TECHNIP ENERGIES FIRST NINE MONTHS 2024 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, October 31, 2024, 1:00pm CET.

Operator's Introduction

Operator

Good afternoon. This is the conference operator. Welcome and thank you for joining the Technip Energies First Nine-Month 2024 Results Conference Call. As a reminder, all participants are in listen-only mode.

At this time, I would like to turn the conference over to Mr. Phillip Lindsay, VP and Head of Investor Relations of Technip Energies, please go ahead, sir.

Welcome and Disclaimer

Phillip Lindsay

Thank you, Judith.

Hello, and welcome to Technip Energies' financial results for the first nine months of 2024.

On the call today:

- *our CEO – Arnaud Pieton will provide an overview of our 9M performance and business highlights;*
- *This will be followed by CFO, Bruno Vibert, who will share more details on our financial results.*
- *Then, Arnaud will come back to conclude.*

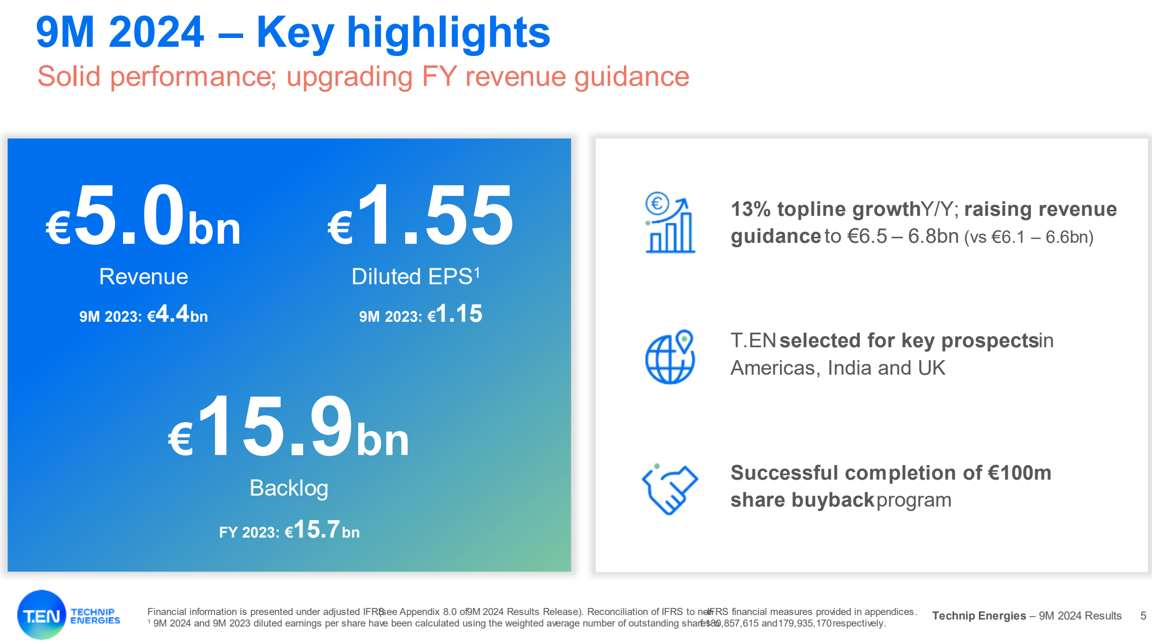
We will then open for questions.

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, and welcome to our results presentation for the first 9 months of 2024, through which we have made tremendous progress in executing our business plan.

Let me take you through some of the key highlights of our performance:

- *We delivered robust revenue growth of 13% year-on-year, a testament to our backlog evolution, strategic initiatives and market positioning.*
- *Volumes were notably strong in Project Delivery as large projects ramp-up, whereas TPS revenues are running at an annualized rate of around €2bn.*
    - *As a result, we are upgrading our 2024 revenue guidance by 5% at the mid-point to a new range of €6.5 - 6.8 billion.*
    - *This new range implies that FY revenues will grow at a double-digit rate in 2024, and with momentum expected to continue in 2025.*
- *EPS grew by 35% benefiting from strength in revenues, higher financial income, as well as the absence of material one-off factors that impacted last year.*
- *Commercially, we secured our position on notable projects that enable diversification and will serve to populate our backlog in 2025 and beyond. This includes our selection for a major LNG export terminal in the US, an important blue hydrogen FEED in the UK and a green ammonia award for our Rely joint venture.*
    - *I will provide more colour on these later*

Finally, with the completion of our share buyback program and planned cancellation of treasury shares, T.EN will have returned more than €170 million in cash to shareholders during 2024 through dividends and buybacks, equivalent to roughly 4.5% of our market capitalization, and underlining our commitment to shareholder returns.

Q3 2024 operational highlights

Delivering across the portfolio

Project Delivery

LNG

NFE: Peak mobilization & ongoing commissioning activities for the desalination plant

Downstream

Long Son: Final performance acceptance test passed

Borouge IV: Cracking furnace proprietary equipment delivered at site

TPS

Carbon Capture & Storage

LaBarge: Buildings for modularized power distribution center delivered and installed on site

