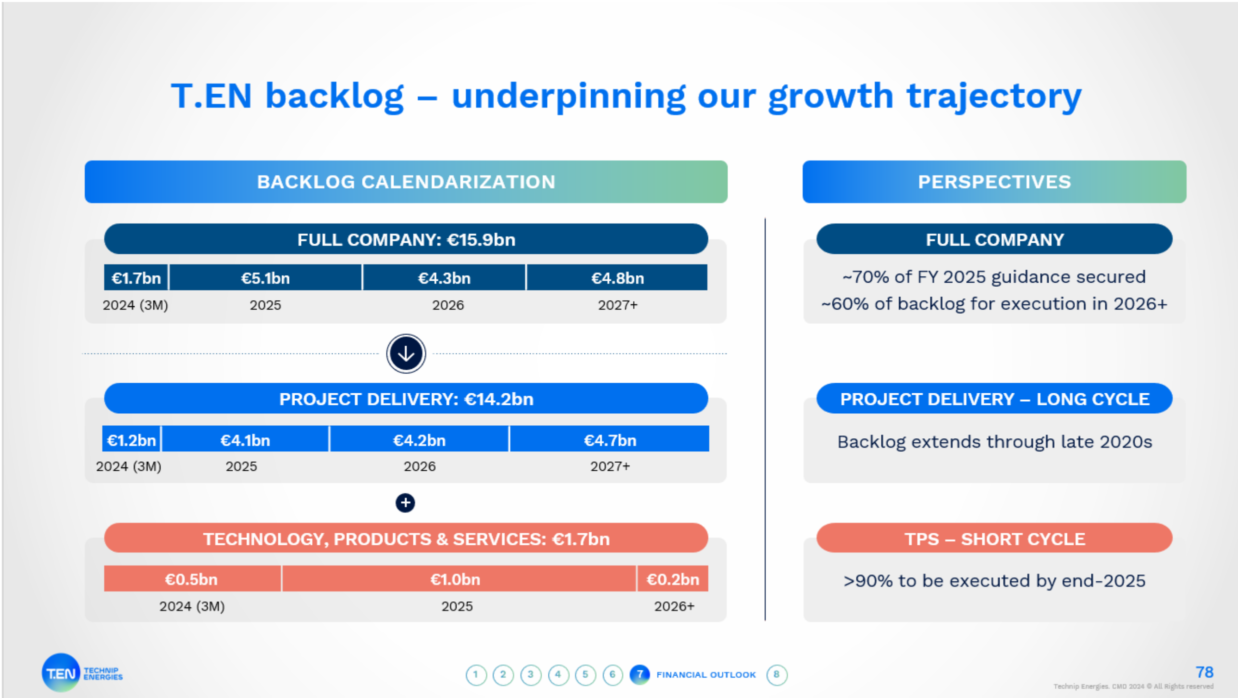
From day one, we've had very ambitious targets in terms of ESG. From our robust action plan to be net zero for our Scope 1 and 2 by 2030, which is ahead of schedule.

From diversity and inclusion programs, fourth consecutive year where we will have reached gender parity for young graduate index, despite increasing number. Engaging with the supply chain. At T.EN, sustainability is embedded in the way we work every day.

And I believe our teams can be very proud that these achievements are being recognized by all the rating agencies, with a clear improvement, with a clear momentum from year to year.

And Technip Energies being now recognized in the top percentile leader within our industry across the board, including AAA from MSCI, for example. It's important to our teams. It's increasingly important to you.

But also, it's increasingly important to our clients because this is more and more a prerequisite for doing business. Enough about the past, and let's talk about the future.



Future starts with the backlog that we have in hand.

Quality backlog. For the first time, we are providing the backlog split by business segment.

Overall, full company, end of Q3 2024, close to EUR16 billion backlog. This gives us great visibility of future earnings and an ability to go through cycles.

More practically, this backlog basically covers Q4 in terms of revenues for the guidance we just upgraded as part of our Q3 earnings release covers.

Arnaud mentioned it, 70% of the guidance, 2025 guidance, I'm about to present to you in a few minutes. But also, it extends well into '26 plus.

Close to 60% of the backlog is scheduled for execution beyond 2026. This shows you the visibility that we have and the fact that we have this ramp up of revenues, which we're calling for as part of medium-term framework.

So extensive, high-quality backlog, great. But this backlog is well set to grow further. Why?

Because standing here in front of you today can take a lot of confidence from the size and the breadth of our pipeline.

