TECHNIP ENERGIES FULL YEAR 2023 FINANCIAL RESULTS – TRANSCRIPT

Technip Energies N.V. Corporate Participants :

- **Arnaud Pieton** Technip Energies N.V. – Chief Executive Officer & Non-Independent Executive Director
- **Bruno Vibert** Technip Energies N.V. – Chief Financial Officer
- **Phillip Lindsay** Technip Energies N.V. – Vice President of Investor Relations

Paris, Thursday, February 29, 2024, 1:00pm CET.

Operator's Introduction

Operator

Good afternoon. This is the conference operator. Welcome, and thank you for joining Technip Energies Full Year 2023 Results conference call.

Now I would like to turn the conference over to Mr. Phillip Lindsay, Head of Investor Relations for Technip Energies. Please go ahead, sir.

Welcome and Disclaimer

Phillip Lindsay

Thank you, Alyssa. Hello, and welcome to Technip Energies' financial results for full year 2023.

On the call today, our CEO – Arnaud Pieton will provide an overview of our 2023 performance and achievements, followed by Bruno who will provide more details on our financial results and outlook. Then, Arnaud will come back to share with you more on the outlook and our strategic priorities for 2024.

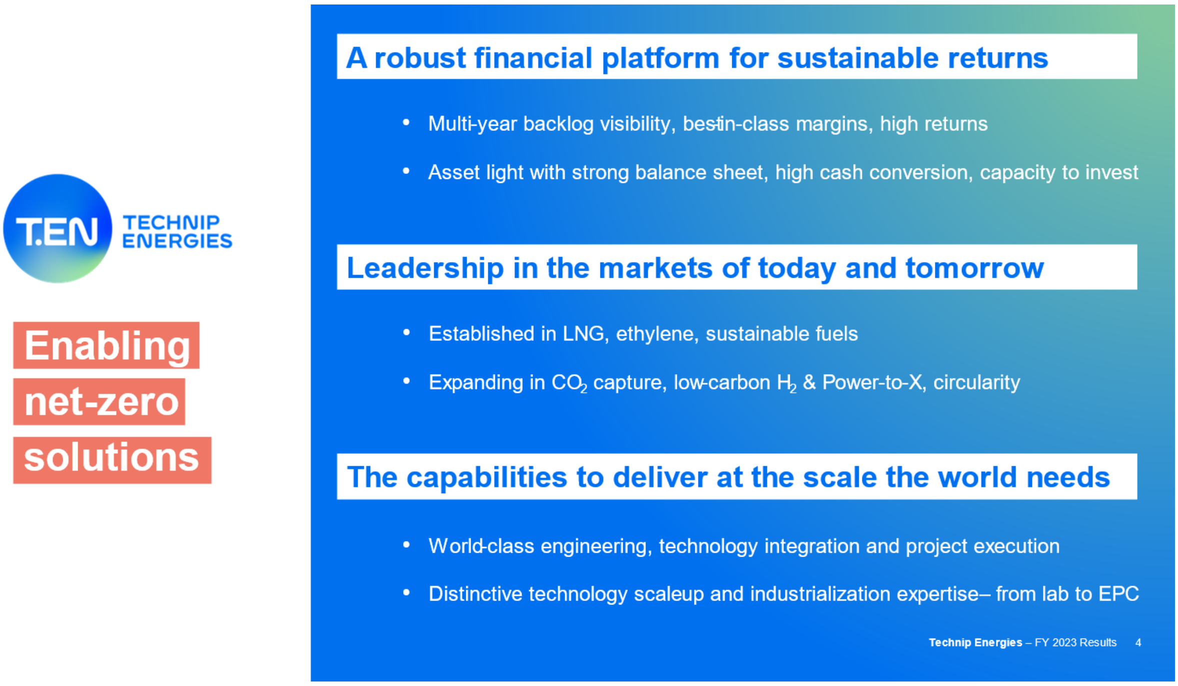
We will then open for questions.

Before we start, I would encourage you to take note of the forward-looking statements on slide 2.

I will now pass the call over to Arnaud.

Business Highlights

Arnaud Pieton



Thank you Phil, before discussing our results and 2023 highlights, I want to say a few words about who we are at Technip Energies, to remind you of our unique value proposition.

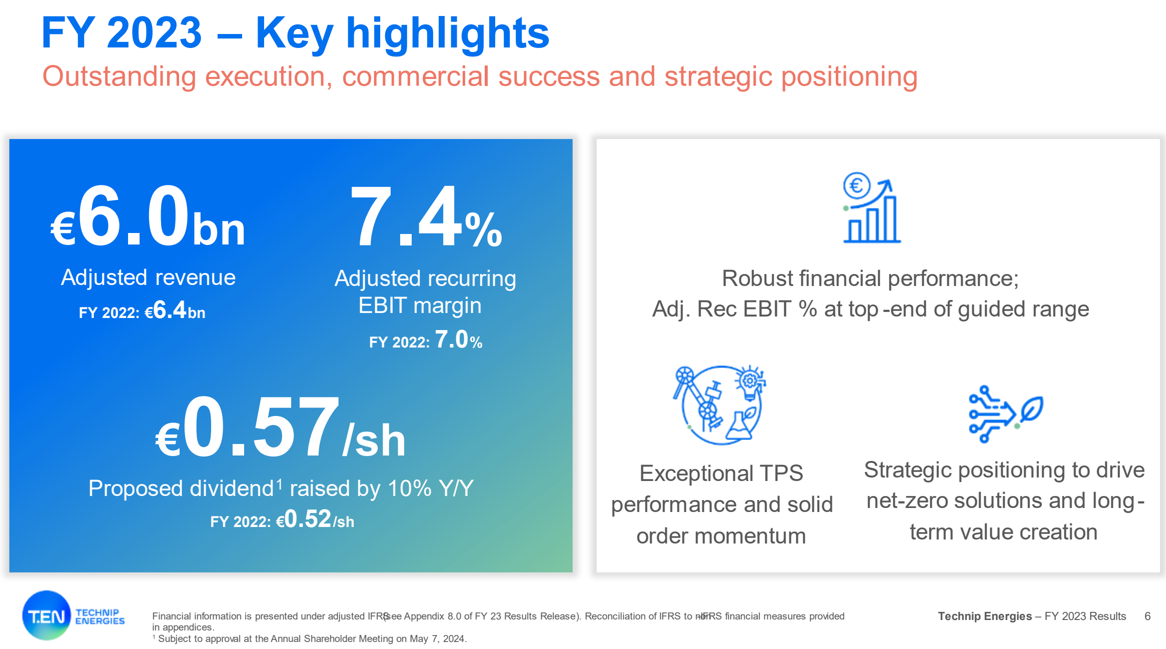
Today, we are three years old as an independent company – and we've come a long way since our creation.

We are a robust platform delivering sustainable returns through our best-in-class margins and cash flows, our asset light business model, and our capacity to invest to drive further competitive advantage.

We are a leader – both in traditional markets - such as LNG and ethylene, and we are leading from the front in net-zero markets including carbon capture, sustainable chemistry and clean hydrogen.

And, we have the right skills to deliver what the world needs - our core engineering, technology and execution capabilities are absolutely in demand AND we know how to scale and industrialise from lab through to EPC.

In essence, at Technip Energies, we enable net zero solutions.



Turning to the highlights, 2023 represents an outstanding year in terms of safety, profitability, and orders, as well as for the delivery of strategic objectives to facilitate future growth.

Our operating results are excellent with EBIT margins at the top of our upgraded guided range, which reflect relentless focus on performance and discipline, and strongly endorse our hybrid model.

TPS delivered more than 40% growth in EBIT, while Project Delivery profitability remained high thanks to strong execution and project close-outs.

Commercially, we secured €10 billion of orders in the year, with intake exceeding revenues by 70%.