Circularity

Reju: Opening of first textile-to textile Regeneration Hub Zero in Frankfurt

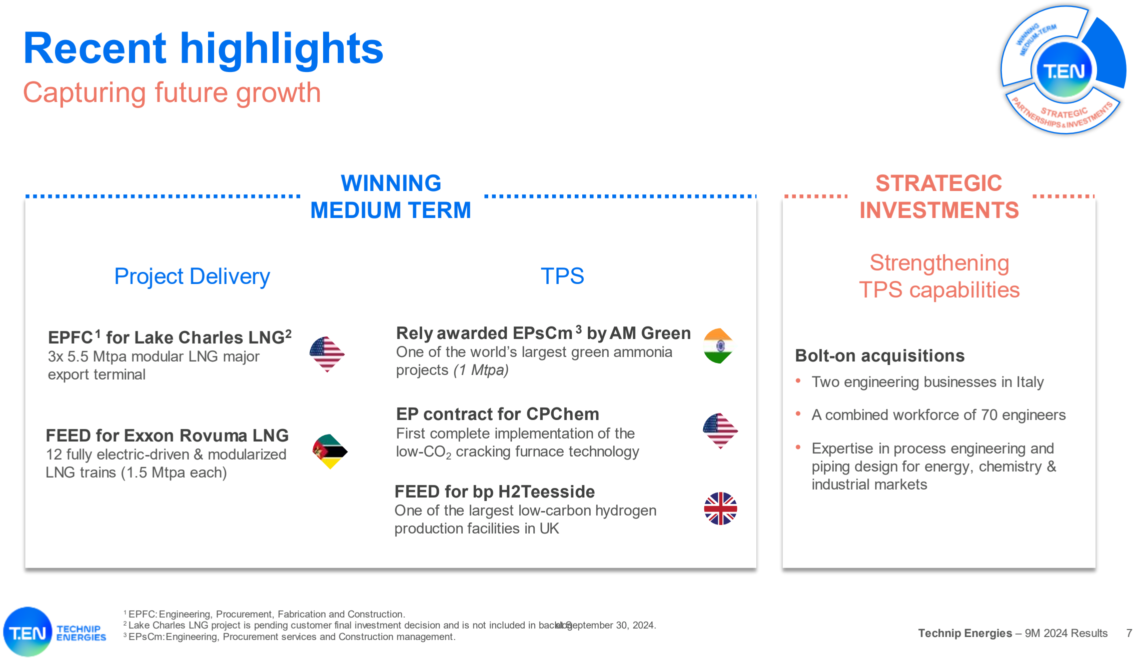
SAF

Arcadia eFUELS: FEED activities completed and delivered

Moving to operational highlights for the third quarter, where we continue to execute well across our portfolio of projects and TPS, as evidenced in our solid EBIT margins.

- *In Qatar, both LNG projects - NFE and NFS - are progressing per plan.*
  - *Notably, NFE has progressed towards peak mobilization, with close to 45,000 workers at site.*
  - *This activity will plateaux at this high level through 2025.*
- *In ethylene – a market where we enjoy clear leadership – we passed final performance acceptance test at Long Son in Vietnam, a project which integrates many of our proprietary licensed ethylene technologies.*
- *Turning to TPS highlights*
  - *Reju, our textile-to-textile recycling company, opened its first commercial scale demonstration plant in Frankfurt, Germany;*
  - *We completed the FEED for the Arcadia eFuels project to utilize CO2 to produce sustainable aviation fuel; and*
  - *The LaBarge carbon capture project in the US continues to make good progress.*
- *These three themes - carbon capture, sustainable aviation fuel, and plastics circularity through Reju, will feature as breakout sessions for in-person attendees at our upcoming capital markets day.*

Overall, I am very pleased with our solid first nine months and I am sincerely grateful to our teams for their continued dedication and professionalism.



Turning to commercial and other strategic highlights

- *With a book-to-bill of around 1, our order intake year-to-date is tracking in line with our revenue.*
    - *On full year basis, we are confident that orders will exceed revenue, notably due to awards likely to be booked in Q4, including one for the delivery of large modules for a major offshore project in the Americas.*
- *We also recently secured an important award for our green hydrogen and power-to-X joint venture - Rely - to provide services for one of the world's largest green ammonia plants for AM Green in India.*

- *In the third quarter specifically, we celebrated a technology first with an award for our proprietary low-emission cracking ethylene furnace for CPChem in the US.*
    - *This award showcases our ability to develop, scale and commercialize technologies that assist in the decarbonization of hard-to-abate sectors.*

- *In addition, we secured our position on notable projects that enable diversification and will serve to populate our backlog in 2025 and beyond.*
    - *This includes our selection by Lake Charles LNG for a major export terminal, as well a front-end engineering design (or FEED) award on Rovuma LNG in Mozambique - both highlight our continued leadership in modularized LNG trains.*

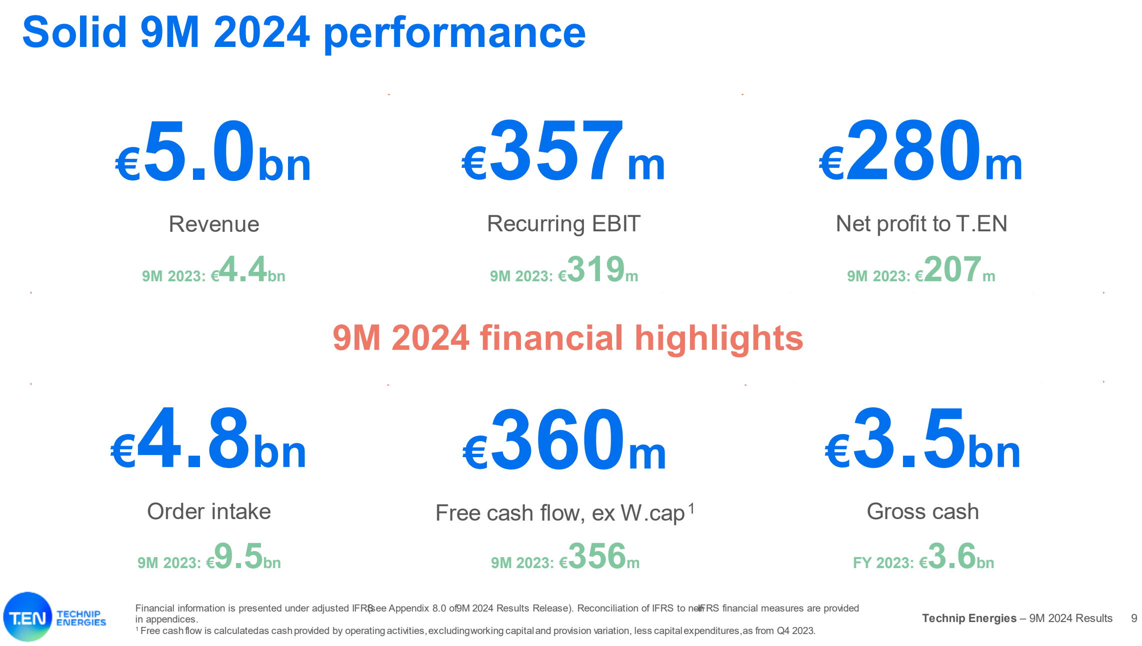
- *In addition, bp awarded T.EN a FEED for its H2Teesside project, which is expected to be one of the UK's largest low-carbon hydrogen production facilities, fully integrated with carbon capture technology.*
    - *This reinforces our position in the UK's first decarbonized industrial cluster where we have also been selected for the NZT Power carbon capture project, pending final investment decision.*
- *Our strategic focus and competitive edge in these areas position us well for future successes and sustained growth.*

- *Finally, as part of our strategy to enhance our workforce and capabilities, this week, we announced a small bolt-on acquisition of process engineering businesses in Italy.*
    - *Bringing a talent pool of 70 people, the deal strengthens our early engagement and TPS activities across core and Energy Transition markets.*