This is the addressed opportunities, not the addressable market that Arnaud was highlighting and showing to you earlier.

If you look at the last two years where awards have been somewhat LNG and Middle East centric, what you see on this slide is a diversification of this opportunity set, both in terms of geographies and markets.

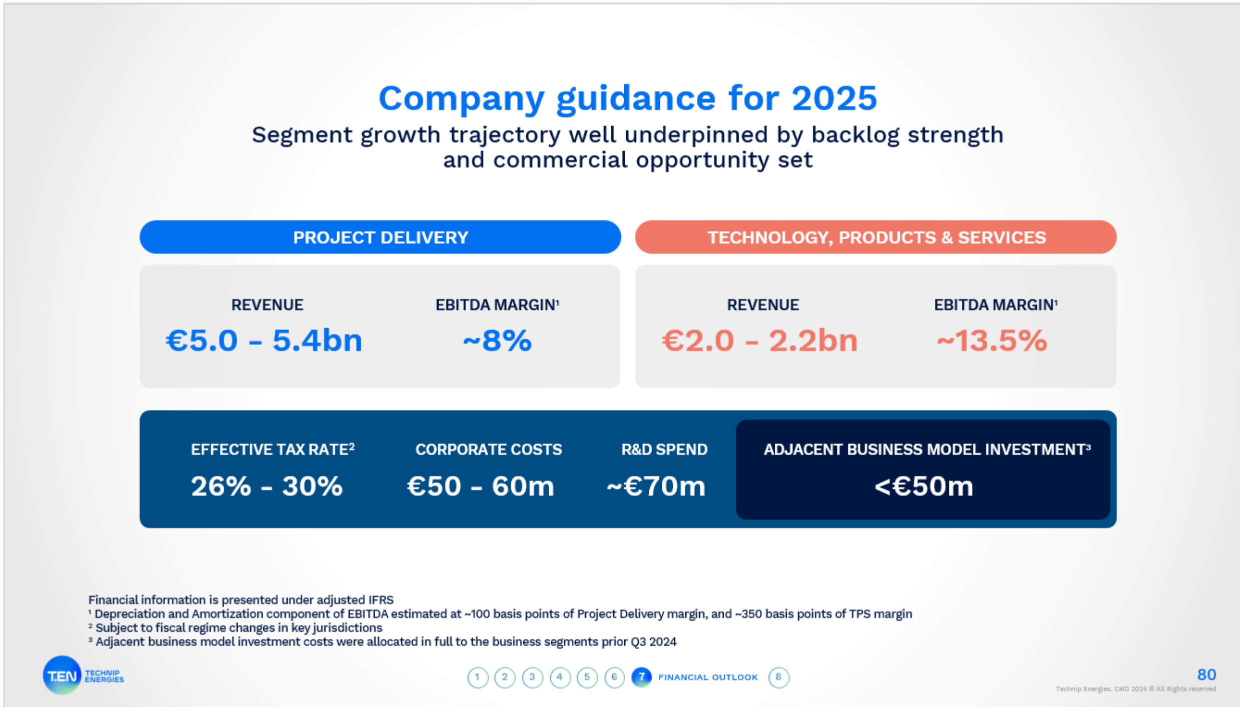
Geography, no single geography is more than 30% of the total opportunity set.

Market, energy, including energy derivatives:

- *Energy including LNG, remains a key contributor, very active portfolio.*
- *Energy derivatives, including ethylene, remains a key contributor. But then again, something very specific, as I was mentioning the CMD in 2021, the amount of opportunities within the decarbonization market.*
- *This would have been almost marginal four years ago. This is now EUR20 billion plus opportunities from 2026.*
    - *And by sub-market, each of the sub- markets, SAF, carbon capture, green hydrogen derivatives, blue hydrogen derivatives, are all multi-billion opportunities through to 2026.*

So, great pipeline, providing a lot of visibility. And as these awards will come to us, these will contribute to our revenues and margins well into the end of the decade, actually into the beginning of the next decade.

So, a good segway for financial projections.



Starting with 2025 guidance, which we are providing somewhat earlier than usual. Don't take it for granted that you will receive that early every year. But most importantly, that's presented under a new basis. What's new?