This included the major NFS award in Qatar for Project Delivery, as well as a diverse range of TPS orders.

We also set out to drive early leadership in net zero markets through the launch of differentiated technologies, products and solutions, which provide T.EN with additional avenues for long-term growth.

Based on the strength of these results, and confidence in our outlook, we propose a 10% increase in annual dividend and are launching a €100 million share buyback program, which Bruno will elaborate on in his section.

Key Q4 operational highlights

Maintaining strong execution across the portfolio

LNG

Sempra ECA

Sempra ECA LNG: 98% equipment delivered at site; 10 million manhours without LTI.

Eni Coral Sul FLNG: facility handed over to client; performance confirmed above targeted 3.4Mtpa.

Downstream

Long Son

Long Son Olefins: Successful start-up milestone achieved.

Borouge IV Ethylene project: First boiler delivered and installed on site.

TPS

Canopy by T.EN™ demo unit

Pilot projects for Canopy by T.EN ™: Successful completion of EPF of carbon capture demo units.

Shell Skyline Ethylene Furnace Revamp EPF: First furnace has taken in feed gas.

Moving to operational highlights, our portfolio of projects and TPS are both performing well.

In the 4th quarter, we achieved start up on Long Son in Vietnam, and fully handed over Coral Floating LNG in Mozambique, following a contracted period of services activity.

The success on Coral is a perfect example of why customers choose T.EN to deliver their most important developments – this iconic project reached first production on time, on budget, and is now producing above nameplate capacity.

In TPS, we've completed two Canopy carbon capture pilot units for customers in Canada in hard-to-abate sectors – mining and cement.

The pilots seek to validate the solution and could lead to large scale adoption to decarbonize their facilities.

I will return to the excellent commercial momentum that we are seeing in carbon capture in my outlook later.

2023: executing strategic objectives

Sustain LNG leadership

Reinforce strong market position

- Selectively convert FEED pipeline to EPC or EPCm
- Drive decarbonization agenda
- Deliver **new modularized, electrified offerings**

QatarEnergy SnapLNG by T.EN

North Field South

Grow TPS

Enhance higher margin offering

- Technology investment: increased R&D, **expand laboratories**
- Advancing ethylene of the future, **piloting circularity (rPET,…)**
- Accelerate positioning: **services & advisory, digital services**

e.Furnace by T.EN processium SEED ENERGY evōk INNOVATIONS

Prepare the future

Develop leadership in fast-growth markets

- Launch **differentiated range of CCUS offers**
- Develop integrated Power-to-X solutions
- Leverage **new business models**

Capture.Now™ Canopy™ by T.EN Powered by Shell CANSOLV® BlueH2 by T.EN rely Reju.

T.EN TECHNIP ENERGIES

Moving to strategic accomplishments.

Last year at this time, I laid out three key objectives for 2023 and I'm pleased to report that that we've met them.

First, we set out to sustain leadership in LNG. We achieved this through cementing our position on the world's largest LNG development in Qatar, while selectively positioning for additional awards during 2024 and beyond.

Second, we positioned to grow TPS.

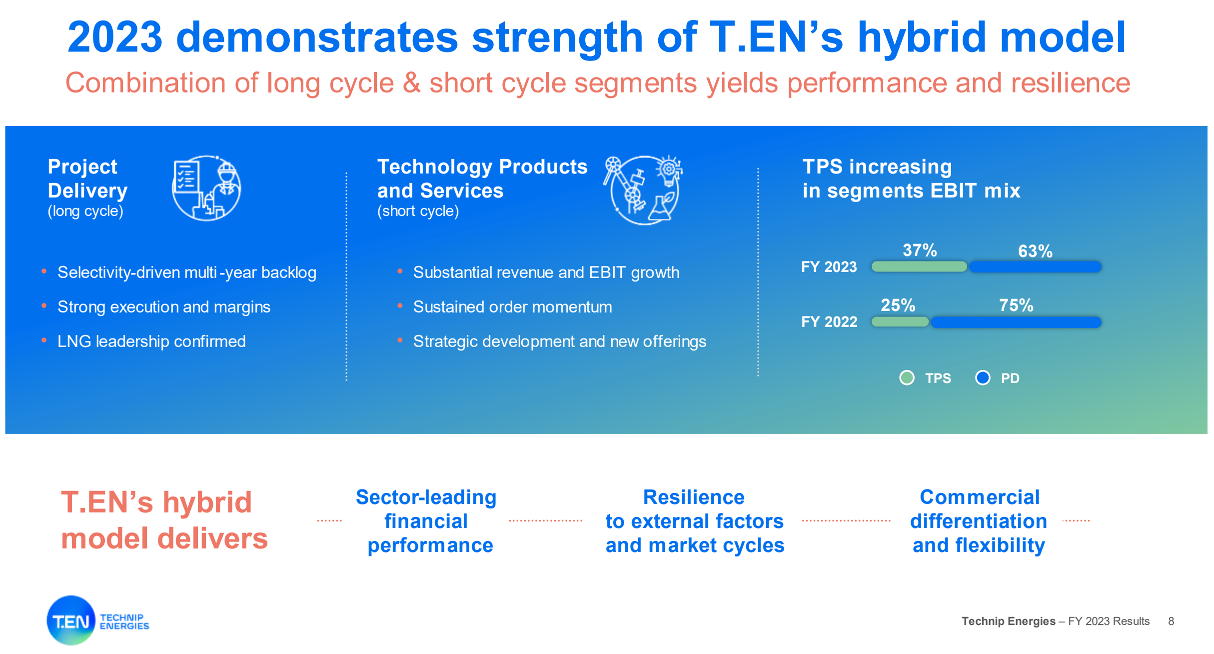
While the 2023 performance speaks for itself, we also reinforced the medium-term potential.

Through M&A, including the acquisition of Processium, which expands our lab network and enhances our ability to develop proprietary technologies in sustainable chemistry; and through Organic initiatives, including the deployment of eFurnace by T.EN™ with leading customers in the US, to prove the technology at industrial scale.

Third, we prepared for our future through development of innovative products and solutions that will serve to break some of the cost barriers required for nascent industries to take-off. This includes:

- *The launch of Canopy by T.EN™*
- *The incubation of Reju - an innovative textile-to-textile regeneration company; and*
- *The creation of Rely – an integrated technology and solutions company for green Hydrogen and power-to-X markets.*

While these markets are maturing at different speeds, early commercial traction for our new offerings is highly encouraging, notably in carbon capture, and these initiatives create potential for market leadership and major sources of future earnings.



The achievements of 2023 further validate the strengths of our hybrid model, and confirm why the combination of a longer-cycle Project Delivery business with the shorter-cycle Technology, Products & Services segment drives robust business performance.

TPS has delivered exceptional growth with segment revenue and EBIT both up by approximately 40%.

And this success has notably influenced the mix of our profits - with TPS representing some 37% of the total EBIT of the two segments.

Project Delivery has continued to deliver strong execution – as evidenced by EBIT margins at close to 8%, and commercial success has driven segment backlog up 30% year-over-year.

And this can be reinforced with solid, sizable prospects that are on track for award in 2024 – thereby securing a positive outlook for our largest segment.

Beyond the financial benefits, our asset-light hybrid model provides resilience to the external market environment, as well as commercial differentiation and flexibility.

Our proprietary technologies reinforce both the attractiveness of our offerings and our discipline and selectivity when assessing prospects.

And the clear direction for T.EN is to continue to accelerate on TPS, which will optimise the benefits of our hybrid model over time.

Before passing on to Bruno, let me update you on our sustainability journey, which is increasingly recognized in the market.

On our 'People' pillar, we achieved strong safety results that confirm T.EN's leading industry performance.

In addition, the importance of human capital in our business cannot be understated – now or in the future – and investing in our talents remains a priority.

In 2023, we more than doubled the number of learning hours, and we are on track to reach 40 hours per employee in 2025.