I will now hand over to Bruno to present the financial highlights

Financial Highlights

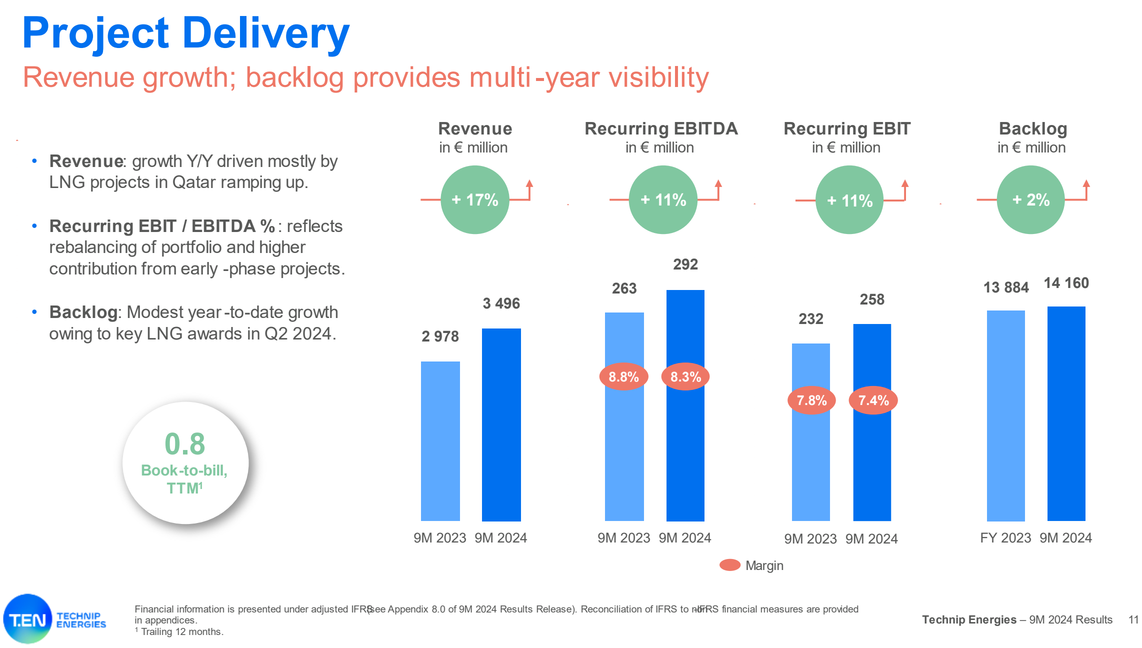
Bruno Vibert



Thanks Arnaud, good afternoon everyone.

I'll begin with the highlights of our financial performance for the first nine months of the year:

- *Revenues were 13% higher year-over-year at 5.0 billion euros – benefiting from the ramp up of major projects as well as steady growth in TPS which delivered its highest ever quarterly revenue performance in Q3.*
    - *With stable margins, Recurring EBIT increased by 12% year-over-year to €357 million.*
- *Net Profit is very strong– up 35% year-over-year to €280 million, benefiting from the operational performance, growth in net financial income, and the absence of one-off factors that impacted 2023.*
- *Turning to orders, Adjusted order intake was €4.8 billion in the first nine months, broadly keeping track with revenues.*
    - *As Arnaud mentioned earlier, our book-to-bill ratio is set to exceed 1 on a full year basis.*
- *Free cash flow, excluding working capital and provisions, was solid at €360 million, and closing gross cash was €3.5 billion, essentially in line with the year-end position.*
- *So, in summary, we have delivered a strong performance across key metrics for the first nine months of 2024.*



Turning to our segment reporting, starting with Project Delivery.

- *Revenues are up significantly with growth of 17% year-over-year to €3.5 billion as activity ramps up on the major NFS project in Qatar, while onsite construction activity on NFE is plateauing at peak levels with good progress being made.*

- *Turning to profitability, where this quarter – for the 1st time – we are disclosing segment Recurring EBITDA in order to provide the financial community with more granularity of our business performance and enable better comparisons in the market.*
  - *For Project Delivery, EBITDA margins for the first 9 months are around 100 basis points above EBIT margins*
    - *This is a sensible proxy to consider for modelling moving forward.*

- *Assessing the performance year-to-date, EBITDA margins were 50 basis points lower year-over-year at 8.3%.*
  - *Execution across the portfolio is consistently strong, with the differential versus the last year explained by portfolio re-balancing and higher volumes from earlier-phase projects where less margin is recognized.*
  - *Benefiting from the revenue growth, EBITDA in absolute terms increased double digit year-over-year.*

- *The trends for Recurring EBIT are absolutely consistent with EBITDA.*

- *Finally, the backlog has grown by 2% since the beginning of the year to €14.2 billion, equivalent to 3.5 times 2023 segment revenues, and providing excellent visibility.*
  - *Given the strength of our commercial outlook for the next 12-18 months, we are confident that we will reinforce this backlog with high quality projects, and this supports TEN's very positive trajectory.*

Technology, Products & Services

Continued business momentum

- **Revenue**: Growth driven renewable fuels services, PMC activities, and other studies and services work.
- **Recurring EBITDA / EBIT %**: Higher capex and increased man hours drives increased D&A and EBITDA %. Growth initiatives impede EBIT %.
- **Backlog**: Decrease ytd due to strong revenue momentum and absence of material awards, notably in Q3 2024.

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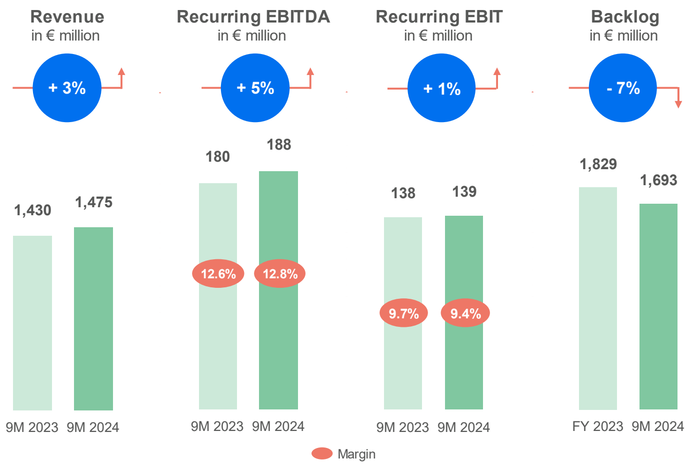
Book-to-bill, TTM[1]



Financial information is presented under adjusted IFRS (see Appendix 8.0 of 9M 2024 Results Release). Reconciliation of IFRS to non-IFRS financial measures are provided in appendices.
[1] Trailing 12 months.