- *First, segment split.*
- *Second, EBITDA. For better comparability, for you to get a better understanding of the performance of those segments, we've decided also to present the segment performance under EBITDA.*
    - *Now in the footnotes, you have basically a way to get back to EBIT. It's about 100 basis points for projects. It's about 450 basis points for TPS. So, basically, you have a bit of two sets of figures.*

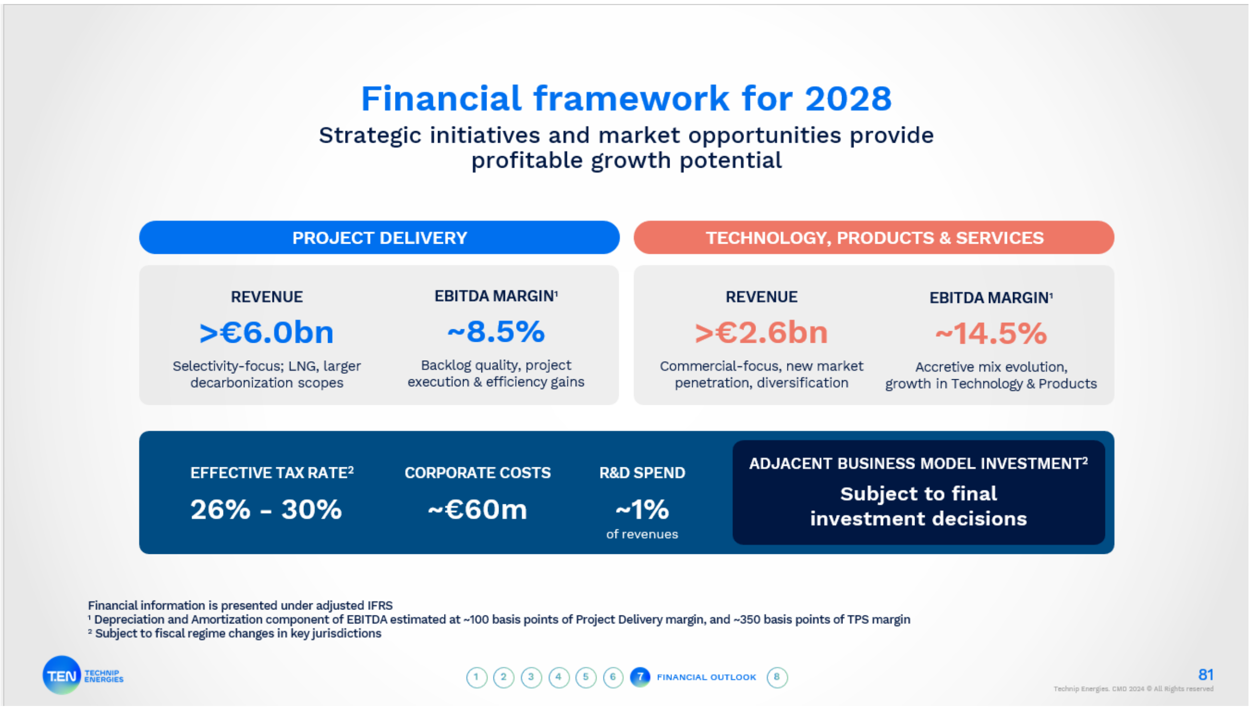
Project Delivery. We see revenues from EUR5 billion to EUR5.4 billion and an EBITDA margin around 8%. This is absolutely consistent with the previous medium-term framework.

Same for TPS. EUR2 billion to EUR2.2 billion, 13.5% EBITDA, equating to something close to 10% double-digit EBIT. Other guidance items, RETV stable, ETR, maintaining our investments in R&D, you've heard from Wei.

Corporate costs kept under control.

Adjacent business models. - Over the last two years, we've been investing in new ventures. You've just heard from Patrik on Reju. Some of these investments, which are accelerating, are not representative of either project or TPS. That's why starting Q3, we've decided to call them out so you have a better visibility and understanding of the segment performance and also an ability to track some of these costs.

When and if there is an FID, maybe these become a segment by themselves, but this is very premature. So, 2025, absolutely consistent with the previous medium-term framework, which was provided, showing growth. But really, as Arnaud mentioned it, really a first step towards 2028 refreshed medium-term framework, which is providing for incremental growth.



So, this refreshed medium-term framework, providing growth, both top-line, both bottom-line, that's very well grounded and supported by our backlog and the opportunities, the EUR75 billion which I've just described.