On Climate & environment, we made solid progress towards our 2030 Net Zero target for scope 1 & 2 emissions, reducing by 28% compared to 2021.

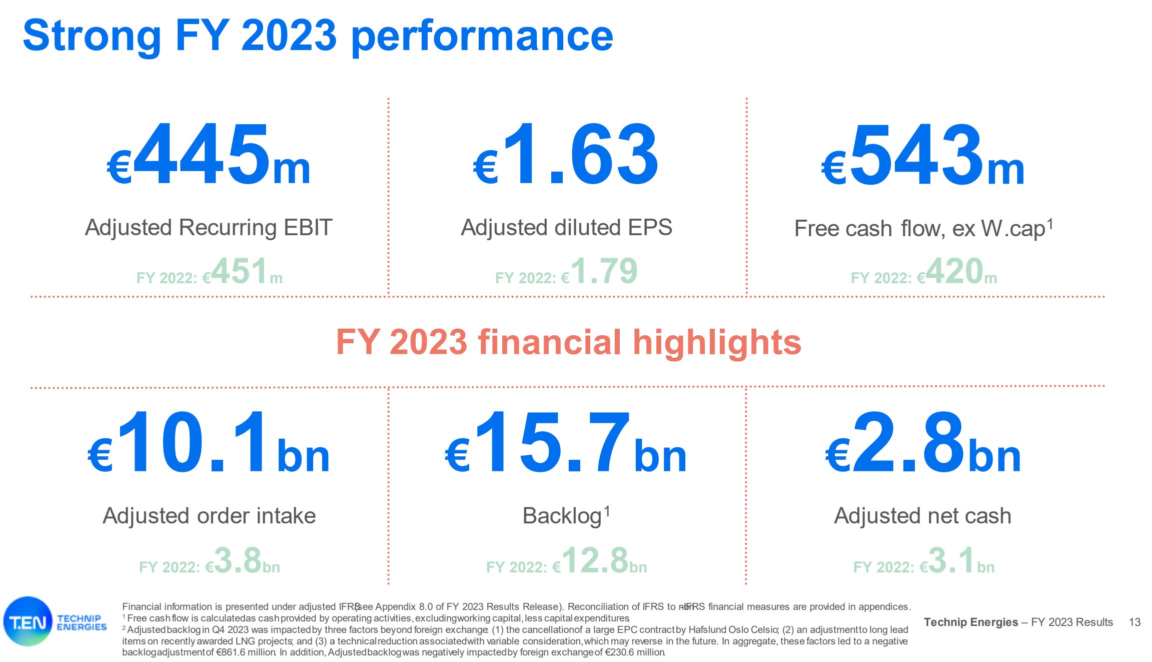
In addition, ALL of our technology & innovation programs are now dedicated to sustainability themes to strengthen our competitive positioning in new markets.

All these achievements are thanks to the drive and commitment of all T.EN employees, who can be proud that our progress is being recognized, as evidenced by notable improvements across the leading rating agencies.

I will now pass the call over to Bruno

Financial Highlights

Bruno Vibert



Thanks Arnaud, good afternoon everyone.

Turning to the highlights of our financial performance for 2023.

Adjusted Recurring EBIT was €445 million, a similar level to the prior year.

Margins at 7.4%, increased 40 basis points year-over-year, and were at the upper-end of the guided range.

The continued strength in EBIT generation is a testament to our solid execution and strong momentum in TPS.

In addition, free cash conversion from EBIT was very high and we generated over €540 million of free cash flow, excluding working capital.

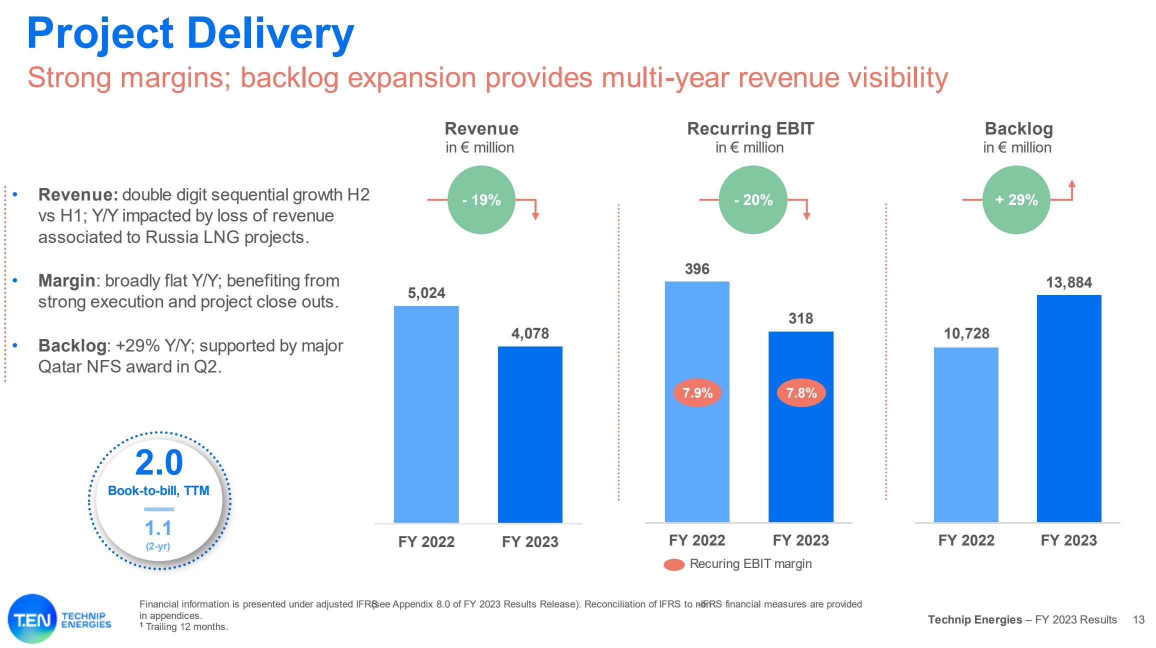
Adjusted diluted EPS at €1.63/share reduced by 9% year-over-year, impacted by non-recurring items, and higher non-controlling interest, partially offset by higher net interest income.

Adjusted order intake was more than 10 billion, significantly higher year-over-year and equivalent to a book-to-bill of 1.7.

This contributed to a 23% increase in backlog to €15.7 billion.

Net cash at year-end was €2.8 billion.

In summary – the collective performance of our teams has delivered a very strong outcome in 2023.



Turning to our segment reporting, starting with Project Delivery, where our 2023 performance demonstrates sustained excellence in business execution.

The year-over-year picture sees reduced revenues – principally due to the exit from Arctic LNG 2.