Turning to TPS, where business momentum remains strong.

- *TPS delivered solid financials with revenues up 3% year-over-year resulting from growth in renewable fuels, decarbonization services, and PMC activities. Proprietary equipment volumes, notably for ethylene projects, were broadly sustained at a high level.*

- *Adjusted EBIT increased by 1%, mainly driven by this stronger activity. For the third quarter, adjusted EBIT margin was up 30 basis point versus the first half of the year bringing the year-to-date EBIT margin to 9.4%.*

- *Year-over-year, TPS EBIT margin reduced by 30bps owing to the same trends highlighted in Q2.*
    - *While segment gross margin improved year over year by close to 100 basis points, this was offset by investments for the long-term growth of TPS through strategic initiatives, increased R&D and higher selling and tendering activity.*

- *Adjusted recurring EBITDA margins increased year-over-year by 20 basis points to 12.8% as this metric is not impacted by the amortization of our investments in labs and pilots, as well as the greater mix of services with the associated IFRS 16 impact.*
    - *Overall, this drove a 5% year-over-year growth in EBITDA to €188 million.*

- *Finally, TPS backlog closed the period at €1.7 billion, down 7% year-to-date owing to the absence of any material awards during Q3 and the relatively light book-to-bill.*
    - *Business prospects for TPS remain positive and the level of engagement is very robust; accordingly, we are confident that the trend will improve in the coming quarters.*
    - *Also, as a reminder, TPS backlog excludes a large proportion of project management consultancy and long-term services agreements and is therefore understated by a few hundred million euros.*

Other key metrics and balance sheet

Income Statement

Corporate costs	€ 40.8 million	Trending below 2023 run -rate.
Net financial income	€ 88.9 million	Materially up Y/Y – growth in cash investments.
Effective tax rate	30.2%	Impacted by change in earnings mix.

Balance Sheet

Cash	€ 3.5 billion	Strong position, significantly above net contract liability.
Net contract liability	€ 2.8 billion	In line with 2023 year -end position.
Gross debt	€ 0.8 billion	Stable with over 80% long -term debt.

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Turning to other key metrics, beginning with the income statement.

- *We continue to maintain a robust discipline on Corporate costs, which at €41 million are trending below the run rate for 2023 that was somewhat impacted by strategic projects and the Employee Share Offering.*

- *While not on the slide, I want to address non-recurring expenses of €16m, which increased in the third quarter.*
    - *Beyond our two operating segments and corporate, we have identified separately for transparency purposes some costs associated to development projects.*
        - *These investments, notably for Reju, are accordingly no longer allocated to the operating segments to provide you with better visibility.*
        - *We will discuss more about our investments during the CMD.*

- *The net financial income line is very strong and nearly 50% higher year-over-year driven by higher global interest rates;*
    - *Even if we are past the peak for global interest rates for now, we expect net financial income to exceed €100 million for the full year.*

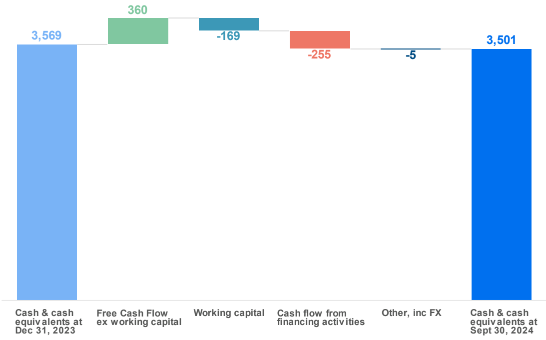
- *Lastly on the P&L, at 30.3%, the effective tax rate is impacted by a change in earnings mix with reduced earnings contribution from lower rate tax rate jurisdictions and more earnings derived in higher tax rate jurisdictions.*

- *Turning to balance sheet - where cash of €3.5 billion is significantly in excess of the net contract liability of €2.8 billion.*
    - *At our capital markets day on November 21, we intend to provide more granularity on our balance sheet.*

Consistent underlying free cash flow generation

- **Operating cash flow**: €247m; Free cash flow [1]: €192m, after €169m outflow from working capital and provisions.
- **Free cash flow**, excluding working capital impact €360m.
  - **Free cash conversion** from Adj. Rec. EBIT: 101%.
  - €56m capital expenditure (H1 2023: €33m).
- **Other items:**
  - €102m paid in dividends during Q2 2024.
  - €89m related to ongoing share buyback program.
  - €52m payments for principal portion of lease liabilities.

Cash flow bridge
€ million



Financial information is presented under adjusted IFRS (see Appendix 8.0 of 9M 2024 Results Release). Reconciliation of IFRS to non-IFRS financial measures are provided in appendices.
[1] Free cash flow is calculated as cash provided (required) by operating activities less capital expenditures.

Turning to cash flows, where the picture is largely consistent with prior trends.

- *Free cash flow excluding working capital was €360 million and consistently strong, supported by cash conversion from EBIT above 100%.*
  - *This demonstrates continued strength in our operational execution, and the tailwind of the net financial income.*
  - *Capital expenditure at €56 million is materially higher year-over-year due to investment in the Reju demonstration plant and the lease recognition of our new offices in Houston, US, which will contribute significantly to our scope 1-2 emission reduction targets.*
- *As expected, the working capital trend improved significantly from the first half position, benefiting from initial payments from major awards in the third quarter.*
  - *The trend in the fourth quarter on working capital is again expected to be neutral to slightly positive.*
- *Lastly on shareholder returns, beyond the dividend we paid in the second quarter, we have now completed our €100 million share buyback program.*
  - *As indicated previously, we intend to cancel up to 70% of the shares acquired as part of this program.*
  - *And when combined, T.EN will have returned more than €170 million in cash to shareholders during 2024 through dividends and buybacks.*
- *We end the period with €3.5 billion of cash and cash equivalents.*

Before passing back to Arnaud, let's revisit 2024 guidance.