Topline,

- *you've heard it from Arnaud and Loïc, we are uncapping Project Delivery revenues while being and remaining absolutely selective and disciplined.*
    - *LNG markets are very supportive, but within the decarbonization market, projects are scaling up, getting momentum, and are now in the EUR1 billion plus territory. This is providing for growth.*

Bottom line,

- *through the effect of execution, plus the initial contribution of the delivery transformation initiatives that Loïc has described to you earlier, we see a first step up of EBITDA margins by 50 basis points versus 2025.*

TPS.

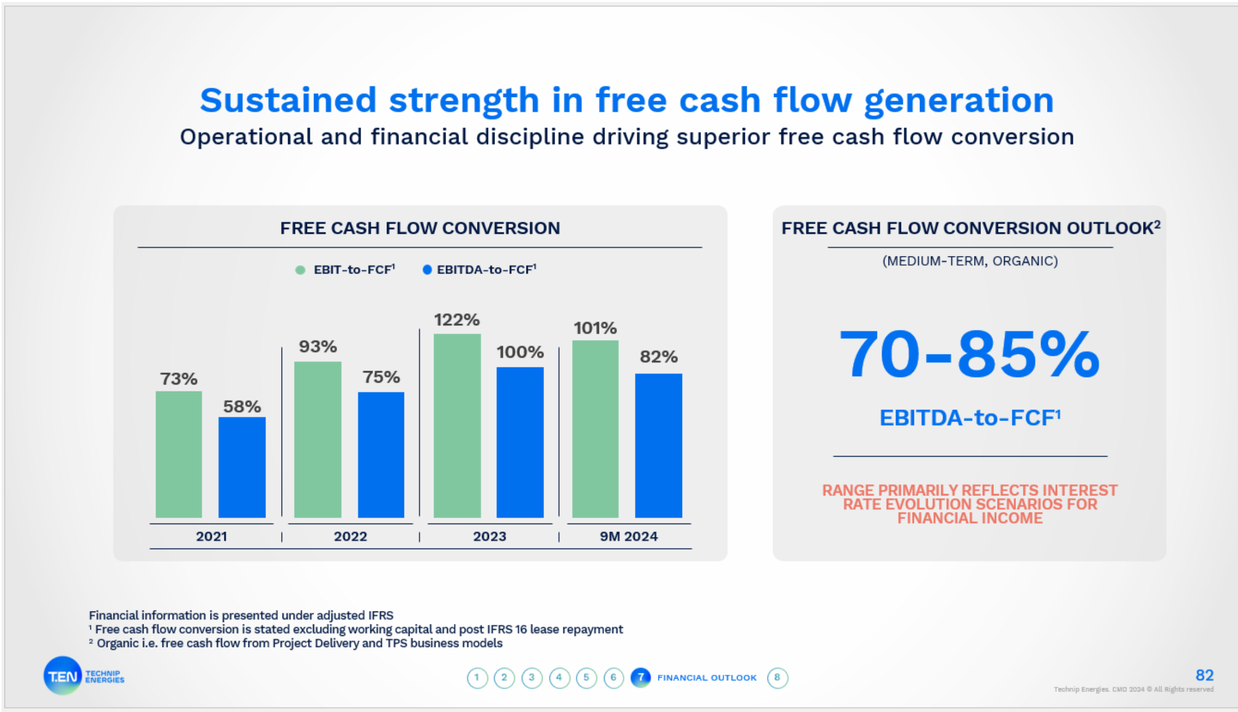
- *TPS, as you know, has been a strategic growth focus of the company from day one, and we've been able to grow from EUR1.3 billion to close to EUR2 billion from 2022 to 2024.*
- *We've been investing, innovating, expanding our techno and product offering. We've been increasing our headcount, upskilling our headcount, and notably addressing decarbonization markets where most of the effort of the expansion of the techno and product offering has been given to us.*
- *In other words, we are ready to capture those growing opportunities. This is why we see a further step up in TPS revenues to be at EUR2.6 billion plus top-line by 2028.*

- *Margin expansion, as we grow the techno and product offering will grow at a faster pace than services. This is accretive, as Loïc has described to you. Also, the contribution of the delivery transformation from services, this is also contributing. This is why we see an incremental 100 basis points step up from 2025 guidance to 2028 medium-term framework.*

Other elements, effective tax rate, corporate cost, R&D being maintained.

For adjacent business models, well, it really depends on final investment decisions. At that stage, it's more a capital deployment issue than a P&L issue. So, more on it later when we talk about capital allocation.

So, to summarize this medium-term framework, growth, both top-line and bottom-line. So, a really incremental value beyond 2025.