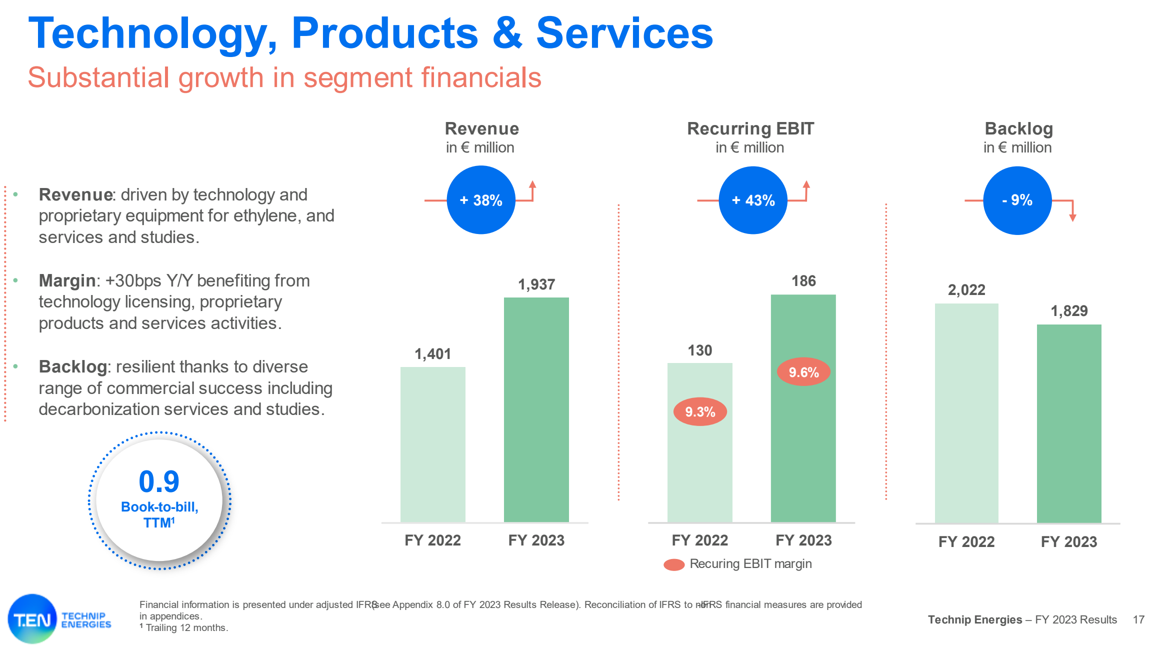
However, we expect 2023 revenues to reflect the trough for Project Delivery, with this trend already evident given the sequential growth in the second half over the first.

Margins at 7.8% are in line with the record performance of 2022 reflecting robust execution and portfolio maturity with projects in late phase and close out.

Following a period of strong order intake, the project portfolio will naturally trend towards a more balanced blend of early and later stage projects, bringing margins to a more normalized level.

Finally, backlog is up 29% year over year, equivalent to 3.4x 2023 segment revenues.

As Arnaud will explain, we are positive on our outlook for new awards, which can further strengthen our visibility and support the revenue trajectory towards our medium-term targets.



Turning to Technology, Products & Services,

TPS delivered outstanding financials with revenue growth of 38% year-over-year and EBIT improving by 43%.

This performance was driven by three main factors:

- *High services volumes, particularly in sustainable fuels and decarbonization markets;*
- *Strong front-end engagement and consulting across energy transition markets; and*
- *Growth in licensing and proprietary equipment, notably for ethylene.*

Higher volumes and the mix benefit from higher technology and product revenues delivered 30 basis points of margin accretion year-over-year to 9.6%.

Turning to orders, despite fewer larger awards when compared to the prior year, underlying order momentum was positive – benefiting from a broad range of decarbonization services and studies - which sustained backlog at a very healthy €1.8 billion.

In summary, an outstanding year for TPS with record top-line and margin expansion, in line with our strategy to grow our accretive business segment.

The outlook remains positive for 2024 and we are well on track to reach our medium-term targets for this segment.

Other key metrics and balance sheet

Strong balance sheet with significant underlying net cash position

Income Statement

R&D	€ 62 million	Spend equiv. to 1.0% of revenue vs 0.8% in 2022.
Net financial income	€ 86 million	Higher interest rate benefit on gross cash position.
Effective tax rate	29.9%	Within guided range, despite one-off factors.

Balance Sheet

Gross cash	€ 3.6 billion	Strong position, significantly above net contract liability.
Net contract liability	€ 2.8 billion	Contains future project costs, margin & contingencies.
Equity	€ 2.0 billion	13% growth Y/Y and >50% growth since Q1 2021 [1].

Financial information is presented under adjusted IFRS (see Appendix 8.0 of FY 2023 Results Release). Reconciliation of IFRS to non-IFRS financial measures are provided in appendices.
[1] Q1 2021 represents the first period end post spin-off transaction and execution of the separation and distribution agreement.

Turning to other key performance items, beginning with the income statement.

R&D spend at €62 million, equivalent to 1% of revenue, is 24% higher year-over-year and consistent with our strategy for targeted investment to enhance our net zero portfolio.

Higher global interest rates are benefiting our net financial income, which at €86 million, was a boon to earnings.

Lastly on the P&L, effective tax rate was 29.9% and consistent with the top-end of the 2023 guidance range.

The tax rate was impacted by the PNF settlement in H1;

Excluding this non-recurring item, the underlying full year tax rate is 28.2%.

Moving to balance sheet, where the picture is solid and supportive of a balanced capital allocation, as I will elaborate on later.

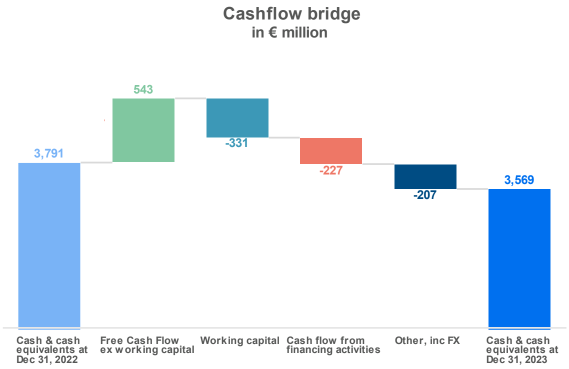
Gross cash of €3.6 billion is significantly exceeding the net contract liability – which, as a reminder, consists of future project costs, future margins and contingencies.

Existing projects in backlog plus expected awards during 2024 will continue to contribute to this differentiated capital structure.

Finally, shareholders equity has grown by over 50% since company inception in Q1 2021, reflecting the consistent strength of our operational and financial performance.

Solid underlying free cash flow

- **Operating cash flow**: €261m; Free cash flow[1]: €213m, notwithstanding €331m working capital outflow:
- **Free cash flow**, excluding working capital impact , €543m; Free cash conversion from Adj. Rec. EBIT: 122%.
- **Other items of note:**
  - €30m capital increase associated with ESOP.
  - €91m dividend paid to shareholders in Q2.
  - €53m dividends paid to non -controlling interests.
  - €77m payments for principal portion of lease liabilities.



Financial information is presented under adjusted IFRS (see Appendix 8.0 of FY 2023 Results Release). Reconciliation of IFRS to non-IFRS financial measures are provided in appendices.
[1] Free cash flow is calculated as cash provided by operating activities of €261 million less capital expenditures of €48.4 million

Diving now into cash flows, and starting with the 2023 view.

Free cash flow, excluding working capital was €543 million, with conversion from EBIT significantly more than 100%.

This highlights the benefits of our asset light business model, it really emphasizes the ongoing strength of operational execution, and also reflects the positive impact of interest income.

As I stated last quarter, the working capital outflow in the year reflects the balance of the portfolio with several projects in their latter stages as well as the cash deconsolidation and transfer relating to our orderly exit from the Arctic LNG 2 project.

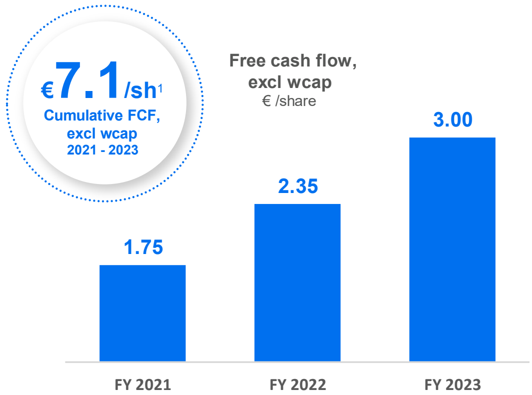
Working capital trends can be lumpy due the inherent nature of our long cycle project business.

As signaled at the half year, we expect some improvement in working capital trends over the next 12-to-18 months, with this trend starting to materialize in Q4.

We end the period with €3.6 billion of cash and cash equivalents.