- *We are upgrading full year revenue guidance from €6.1 – 6.6bn previously to a new range of €6.5 – 6.8bn.*
    - *This upgraded guidance implies a 7% uplift to the low-end of the range and a 5% increase at the middle of the range and is underpinned by the strength of our revenue profile through the first 9 months plus the backlog we have scheduled for the 4th quarter.*

- *We are also confirming our margin guidance in the range of 7.0% to 7.5%, which, as our year-to-date performance indicates, is very much trending towards the middle of this range.*

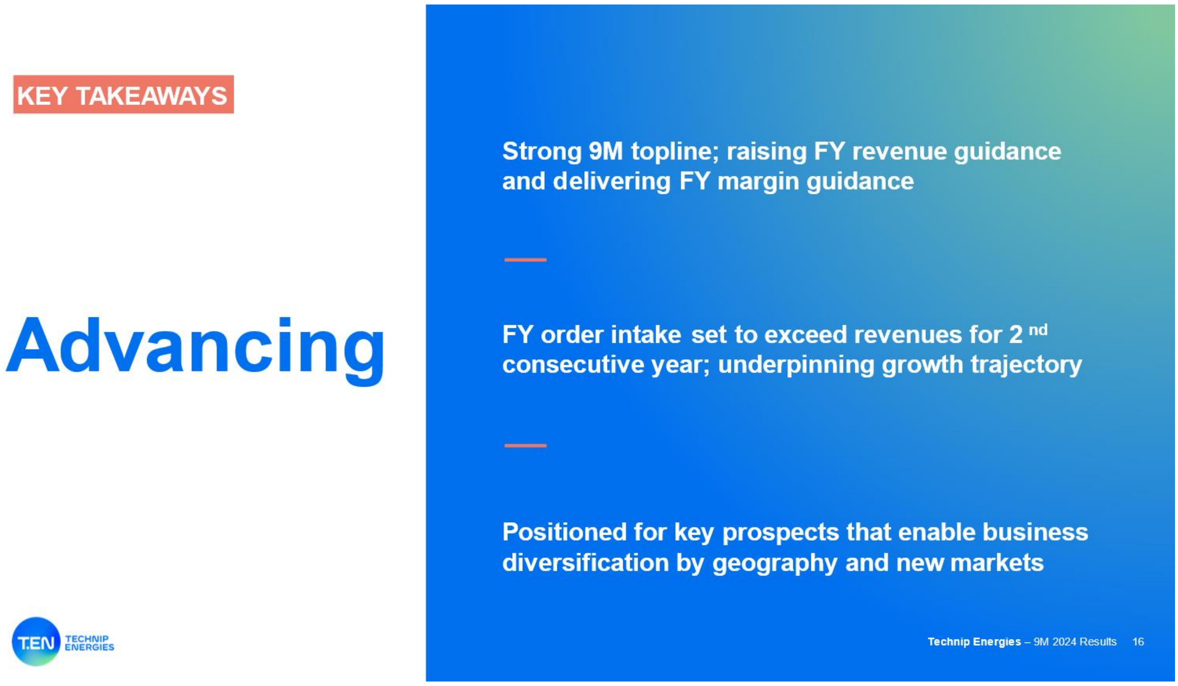
- *As I discussed previously, owing to earnings mix and the likely impact of the French surtax, we increase our tax rate guidance to a new range of 29% - 33% for FY 2024, versus 26% - 30% previously.*
    - *Clearly at this point the surtax has not been enacted into French law. Therefore, in a scenario where the surtax is not introduced, we would expect to be at the bottom of the range or below 30%.*

- *Regardless, this does not impact our ability to comfortably increase EPS well into double digits.*

- *I'll now turn the call back to Arnaud for concluding remarks.*

Conclusion

Arnaud Pieton



Thanks Bruno, to conclude;

- *We delivered a strong first nine months performance, and we are raising full-year revenue guidance while delivering to our margin guidance;*
- *Supported by a year-to-date book-to-bill of 1 and our confidence in the award outlook in Q4, we expect orders to exceed revenues for the second consecutive year.*
- *Beyond Q4, we are well positioned for notable prospects than will reinforce our backlog while supporting diversification by market and geographies.*

- *Finally, we are excited to deliver our Capital Markets Day on November 21, in London, during which we will update on our strategy and financial objectives for 2025 through to the medium term.*
- *We will offer some new insights into our growth plans, investment priorities, and initiatives to enhance shareholder value.*
- *We look forward to engaging with our investor community and sharing more about our vision for T.EN's bright future.*

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

Question and Answer

Victoria McCulloch – RBC Capital Market - Analyst

Good morning. Thanks very much for your time. A couple of questions from me this morning.

- *So, with the expected LNG supply glut appearing to come from 2028, what's your current view on the volume of unsanctioned projects? And maybe more interesting, what are your customers telling you in terms of the current timelines you expect these to go forward? Or do you see the risk of potential delays in some of these?*
- *And secondly, on TPS, apologies if I missed this, it says that you said it's the highest quarterly revenue in 3Q. Should we expect to see that continuing into Q4? And we saw obviously a good margin recovery from one quarter to the next. Is this back on trend to the double-digit level, so to speak, that you're aiming for in 2025 versus the last quarter? Or is the risk of seeing some additional investments coming in there? Thanks very much.*

Arnaud Pieton

Thank you, Victoria. So I'll start with your first question on LNG and LNG supply.

Our 2030 view for the LNG market is that the world will need 800 million ton per annum or so of LNG supply by 2030. As you probably know, there's about 500 million tons currently being produced. That's the existing capacity. You have a further 200 MTPA under construction, and we are building a very large chunk of that, about 40% of that is under construction with Technip Energies. And therefore, it's leaving a gap of about 100 million tons per annum that is needed to bridge from the current five, the 200 construction, and what we expect being the 800 million tons the 800 million needed by the world by then.

The LNG market and our customers, they speak much better than I do about the LNG market. But a very good way to describe the LNG market is, in a sense, it's a market that is supply-led and not so much demand-led. So, you may see an excess of LNG around 2027, 2028.

And this could drive some of the LNG price or cost down. And therefore, it will attract more customers and more demand. And if you look back at the previous cycle, they have very similar attributes, in a sense that you have actually excess supply, which calls for, actually, or attracts more demand. And therefore, the supply-to-demand gap is being filled. And thereafter, it triggers another wave of investment for more supply, and so on and so forth. I think we are in a third or fourth cycle of this kind. And therefore, based on what our customers and what we're hearing from our customers, there's no anxiety on our side. We're quite optimistic about the LNG pipeline.