What's value without cash?

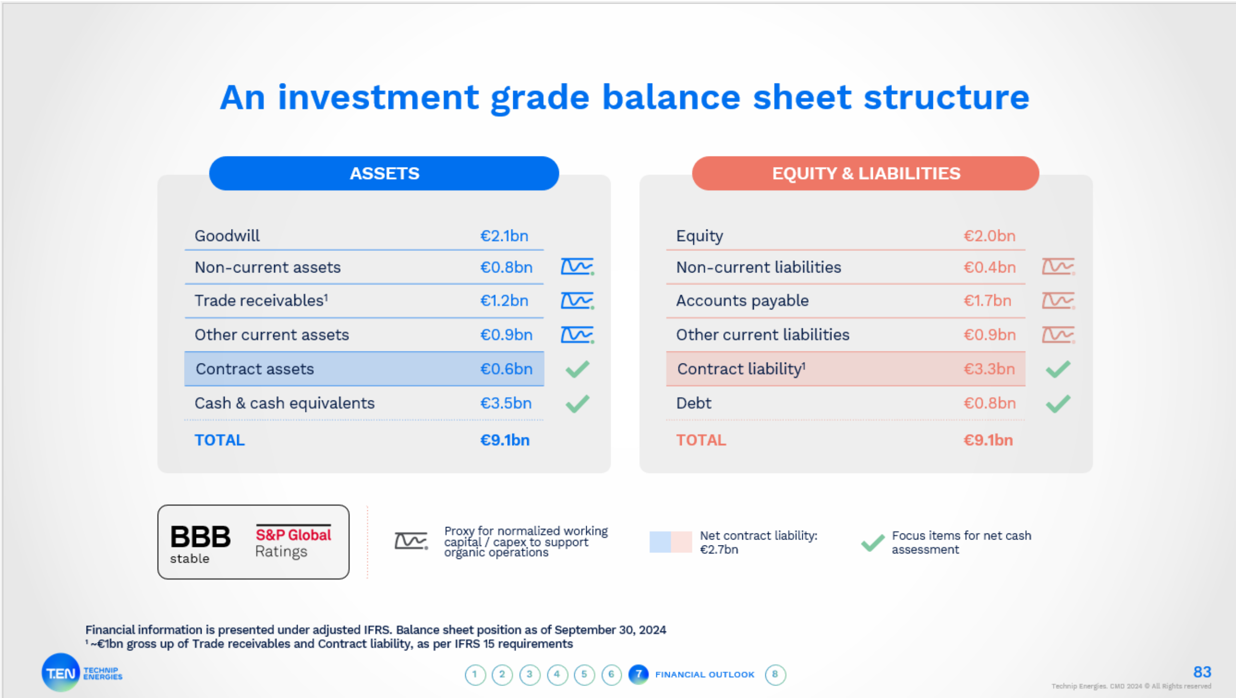
We've delivered over the last few years, notably in the last two years, quite exceptional free cash flow performance. This is due to our execution, our asset-light business model, and the cash culture and our discipline around cash culture.

This is presented ex working capital, but which you may have some lumpiness from one quarter to the next. But if you extend it over a long period of time, this is zeroed out.

So, going forward, from an organic perspective, we target to maintain a high EBITDA free cash conversion 70% to 85%, which is very consistent with the previous conversion.

The range primarily depends on the evolution of interest rates and the decision by central banks. We'd love it to stay at this level. We don't control how and when the rates may evolve.

So, quality backlog, rich pipeline of opportunities, growth of earnings, high cash flow conversion, I am coming towards capital allocation.



But first, let's deep dive in the balance sheet, a balance sheet which is stronger than perhaps some of you deemed it to be. What you see here is the balance sheet at the end of Q3 2024.