Zooming out: a longer-term perspective on cash flow

Assessing free cash flow generation since company creation



€1.3bn FCF generation since 2021

Consistently high FCF conversion

- 2021 – 2023 FCF conversion[1]: 96%
- 2024+ outlook: ~100% FCF conversion

Working capital impact: negligible

- 2021 – 2023 Cumulative outflow: €39m

Providing flexibility for capital allocation

Financial information is presented under adjusted IFRS (see Appendix 8.0 of FY 2023 Results Release). Reconciliation of IFRS to non-IFRS financial measures are provided in appendices.
[1] Free cash flow conversion is calculated as free cash flow (cash provided by operating activities less capital expenditures) as a percentage of Adjusted Recurring EBIT.

Let’s now zoom out and take a three-year perspective of our cash flows, where the trends are very positive and consistent.

In 2023, we generated 3 euros of free cash flow per share, and cumulatively we have generated more than 7 euros per share since 2021.

Furthermore, our free cash conversion from adjusted recuring EBIT has averaged 96% over this period.

This speaks to the quality of our operational execution, our contractual discipline and our relentless focus on cash and treasury management.

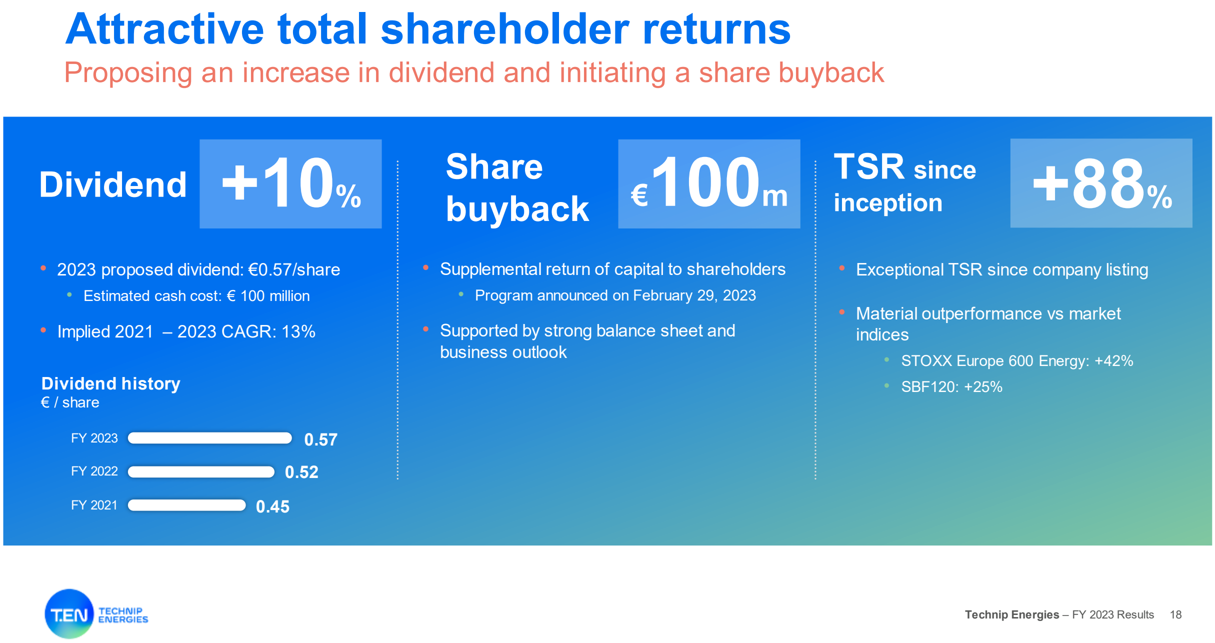
The normalization of global interest rates is also providing a fillip to our free cash profile due to the interest income we generate on our cash balances.

The impact of working capital on a longer term basis should be about neutral – and this is clearly evidenced in the cumulative impact of working capital on our cash flows since 2021; which is negligible at just € 39m.

This is, again, reflective of execution strength and portfolio quality.

In 2024 and subject to no major changes in global interest rates, we could expect to convert 100% of our adjusted recurring EBIT into cash.

And this provides us with the flexibility for an effective capital allocation strategy.



Turning to capital allocation and shareholder returns.

Technip Energies is committed to delivering long-term sustainable growth and attractive returns to shareholders through a balanced approach to capital allocation.

This includes:

- *Maintaining a sustainable dividend with potential for growth over time;*
- *Disciplined organic and inorganic investment in growth; and*
- *Preserving an investment grade balance sheet.*

Based on the strength of our 2023 results, and confidence in our outlook, we propose a 10% annual dividend increase, which is subject to approval at the annual shareholder meeting in May.

With this increase, the compounded annual growth since our maiden dividend in 2021 is 13%.

In addition to the dividend, supported by a robust financial position, a very solid free cash flow generation and underlining our confidence in Technip Energies outlook, we are launching a share buy-back program of up to €100 million.

We intend to cancel up to €70 million of the purchased shares, with the balance to fulfill obligations under equity compensation plans.

Concluding on this slide with our TSR since spin which shows significant outperformance versus sector and market indices.

Company guidance for 2024

On track to deliver our medium-term framework

Revenue	EBIT margin	Effective tax rate
€6.1 - 6.6bn	**7.0% - 7.5%**	**26% - 30%**

EPS[1]: double digit growth

Financial information is presented under adjusted IFRS (see Appendix 8.0 of FY 2023 Results Release). Reconciliation of IFRS to non-IFRS financial measures are provided in appendices.
[1] Diluted earnings per share growth indication excludes potential enhancement from share buyback program

Before handing back to Arnaud to discuss the outlook, I will address financial guidance for 2024.

For 2024, we confirm expectations for EBIT margins in the 7.0% - 7.5% range.

The consistency and quality of our portfolio and strength in execution fully supports our margin outlook.

For revenue, we are projecting a range of €6.1-to-6.6 billion, which is well underpinned by our backlog schedule for 2023, plus known work that is not currently in backlog.

Regarding effective tax rate, we see a range of 26% - 30%.

With this guidance, we are also signaling double digit EPS growth reflecting our relentless focus on bottom line.

Beyond the implied range of EBIT growth, EPS should also benefit from a materially lower non-controlling interest.

And to be clear, potential EPS accretion from the buyback program is not included as part of this view.

Last point - regarding our medium-term framework that was issued this time last year – today, we reaffirm this framework and have republished the slide for your reference within the appendix.

I'll now turn the call back to Arnaud for the outlook.

Outlook

Arnaud Pieton

Thanks Bruno, turning now to the outlook where I want to share with you some of the key themes and trends that we are observing on the market for 2024.

First, the last years have served to highlight the continued importance of traditional markets to allow energy affordability while the technologies of the future are maturing.

Our customers require reliable execution of their mega projects.

This favours T.EN.

Competent resources are in high demand after a period of rising industry activity.

Beyond investing and upskilling our human capital, we are promoting solutions that enable us to do more with the same resource base.

We also remain highly selective to ensure we work with quality construction partners with the depth of resources to mobilise and accelerate as required.

Second, there is an undeniable trend putting emissions abatement as a new demand being placed on producers and industries to drive sustainable development.

This is leading to progressive adoption of decarbonization solutions across traditional and hard-to-abate industries.

For example, the next generation of LNG projects will likely include electrification and carbon capture.

Also, Carbon capture is being considered – at scale – to decarbonize power generation, hydrogen production and other industries.