We have quite a few prospects and FEEDs that are ongoing. We've been selected for Lake Charles. And that's now beyond FEED stage. We have been selected for a feed in Rovuma in Mozambique for Exxon. I mean, the pipeline continues to be rich in LNG for us going forward. So, no anxiety. And I would say a lot of optimism from my end, because I think the future is about renewable and gas, natural gas, and therefore LNG as part of natural gas. It's to have enough dispatchable electricity and power for the world. Renewable alone is not satisfactory. So, you need the combination of renewable and gas to make this power dispatchable. We're very optimistic about the outlook for gas at Technip Energies. And that's very much in line with what we're sensing from our customers, who now have 20, 30, 40 years of experience into the LNG market.

And that's why they continue to announce projects. And they are looking at the world in 2040, 2045, and are a bit less concerned by the immediate price of commodity in 2024. It's a long-term game. And therefore, we are very optimistic and positive about it.

About TPS, I would say that we are almost a year ahead when we have a quarter that is closing at a run rate that would exceed EUR2 billion revenue, that's the target we had provided for 2025. So, we are very near this target already in 2024. The momentum will continue, and we'll tell you more about that during our Capital Market Day, but our outlook and our objective don't change. TPS at or above EUR2 billion for 2025 at a double- digit margin. That continues to be our objective, and it will be confirmed during our Capital Market Day.

Guilherme Levy – Morgan Stanley - Analyst

Hi, good afternoon. Thank you for taking my questions. I have two, if I may.

- *The first one, could you share some comments with us in terms of engineer remuneration inflation rates? I know that, of course, the company can change the fiscal mix, so not necessarily it will fuel the inflation in terms of margins, but if you could perhaps share a spoiler in terms of what you're seeing on a similar country basis.*
- *And then the second one, I know that we don't get the full financial statements in this quarter, we just get them on a half-year basis, but on your provisions balance, could you say a few words on the contingencies related to finalized contracts? That deadline in the beginning of the year was at EUR170 million and that declined to EUR90 million in the*

first half. So, if you could share some comments there on what happened in terms of that balance in the third quarter, that would be great. Thank you.

Arnaud Pieton

I know Bruno is burning to take your second question, so I'll ask him. I mean, he's going to take it first and then I'll answer your question.

Bruno Vibert

Sure. Good afternoon, Gui. Delighted that our half-year releases are well read, so there is a request for more even at quarters.

So, as always, it's a portfolio that matters, and from one quarter to the next, you can have different parts of the portfolio that are providing differently. To go back to specifically your question, the impact, or if you had the same proforma disclosure, Q3 versus Q2, you would see a much less meaningful variation on this line versus Q2. So, almost no, or a very small change, it was really from the head of the portfolio that was the drivers.

Arnaud Pieton

And on inflation and the impact on the business~~,~~ because you know as well and you're following us, in our project's cost base, we account for inflation. So, being for hourly rates, equipment cost, et cetera, when we are facing projects that are going to last for three to up to eight years for some of them, we take no chances.

We bake into our price and in the cost base of our projects a percentage dedicated to inflation on a yearly basis, so it could be 3%, 4% per year. If inflation is above what is included in our cost base, we may have a little bit of an exposure, but we're only talking about the gap between what is baked into our cost base and the actual inflation rate, and if the inflation rate is a bit lower, then we have an upside, and if it's not an upside but on the contrary an exposure, we have also contingencies and technical contingencies to cover for that.

As you know, we are extremely cautious in our execution - we do not speculate, on cost of equipment, material, bulk, copper, cables, and the rest, we have a very high coverage on our tenders and prospects when we submit a price to our customers.

I would say 80%, 85% of our cost base is backed by firm offers with the validity that is necessary for us to be protected, which means that when a contract is awarded, and I will repeat what I've repeated several times, we do not speculate on when to place the order. If we have a firm price, we go place the PO, and we secure our execution. We don't speculate hoping for better prices later on, or god knows what. We're not in the business of speculating, we are in the business of delivering projects, and our practice, our disciplined approach, protects us from-the artifacts that you will see, inflation and what not, and this is how the portfolio continues to give and continues to deliver the results that we are delivering quarter after quarter.

The attribute of the project delivery business within Technip Energies is providing a very solid base load to the company with a very strong cash generation, and what is important is that the portfolio continues to give and that we manage this portfolio in a way that it is predictable and delivers results to you and our shareholders. So, no speculation, a very good level of protection. When we cannot get the right protection, as you know, we go open book and therefore we pay the actual price, a full reimbursable or open book. None of our projects are truly fully lumpsums. As you know, it's a blend. The importance being the level of protections and the predictability we can deliver.

Kate O'Sullivan – Citi - Analyst

Hello, thanks for taking my questions.

- *Firstly, on TPS, strong results this quarter, but we did see slowing order intake. So, just based on the pipeline you have and the discussions you're having with customers, could you provide some colour on any areas you have noticed a slowdown or indeed an acceleration?*
- *And second question on the accounts, you had a step up in non- recurring expenses this quarter, attributed the set up of new business ventures. I think you mentioned reissue costs are allocated here. Which other businesses will you allocate under this line and how do you expect these to trend over the coming quarters? Thank you very much.*

Arnaud Pieton

Hi, Kate. TPS, a bit of a soft order intake for the quarter and you've noticed a backlog that is a bit lower than what it has been in the past quarters. But, very strong momentum and we have actually a very good line of sight for Q4 for potential, likely awards that will be dominated by products and technology and therefore really accretive and a bit less services, therefore a bit less man-hour based.

We've had two, three quarters that were marked by more services award and less product or proprietary product award. In Q4, *this could be reversed. We have, in the domain of carbon capture, for example, some very good leads. So, we expect the portfolio to, again, be tainted a little bit more by more products and technology and a bit less services.*

It doesn't mean that services would slow down in absolute term, but in relative term, it would be more T&P and a bit less services. Again, on a percentage basis. We still see a very strong momentum in the blue chain - blue ammonia, blue hydrogen, and carbon capture.

There's really a very strong momentum at the moment. Maybe a bit of a slowdown in energy derivatives that are more or less needed at a time where there is a bit of a slowdown on the macro environment. But all in all, the portfolio continues to deliver. The position that we've taken in the new market in particular, is regenerating a lot of demand.

There is a need for more energy, there is also a need for less emissions, and we are being asked to contribute and to do a lot of studies related to decarbonization and reduction of emissions. All in all, momentum continues to be strong. In Q4, you should see a recovery in the backlog because it will be populated or colored by more products and technology. And when you say more products, all of a sudden you have more volume per order.