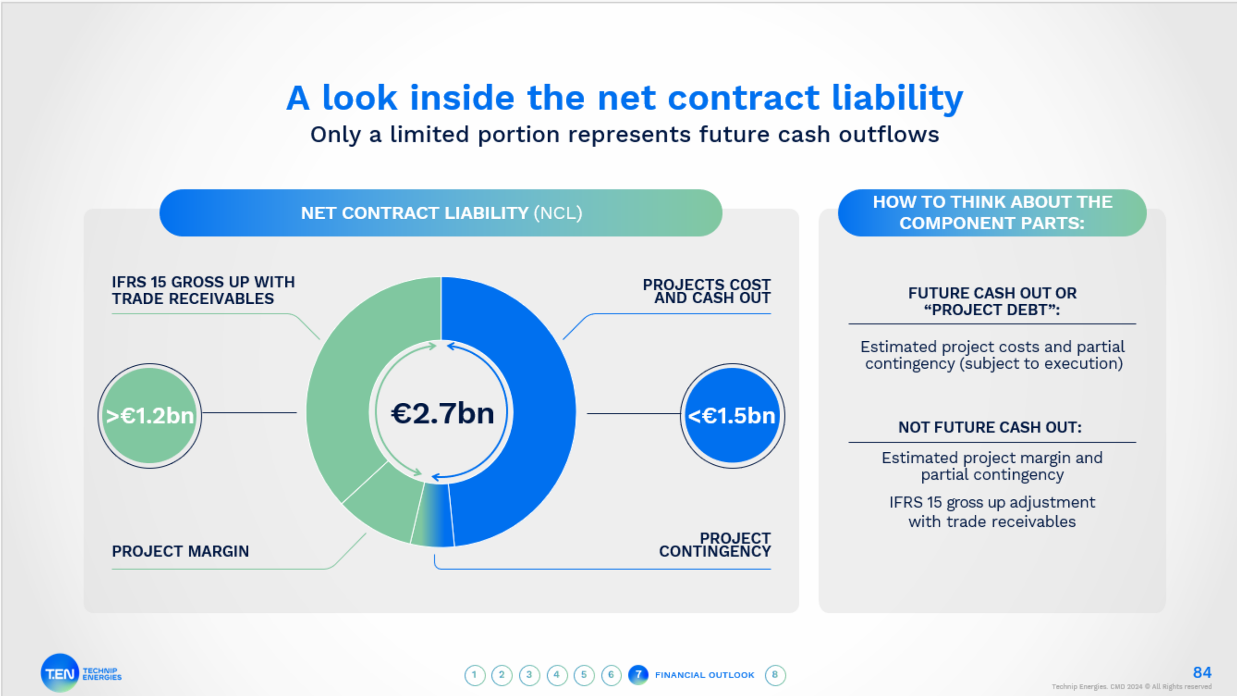
Two parts, relatively simple.

Top part with the normative icons, trade working capital, basically simple. These items at the end of Q3 are absolutely what you could consider as being normative.

In the appendices, you will see how this trade working capital has evolved from Q1 2021 to now. We see some swings, notably as we've had to exit Russia, but more importantly, now that the portfolio is rebalanced at the end of Q3, we can consider this absolutely as normative positions going forward for the growth of the company.

So, for a net cash assessment, what really matters is the top bottom two lines.

Net contractability, cash and debt. I'll go through these two in the two next slides.



Contract liability.

The financial community often takes a very conservative view on NCL, treating it as a pure cash out. We've argued from day one that this should not be the case, that only a portion of the NCL corresponds to future cash out.

So, within the NCL, what's cash out, what's not cash out?

Let's start with what's cash out, what you see in blue on the pie chart. Future project cost. Yes, it's the future cash out. It's assessed on an ongoing basis by our cost engineers. Project contingency. This is illustrative.