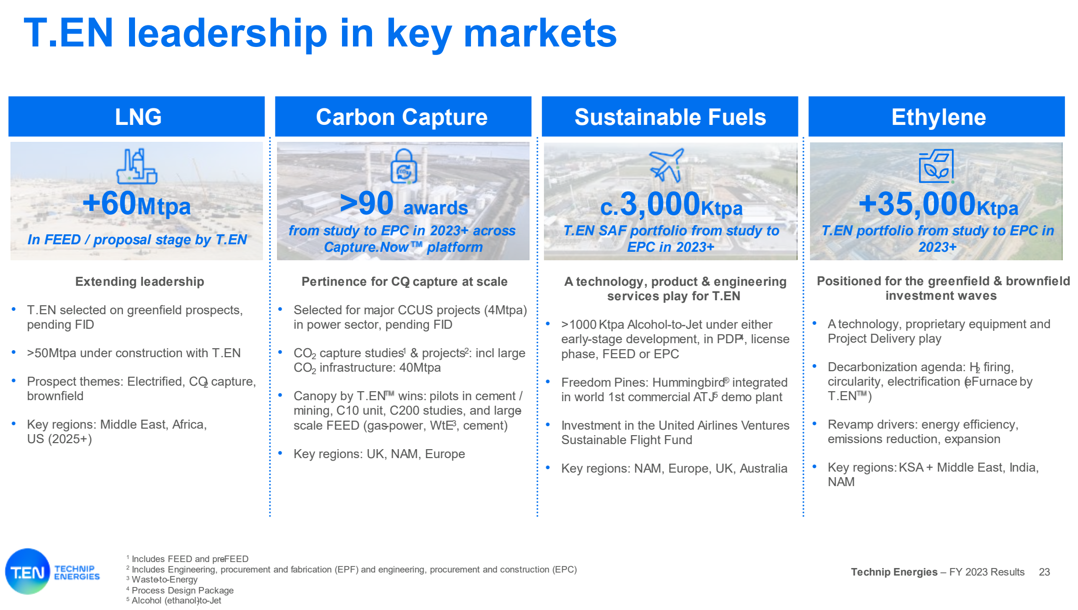
And T.EN is amongst the most credible execution partners as these developments progress towards investment decisions.

Third, cleantech industries have been slower than expected to shape up due to technology and ecosystem maturity, project economics, and policy.

The ability to form the ecosystem, build demo plants, scale and industrialise is critical to de-risking these industries.

And with the benefit of our technology leadership, proven EPC capabilities and financial strength, this is exactly what T.EN is doing.

In summary, to respond to the scale of the Net Zero challenge, together, we must rise to the challenge of scale.



Focusing now on our leadership across key markets.

Our LNG opportunity set remains robust. While the permitting moratorium in the US will likely subdue FID activity until after the elections, it is leading to projects outside of the US becoming more certain.

In recent months, T.EN has been selected on greenfield prospects which are pending final investment decisions.

In addition, we have been awarded a FEED on an existing LNG infrastructure for a major decarbonization, debottlenecking and expansion program.

Turning to Carbon Capture, where our commercial success has accelerated since the launch of our Capture.Now platform last summer.

We have been selected for two major carbon capture developments in the power sector which aim to capture more than 4Mtpa of CO2.

While both prospects are pending FID, it clearly demonstrates the pertinence of T.EN for carbon capture at scale.

Meanwhile, Canopy by T.EN has secured several notable wins, including demo plants in the cement and mining sectors, a C10 unit, as well as studies and FEEDs for both the C200 and large scale projects.

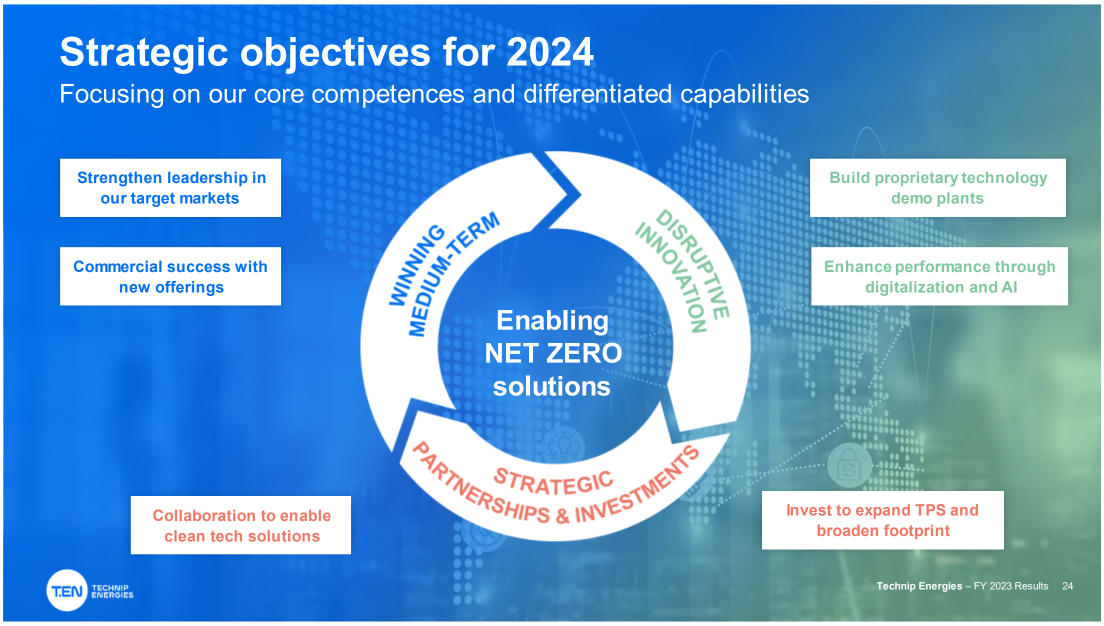
Turning to Sustainable Fuels and SAF, where T.EN is a partner of choice for industry leaders across different pathways:

Here, for example, our Hummingbird technology is integrated into the world's first alcohol-to-jet facility at commercial scale with LanzaJet in the US.

The market is taking shape as the aviation industry increasingly looks to decarbonize and we are very active on front-end engagements.

Finally, in ethylene, we continue to lead through decarbonization with greenfield and brownfield prospects in the Middle East and India.

In summary, T.EN is actively positioned and leading in established and emerging markets.



Before concluding, I want to touch on our strategic priorities for 2024.

Enabled by T.EN's core competences and differentiated capabilities, we are committed to executing our strategy around three themes.

First, winning the medium-term is about strengthening our leadership through selectively securing the right prospects in established markets such as LNG as well as net zero solutions.

Our positioning ensures a robust outlook for T.EN.

Second, we will continue on our path of disruptive innovation.

This includes delivery of technology demonstration plants that serve to de-risk and validate technologies in view of their commercialization at an industrial scale.

We are also accelerating our digital transformation to enhance our processes, our data architecture, and our Digital tools, which are critical to sustain and enhance our execution and performance.

All this will lead to a more efficient adoption of AI across our operations.

Third, we will continue to form partnerships to enable clean solutions to be deployed at commercial scale.

Other strategic partnerships can be expected, and we look forward to sharing more details with you as deals are concluded.

We are also investing organically and actively scouting for opportunities that can support the longer-term evolution of our TPS segment.

In summary, we have the appetite and capacity to invest and will continue to do so. And we remain disciplined on capital investment while creating potential for leadership in growth markets.

KEY TAKEAWAYS

Executing

Successful 2023 with solid financials and growth in orders; supporting a 10% dividend increase and share buyback

Hybrid model delivers performance, resilience and differentiation supporting T.EN's strong outlook

Delivering on strategic priorities to drive competitive advantage, strengthen leadership, and create long - term shareholder value

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In closing, we delivered a successful 2023 financially and commercially. We are growing shareholder returns while retaining the flexibility to invest and grow our TPS segment.

The strength of our hybrid model is clearly evidenced by our success in 2023. It provides resilience and differentiation, and makes us confident in our outlook.

And we are executing on our strategic objectives to drive competitive advantage, strengthen our leadership and create long-term value for our shareholders.

Finally, we look forward to welcoming many of you at our capital markets day in London in Q4.

Details to follow in due course.

With that, let's open the call for questions.