Because when we sell a proprietary product, the orders are in the several tens of millions or in the hundreds of millions per order, and therefore you bring immediately more volume and also a longer cycle aspect to the order within TPS, so we're feeling pretty good about it. It's just a matter of time, and Q4 should be providing the evidence of what I'm describing here. Your second question was, maybe Bruno will take it.

Bruno Vibert

Yes, good afternoon, Kate.

On non-recurring, which was indeed a bit of a step up versus the previous quarters, the full amount was not associated to Reju, but let's say it's a high single-digit for Reju, and then other initiatives for other markets that are not as mature, so it's maybe a bit too early to name them out. At the CMD, we will provide beyond 2024, what can that look like. We are very excited, for instance, about Reju. Recently, they announced that they had concluded with Waste Management and Goodwill in the US some agreements that can be a source for feedstock, which is a base for PET recycling, as you know.

And all this work, and all the teams which are gathered to create this ecosystem, is beyond TPS, and is beyond project delivery. This is why we've decided for transparency reasons to highlight it. The team is picking up pace, doing a lot of work. You could expect something around still a high single-digit in terms of Q4 expenses, but for beyond, that depends on progress, and that's something we would share more as a CMD.

Jean Luc Romain – CIC Market Solutions- Analyst

Good afternoon.

- *My question relates to LNG technologies. ExxonMobil has chosen a technology by Chart Industries to develop their Mozambique project. I was wondering if your own SnapLNG technology was competing for this or not, and what are the prospects for SnapLNG?*

Arnaud Pieton

Thank you, Jean Luc. We worked alongside Exxon significantly in preparing for the Rovuma FEED, as you may imagine. Our own SnapLNG solution was put on the table and considered.

Now, the size of the LNG train by SnapLNG is much higher than the individual size of the trains that will be eventually built for Rovuma. So Snap is 2 million to 4 million tons per annum per train. The trains that Exxon are contemplating as part of Rovuma LNG are below 2 million tons per annum. We played with it, the size of the modules, whether it was suitable for the geography, the site conditions, et cetera., and the SnapLNG as designed probably was a bit too large to be accommodated on the specific site for Rovuma, and that's fine.

We know the Chart technology, we've integrated it in the past, so we're very happy to be in this FEED competition. It's a prospect that really fits squarely within the strength and the sweet spot of Technip Energies. It's all about modularization, things that we know how to do really well, and therefore very happy to be part of the race.

As for Snap, it continues to be a product for North America and where all the conversations we are having are on the basis of modular trains. So, we continue to have a couple of prospects in North America, which outcome is dependent on the list of the LNG moratorium in the US.

But one important point for me about SnapLNG is whether or not we are having extreme successes or whether we are selling one Snap every two years. The importance is the fact that we invested into Snap and that we designed it, it was a pre-investment, and it's becoming an entry point for conversation with customers. They're coming to us because we have it.

Therefore, it triggers conversations about the various versions of modularized facility that we can design, we can envisage, et cetera. So, there are by-products of this investment. For us, it was about a EUR10 million investment to complete the pre-design of this SnapLNG. The by-products are the things you don't see, which are because we have it, therefore customers come to us for discussions and whether they adopt it in full or not, it's not that important because it allows us for a different type of interaction and early engagement. And the fact that we are involved in all the LNG prospects that are modularized, it's also the result of this pre-investment.

Richard Dawson – Berenberg - Analyst

Hi, good afternoon, and thank you for taking my questions.

- *My first question is on project delivery, where it was a pretty strong quarter, both on the top line and with margins, sort of delivered above your median term framework. And could you speak a bit more about what drove this? And looking forward as NFE and NFS contributions continue to ramp up, how should we think about PD revenues sort of into next year and particularly on the margin level?*

- *And then my second question is on tax. And with an increase in the effective tax rate for this year and the potential surcharge in France, could you provide some details just on your pre-tax income? And specifically, what portion of your profit before tax is actually subject to tax in France? And presumably some of the profits taxed in countries where the projects are actually located and subject to tax treaties, et cetera. Thank you.*

Arnaud Pieton

Hi, Richard. So, for project delivery, you may recall a couple of years ago-we reached a bit of a trough in our project delivery top line revenue. As a result of putting out of Russia and putting out of the Arctic Energy II project, which we had to replace in the backlog and therefore replenish the backlog, but also start again on the positive momentum in terms of the growth of our revenue.

The good news is that, as promised and as we indicated in 2023, 2024 is showing progression on the revenue when compared to 2023 for project delivery and it's a significant progression of the top line. And we'll share more about that during our Capital Markets Day, but expect to see, and that's what I was trying to convey in my previous remarks, expect to continue to see some growth in project delivery in 2025 in terms of revenue as the portfolio continues to mature.

Of course, we will onboard new projects, but NFE and NFS will be a stronger contributor. I'm going to point again to NFS, as we have reached the peak mobilization. I repeat, 45,000 people on site. We will be at this plateau for or throughout 2025. So, there's a significant level of progress that will be achieved in Q4 this year and throughout 2025 on those larger LNG projects in Qatar. After that, in terms of the performance for 2025 on project delivery, I would say just join us for the CMD, we'll provide you more granularity. I think it would be premature for me to give you all that three weeks ahead of our Capital Markets Day. So I'm sure you'll join us, and you'll have all the answers to your questions. Bruno, maybe on tax?

Bruno Vibert

Yes. Hi, Richard.

On taxes, as you know, we are not doing a lot of work for projects in France, projects that are, infrastructure-located in France, but we have a French operating center, which is quite large and has a lot of value. So, for any project, usually you would have tax, which is born in the country where the infrastructure is, plus where the execution centers are operating, where you have some added value. This is why, the surplus tax can have an impact on Technip Energies, given there is some tax base in France, with the operating center providing high-value services for a lot of different projects. Now, of course, this tax law is not enacted yet, so it's quite speculative at this point but we're following.

But as we've revised the guidance, we've included what could be the scenario if enacted. It will have a limited impact, still a few basis points of effective tax rate. If it's not enacted, we would remain in the low range which was provided, which is just below 30% on a full-year basis. So, to be monitored, it may have a small impact, and the tax guidance which was slightly updated, but not major.

Guillaume Delaby – Bernstein- Analyst

Yes. Good afternoon, Arnaud and Bruno. One question, if I may.

- *Globally, when I look at the title of the presentation, Arnaud, when I'm listening to you, I have the impression that the way you are communicating is changing a little bit, that you may be more optimistic for 2025. So I know it's too early to provide the guidance or whatever, but if I understand you correctly, you expect some revenue growth in 2025 and probably as well some EBIT growth. That's my first question, and then I will have a related question.*

Arnaud Pieton

Good afternoon, Guillaume. I'm very upbeat today because it's my birthday, first of all, so, I'm happy to share that with you.