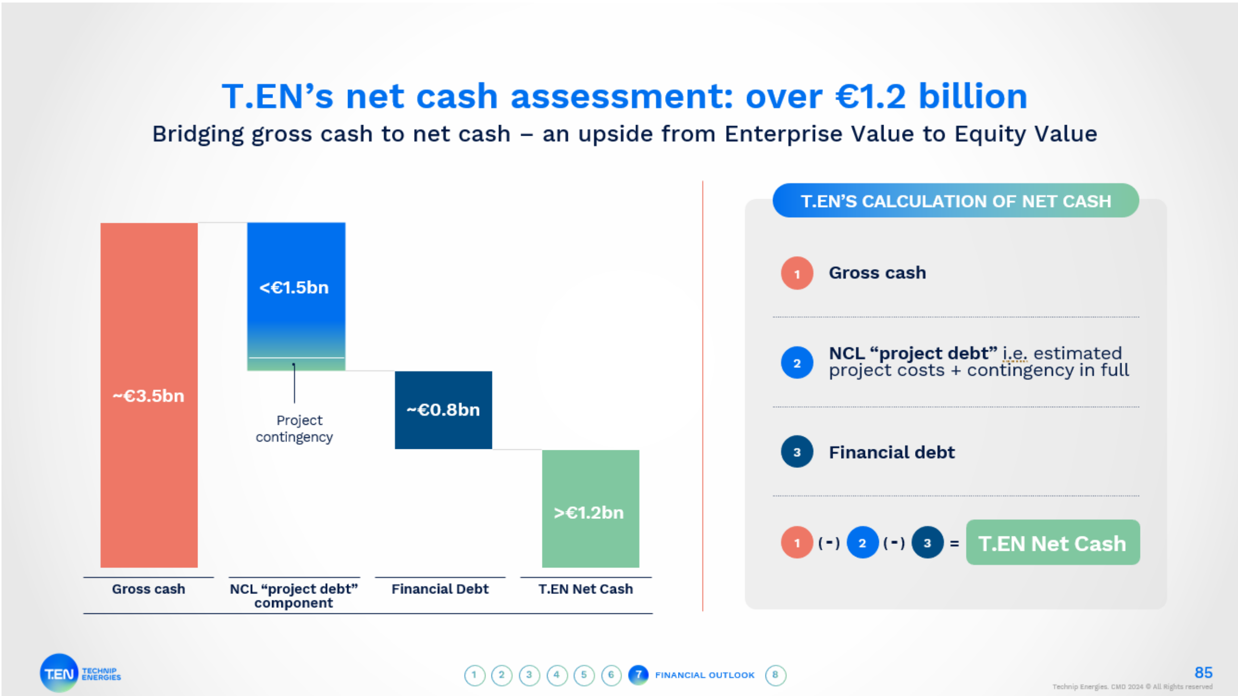
You may expect some of it to be expensed, some of it not to be expensed and retained. But let's consider these to be expensed. In aggregate, these two components of what's future cash out amount to less than EUR1.5 billion at the end of Q3 2024.

What's not cash out? Gross margin.

We are not recognizing margin on a linear basis. This is the gross margin we've already invoiced, cash received. This gross margin, this cash is not deemed to be going out.

But actually, the largest portion is a gross up that was required back in 2018 by IFRS 15, which could ask company basically to gross up some receivables with net contract duties. I can assure you there is zero net cash out from this portion.

So overall, the non-cash out is above EUR1.2 billion. So, less thanEUR1.5 billion out of the EUR2.7 billion is a cash out for the NCL analysis.



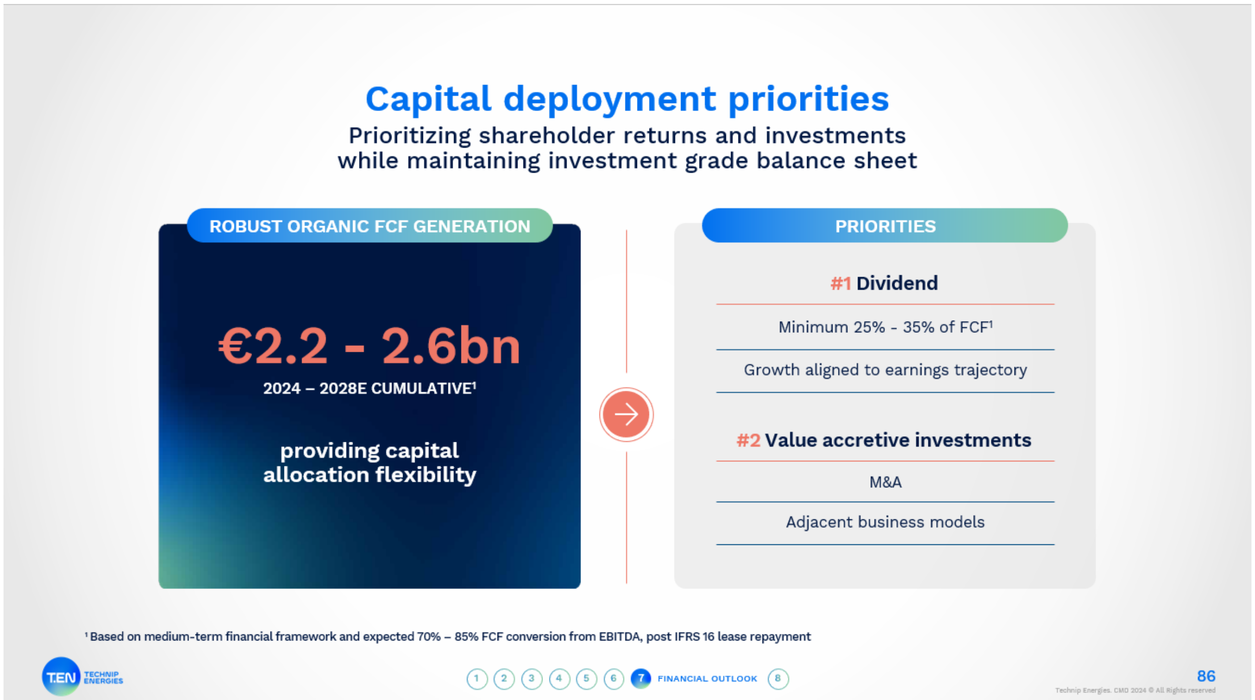
So, if we take all of that and pull this together for the net cash, we start with a gross cash, EUR3.5 billion, it's our cash.