Question and Answer

Kate O’Sullivan – Citi - Analyst

- *Hello. Thank you for taking my questions and for the presentation. First one on LNG, please. Just looking at your LNG pipeline and specifically Mozambique area 4. Previously, you discussed the potential of Coral Norte LNG, a type of carbon copy for coral fuel. And in the IOC reporting season, there was some discussion of much larger Ravuma LNG proceeding as a modular concept seed later this year. Any update here would be really useful please. And secondly, are you seeing any impact of the Middle East conflict on your operations, on your supply chain?*
- *And then, second question, if I may. In the past months, we saw a material outflow due to working capital consumption. So I was just wondering, what should we expect for the next quarters and how quickly can we see that coming back?*

Arnaud Pieton

Hey, Kate. Thank you for the question. Starting with the LNG pipeline, on area four, and East Africa. So Coral North, which indeed would be a replica of Coral South, which has been a great success for us and for Eni. The project has potential for FID in 2024. We are in close contact with Eni. If FID 2024, it most likely will be towards the end of the year.

The work for us is progressing in the sense of early engineering work and preparing the groundwork for being able to hit the ground running at the time of the FID. So, clearly, there is potential for floating LNG in Mozambique in 2024 through Coral North. We are not involved in the Mozambique LNG with Total Energy. But there's potential beyond Mozambique LNG with others, as you know.

And on this one, the studies are ongoing, paid studies, and they are all based on modular designs and trains of smaller capacity, but multiple of them in order to sustain the benefit of the modularization, which in this case is the ability to access the land, having modules of size that are such that there are enough yards around the world or enough choices of yards as potential manufacturers.

So clearly, there's potential for more in Mozambique onshore. And the option we are pursuing is absolutely 100% modularized, no question.

When it comes to the situation in the Middle East. We are closely monitoring the situation, but happy to report that there is no impact on our operations in the UAE or in Qatar in particular. What we have observed has been a bit of a spike in the cost of transportation. So, containers, for example. Now, we need to put that into perspective. There is a spike, but far from the one we experienced during COVID and we are seeing that things are normalizing and already coming back to normal.

So really no major impact on our operations. On the NFE project, for example in Qatar, the very vast majority of key equipment is already on location. There is absolutely not any fear of not being able to progress with the project because of the disruption as we know it today. So again, a situation that we are monitoring, but not a high level of anxiety on our end for what we are currently executing and based on the situation as we know it today.

Bertrand Hodee – Kepler Cheuvreux - Analyst

- *Hello. Thank you for taking my question. First, on your order intake outlook, and I know Arnaud that you generally don't like to make any order intake forecast, but order intake was around €10 billion in 2023. And given the set of opportunity and quality of it. I'm thinking UAE Huawei's LNG, a third expansion in Qatar. Do you believe you can achieve an average of €10 billion order intake per year for 2024 and 2025?*
- *The second question relates to CCUS. You indicated that you've been selected for major CCUS project totaling 4 million tons per annum in the power sector. Those projects are pending final investment decision. Can you give us a rough estimate of the potential value of those four Mtpa awards, Technip Energies share?*

Arnaud Pieton

Thank you Bertrand. On the order intake pipeline, so indeed we had a really good year in 2023. And you are absolutely right to say that we don't like to guide too much or provide a forecast on order intake. But I will answer your question. As you know, we like quality over quantity. We do know that quantity is important and that you guys are tracking top line the same way that we do, as we absolutely want to remain that very robust platform for project execution, a very robust financial platform for returns to shareholders, able to innovate, able to invest into TPS. The quality will always prevail over quantity.

Nonetheless, we are lucky because in the space of traditional industry, being in LNG or Ethylene, where we have leadership and differentiation and other fields as well, there are qualitative opportunities ahead of us. You named a few of them and in the areas that you've listed, the potential for reaching €10billion was there pre-US moratorium on LNG, now I'm not sure we will reach the €10 billion. But I'm very confident that we can actually exceed a book to bill of 1 for 2024 and 2025 based on what is *out there in the pipeline.*

You've not specifically asked about the recent announcement made by Qatar Energy last Sunday about NFW. I want to take the opportunity, Bertrand, to say very clearly that we are active on NFE and NFS which have been awarded. We are not currently active on NFW. This would be very premature, Qatar Energy made an announcement and I would say it is fair to believe that we will start on the prospect with a few months of FEED studies before any final investment decision. And we are not yet involved on these early works. We are eager to find out more and eager to engage of course we will be interested, but we know that our client is also well known for keeping things competitive. So very strong interest and of course well positioned, but something that is a thing of the future in 2025.

On CCUS power sector, we've been selected indeed, no FID yet, but some projects for which we feel confident. The good news is that the power sector is coming to realize and is committing to decarbonization, and therefore it's opening a new field and a new stream of opportunity for Technip Energies. Because those projects, on all of them actually, we are above or exceeding a million tons per annum of capture. So, we're not talking about small units. It requires exactly what Technip Energies is capable of delivering in terms of project execution, delivery and technology integration. So, on the two prospects that we are making reference to, alone for us, if they were to reach FID, it will represent an order intake anywhere between €2 to €3 billion.

Guilherme Levy – Morgan Stanley - Analyst

- *Hi, thank you for taking my questions. The first one is related to shareholder remuneration. So I was just wondering if you can say a few words on how to think about shareholder remuneration, both dividends and buybacks, beyond 2024. Of course, the company has a track record that speaks for itself in terms of TPS hikes, but any color visibility that you can provide to us and also what needs to happen for the company to be in a position to provide multi-year guidance on those lines?*
- *And then a second question, if I may, if you can just walk us through what can make the company execute revenues at the high versus the low end of the guidance provided for this year?*

Bruno Vibert

Hi Guilherme, thank you for the question. On capital allocation, first starting point is who we are. We are asset light as Arnaud mentioned, we have a very strong net cash balance, excellent cash flow generation, which I outlined. That's also the outcome of selectivity, discipline and pristine execution. Second, our commitment to create long-term value to our shareholders through a balanced, flexible allocation that you highlighted. So, it's going to be also always disciplined to retain, preserve balance sheet strength, investment growing balance sheet, paying a dividend that is sustainable with potential growth over time, as we've seen from 45-to-52 and 52-to-57 cents over 3 years.

This leaves us with supplemental capital allocation to allocate to grow and create long-term value. This can be done organically, more R&D, what we've done, 24% increase year-over-year, 1% of R&D spent on revenues, digital data development, building development plans.

This can also be done inorganically to increase our TPS portfolio and offering and things will be considered, like the lab of Processium in 2023 and we will continue to look at value creation potential opportunities. But while we do that, buyback is an option, opportunistic given the very low valuation but does not impair in any way our ability to invest. We will remain disciplined and consider the best long-term value creation drivers. So, no intent to really become a buyback machine. There will be value generating investment and we are in a very good position given our DNA. Our position, our balance sheet, and you should see some acceleration in some of the things I've mentioned going forward.

For your second part of your question about revenue generation, also Arnaud highlighted, we are not obsessed by top-line, we are obsessed by selectivity, by quality, by execution, and to some extent you see a growth of top-line of, let's say single digit, as indicated by our guidance, but a double-digit bottom-line growth. So that's a bit of a translation of that. So some moving targets, an increase in services that can be short-term, that may not all be in backlog for instance for project management consultancy, some work awarded are not recognized in backlog. And if service orders are confirmed, then we will deliver. Releases of provision and variable consideration is also an opportunity. It's also timing of award - Arnaud mentioned a few awards - we do not control FID. If an award comes in Q2 versus Q4, obviously this will have an impact. So overall, these are some of the drivers. We start the year with a very healthy and quality backlog, which gives us flexibility, visibility. Top-line will see an acceleration versus last year, which was a trough notably in project delivery, we will continue to execute, but again, we are not obsessed. We will, in absolute terms, continue to increase EBIT through this execution and through what we can deliver.