Then you have the project debt, which I've just described, EUR1.5 billion.

Then you have financial debt, EUR0.8 billion.

You end up with a net cash, firepower as referred to by Arnaud, of EUR1.2 billion.

This is a EUR1.2 billion net cash balance sheet, with all working capital being absolutely normative.



So, moving now to capital allocation.

Based on our medium-term framework, cash conversion, we can project from EUR2.2 billion to EUR2.6 billion of free cash flow generated through 2028.

As I've just explained to you, no need to further strengthen the balance sheet. So, two capital allocation priorities.

First, return to shareholders, dividend. That will grow with the growth of earnings and a minimum dividend established at 25% to 35% of free cash flow.

Second is value accretive investment. Just as we are very disciplined in our operations, we will be very disciplined in those investment decisions.

In terms of risk assessment, in terms of value creation, we will have a very strict framework, a real capital discipline. Two-axis, M&A, you've heard about Arnaud, some of the attributes.

Target to grow the TPS offering across geographies, across markets, with a clear TP focus where we leverage the most value, and then when we can have synergies of services and even projects beyond that.

First of all, TP focused, with an accretive through synergies.

Second, adjacent business models, targeting greater value retention for T.EN. Specific markets, leveraging our technology position, our delivery insight to capture more value, to retain more value for those specific areas.

So, to recap, a capital allocation designed to return value to shareholders and to create additional value by deploying our capital with a real capital discipline. Any surplus cash will be given back and returned to shareholders.

With this in mind, I would like to express how we see at T.EN the long-term value creation potential. Long-term means 2028+, and this through a simple equation.

First, organic growth, that's the first engine. From a top-line perspective, we believe T.EN can sustain a long-term revenue growth of a 5% to 7% CAGR. Markets and differentiation.

Markets, again, you've heard it from Arnaud, our markets are growing well into the 2030s.

Our traditional markets are continuing to grow at a somewhat slower pace, but the decarbonization market, the circularity markets are adding up to that, especially after 2030s. So, our markets are very supportive long-term.

Differentiation, we've established leadership in all those markets. We've been innovating, investing to increase our technology, our product offering, our tools and processes, our teams, upskilling, growing the team. In other words, we are ready to capture those long-term growth opportunities. This can yield, that's the top-line.

Bottom-line, as we grow TPS at a faster pace of product, this is accretive. As we grow the TP component within TPS, this is accretive.

As we have the full benefits of the delivery transformation, that's a further upside.

This is why, from a bottom-line perspective, the journey doesn't end in 2028. There is more margin expansion to come on an organic perspective. All of this to yield a high single-digit growth from an organic perspective from our businesses over a long-term, meaning beyond 2028.

This will be cash flow generative. So, this will be returned to shareholders, plus a potential for value creation through investment, as I've just said.

M&A, adjacent business model that can really scale up.

This supplemental, this second engine, can yield mid to high single-digit earnings per share growth over this long period.

So, that's high single-digit organic plus incremental value mid to high single-digit way beyond 2028.

So, a compelling growth story at T.EN with a real opportunity to offer to our shareholders very high returns.

So, to conclude and recap of what is value beyond and what is it about for T.EN.

It's about untapped growth potential both from a top and bottom-line perspective.

It's about growth of decarbonization markets that had not replaced more traditional markets.

It's about margin expansion through technology differentiation and delivery transformation.

It's about high cash flow generation that add to our EUR1 billion plus net cash balance sheet.

It's about investing, deploying our capital for incremental growth.

It's about creating and returning value to shareholders, and this value is designed to last.

I will now hand it back to Arnaud to bring it home for his conclusion. Thank you very much.