Jean-Luc Romain – CIC Market Solutions - Analyst

- *Good afternoon. Could you please come back to the reason why Hafslund canceled your large carbon capture contract? And was there a significant impact on your revenue guidance for 2024?*

Arnaud Pieton

Hi, Jean-Luc. The reason for the project being canceled is the following. At the time of the award of the project, the studies and the FEED work was still ongoing and it is through the execution of the FEED work that we realized actually, that we were facing several changes led by the client. Change of site, change of expectation in terms of point of export of the CO2 etc. So all of those changes have led to significantly having to amend the design of the plant.

We haven't been able to converge between the client and us on a solution that was suitable for them economically and suitable for us in terms of project discipline and the criteria that we like to apply before allowing a project to enter into full blown execution. So that's very much the reason why the project has been canceled.

I think the client is now back to the drawing board. They understand the challenges and the constraints a lot better for such projects, so really it's over to them.

But it's not affected our backlog integrity at all. In a sense, it's protected it because the inability to converge meant that, the way you should interpret that on your end or as an investor is it was better to decide to shake hands and walk away than to embark into something very uncertain in terms of its outcome.

So that's the story on Celsio and it's marginally affecting the top-line 2024, between €1-200 million, but not in excess of that.

Jamie Franklin – Jefferies – Analyst

- *Hi there. Thanks for taking my questions. So firstly, on your backlog, based on your backlog for 2024, you're going to need about €1.3 billion of short cycle book in turn to reach the midpoint of your 2024 revenue guide. So that's quite a bit higher than the short cycle you booked in 2023. So just wanted to get some color on where that's coming from? Is it primarily just an increase in short cycle TPS work, or are there any project awards which you have a high degree of confidence on which could contribute meaningfully to revenue in 2024?*
- *And then my second question on TPS, I was wondering if you could break out the three components. So technology, products and services, and how we should think about the mix of those three going forward?*

Bruno Vibert

Hi Jamie. So for 2024, a few contributors or a few moving components. Yes, you will have the more traditional book and turn from TPS. As I highlighted in my prepared remarks in 2023, we had less larger awards or longer-cycle TPS awards. You have a bit more of the shorter component within TPS that will continue to flow within this year. I've mentioned PMC work that's progressing quite well with a lot of activity and good momentum. Also Genesis and consulting is in very high demand in terms of services.

Second, we are versus last year seeing some awards of potential work which are not yet in our backlog, which could contribute ahead of final investment decision - limited notice to proceed or in stages - you can have multiple ways of factoring that in, but that's also a point.

Last element, and maybe it's part of the backlog adjustment. We booked a variable consideration at the end of the year. Variable consideration, what is that, it's really a technical accounting aspect. The right way to look at it is that it's somewhat of a provision. Provision can be more cost or less revenues. When looking at the portfolio at the end of the year, we made a thorough review, we made necessary provisions, and, as you know us, we've been prudent, we've been very prudent and recognized a correct level of provisions to de-risk backlog. So now if some of the risks do not materialize, provisions would be released. This would mean less cost or more revenues in this case. This could also be a contributing factor. So that's why we ended the year with a prudent position, but with the potential for future releases.

These are some of the moving parts that may contribute to the revenue profile of the year, even though, as I will remind, we are not obsessed by top-line and basically a new project that will contribute to some top-line will almost not contribute bottom line. It's really not impactful in the big scheme of things on the short-term.

Within your second part of the question for TPS, there are, as you suggest, two components, the TP part and the S, which is mostly hourly man hours based. TP was very successful, notably in 2022 with ethylene awards, with licensing proprietary technology, a bit less of that in 2023, still very high and good prospect for the future. So as you see this kind of unfolding, both TP and S have increased and have basically participated to the very outstanding increase of TPS revenues.

Now when we look at our new solutions and offerings for Canopy, for Rely, for Hummingbird, this is more geared towards increasing the TP component, which is less constrained by man hours. So you should see us continuing to focus on all the components of TPS, but the new offering should have a greater growth profile for the TP component, which is also supported by more R&D.

Arnaud Pieton

If I may, we've given you a rendezvous for Q4 this year with CMD and we absolutely intend to give you a bit more granularity with regards to the composition of TPS and the trajectory per TP or S, but well laid out by Bruno. All our investment is towards the growth of T&P versus S to be less man hour dependent, so that we don't become a body shop, but we sell differentiated technologies and associated products in the promising areas for the future.

That's why when I describe Technip Energies as a robust platform for the net zero trajectory, it's because in addition to how much we are returning to shareholders, including the share buy-back this year, we are absolutely preserving our capacity to innovate, to invest into new solutions, to create new products.

Now our products are not iPhones, so they have longer sales cycles than something that would be hitting the high street tomorrow on the tech side or in fashion. The importance is the pace of engagement and therefore signaling future adoption. Canopy and the Capture.Now platform is only six months old, so it's very early stage, and yet the momentum around the amount of engagement, just to name one, is strong, so we are watching that space very carefully.

Giullaume Delaby – Société Générale – Analyst

- *Bonjour Arnaud and Bruno. One question for Arnaud please, it's once again on carbon capture. You mentioned more than 90 awards, so I understand that it is essentially basically still engineering studies. So my first question, is it fair to assume that your carbon capture revenues in 2024, assuming no final investment decision could be in the region of €300 to €400 million?*
- *My second question, which is highly related. If we assume one or two FID in 2024, it might mean that by 2025 your carbon capture revenue could be above €1 billion. Is it a fair assumption? And two other related questions, but they will require a very quick answer:*
    - *I had the impression that your offering was essentially targeting gas to power, waste to energy, rather than hard to abate industries. When I read the slide it doesn't seem to be the case?*
    - *And last but not least, is it fair to assume that as a carbon capture, EPC provider today, you probably rank number two in the world just after Schlumberger?*

Arnaud Pieton

Thank you Guillaume. Alright let's start at the beginning, the activity around carbon capture on CCU, because maybe there's a 'U' in the future as well. So just as a reminder, like I said a bit earlier, Canopy by T.EN and the Capture.Now platform are basically six months old but they are marked by a very positive market response. Two pilots delivered in 2023 plus one Canopy C10, so the lower or second lowest capacity was sold. Two major FEEDs for Canopy C+, so the larger capacity above 1 million tons per annum in Europe and in the US. So, all in all, a high level of activity translating into 90 plus projects being won.

The high activity in studies is actually across sectors. It feels skewed towards the power gen sector in the short term, but it's actually power, waste-to-energy, hard-to-abate industries, meaning cement and steel. We are working with all of them at the moment. The reality in terms of how soon the solutions can be adopted, notably because one of our carbon capture technologies is a post-combustion technology, Cansolv and it's well suited for the power chain or the waste-to-energy industry. There we'll see maybe a faster adoption but it doesn't mean that we are not looking at the rest. On the contrary, the rest will form part of the market going forward, absolutely.

In terms of the revenue, I think you're in the ballpark for CCS in the numbers that you indicated. For sure if there is an FID, I mean just one in 2024, for one of the prospects that we are tracking, then naturally we would onboard or inbound north of €1 billion of order intake. This therefore will translate into revenues in 2025 that would get a lot closer to the €1 billion dedicated to carbon capture.

Looking at what is of interest when understanding and when looking at T.EN, we're looking at scale. It wouldn't take much actually, if we were to be successful with two awards, then all of a sudden we would see not the shape, but the color of the portfolio trend to change drastically. That's why we are not anxious in the short term but the profile of our portfolio and the type of projects we get involved in could change quite significantly just through a couple of good awards or sizable awards in carbon capture for sure. I hope I've answered all your questions.

Phillip Lindsay

That concludes today's call. Please contact the IR team with any follow-up questions. Thank you, and goodbye.