I think Technip Energy is on a trajectory that is a growth trajectory, but I'm not going to disclose too much because the CMD is just three weeks away. But yes, I expect to see growth in 2025, top and bottom, as a minimum, because there's top-line growth, mechanically, we have bottom-line growth.

And also because of the outlook, irrespective of the macro, actually, or the current macro environment, but there are some macro trends, long-term trends that continue to support our business. And the strategic choices that we've made and where we've placed our bets and our investments, clearly, are in areas that are very needed going forward. It's more molecules, less emissions, a lot of decarbonization, while having to continue to supply and provide energy. And I'm coming back to what I said a bit earlier, which the winning combination for us and for me, and I'm not the only one believing it, is really a combination of renewable electricity plus gas, to make the electricity dispatchable, so gas is needed.

As you know, we are heavily investing into gas, and we see, globally, a positive outlook. And some of the choices we're making and investments we've made, and Reju is an example, and we'll talk about Reju during the CMD. So, too early to say, but there's traction and it's opening new opportunities for Technip Energies in terms of alternative business models and ways of making earnings. All in all, it's a very positive momentum and time for Technip Energies.

Our headcount is growing. You'll hear from us during the CMD about that. And yeah, we're not struggling with keeping our people busy.

Guillaume Delaby – Bernstein- Analyst

- *And maybe a quick follow-up. The big surprise this morning was the margin on project delivery, which I think is somewhat a surprise given the fact that your backlog is still relatively young. I understand from your comments during the call that the current level of operation at NFE is likely to continue in 2025. This probably suggests that NFE is going to be an important building block of your margin in 2025. You can just say correct. So if it is correct, then there will be room for other people to ask questions.*

Arnaud Pieton

Yeah. Okay. Bruno is a man of fewer words than me, so Bruno will answer.

Bruno Vibert

NFE absolutely will be an important block of top line, and of course, bottom line is progressing as per plan.

In terms of portfolio, as always, when we reach critical milestones like, final acceptance, provisional acceptance, or some project which have happened in Q3, this, de-risks and can have an impact. We've had a good contribution from some of these projects. The trend for more projects at the early phase, which are dilutive by design as top line growth within projects will continue to be a driver, but the quality of the backlog plus the portfolio, which will evolve, will become a bit more blended. So the trend is there, growth of top line, consistency in delivery, which supports a long-term margin, and growth in absolute terms, as Arnaud just highlighted.

Sebastian Erskine – Redburn Atlantic - Analyst

Hi there. Good afternoon, and thanks for taking my questions, and obviously, very, very robust set of results. Two for me, if I may.

- *The first one, I appreciate some color on, in your view, the sensitivity of your kind of pipeline to a potential Trump presidency particularly risks on the Inflation Reduction Act. I'm kind of thinking a little bit about the Exxon based on low carbon hydrogen project where you're doing some FEED work on the section 45 clean hydrogen tax credits.*
- *And then secondly, on the order outlook and into 4Q, I know it's been asked a bit before, but just some color on some of the nearer term projects that you might see coming through, an update maybe on Corral Norte, and then obviously on the Surinam FPSO where you were doing some work alongside SBM Offshore. That would be really appreciated. Thank you.*

Arnaud Pieton

Hey, Sebastian. All right, so color on post-elections. All I can say, because I'm not going to speculate, is that there is something that we stated in our prepared remarks, in mine certainly, about diversification in the portfolio for Q4 2024 and throughout 2025 order intake. The US is a geography where you will see us play. Two years ago, we signed NFS in Qatar.

We have today a presence in the Middle East that is significant. And it takes time for a company like Technip Energies to properly build some geographical diversification into the portfolio. We have taken the decision, together with our board of *directors, of course, to rebalance the portfolio. It's a decision we have taken a year and a half ago, and therefore it's influencing the type of projects we are pursuing and where we are pursuing them.*

The US is obviously an important territory for that. We have Lake Charles LNG, we are still in the race with another developer in the US. Obviously, if Trump wins the election, we can expect that the moratorium on LNG will be lifted maybe faster than if it's the current administration winning. Now, the current administration winning doesn't mean that the LNG moratorium won't be lifted. Some are of the opinion that it will take a bit longer, but it will be lifted nonetheless. But if it was to be a Trump victory, I believe we will see a faster lift of the moratorium, and therefore it will unlock a pipeline of opportunities. And we don't need 10 of them. For us, one or two is plenty in the US, and we have them, you know about them, and we've been selected, and therefore it would come into our backlog and put a large US content into it.

In addition to the IRA and the rest, I'm very positive about the blue chain, so blue ammonia, blue hydrogen in the US in particular. You know about our involvement for Exxon in Baytown. We have just been awarded, but we may talk about that during the CMD, a pretty large FEED for another US customer in the US again for the blue molecule at FEED stage.

But I mean, all those are signs that we're going from pre-FEED to FEED, and that the combination of gas plus carbon capture in a country that is taking a very pragmatic approach to incentivize decarbonized solutions, that makes the USA a very credible play for Technip Energies, and happy to report that we are playing. And this comes on top of other things that we do there, such as pure carbon capture projects, et cetera.

So clearly, the US, and the UK, because about Net Zero Teesside, the H2Teesside, et cetera, contribute to a very significant diversification and enrichment of our portfolio in Q4, and also within 2025.

Yeah, Okay, for just the last one on Q4, I think I've listed. I mean, you've listed the prospects. It's just a matter of us being allowed to declare the contract, and FIDs being declared by the customers. Coral Norte, it's very much a question for ENI, but it's on this side of the 31st of December, or just on the other side, it won't change much for us. At the end of the day, it will be a project, and we'll be happy to enjoy it. So that's why we're not totally a quarterly business. We nonetheless expect a very strong inbound in Q4.

Bertrand Hodée – Kepler Cheuvreux - Analyst

Hello, Arnaud. Hello, Bruno.

- *A question related to order intake was EUR4.8 billion first nine months. Last time we spoke, Arnaud, it was at our autumn conference, and you pointed for a potential EUR4 billion for H2. Is it still valid, or do you see some risk, like you mentioned, Coral Norte sliding into 2025?*
- *And then the second question is on Lake Charles. So it's a very large LNG project. FID is still pending. But can you give us an order of magnitude of the size of the project, Technip Energy Share, because it's a bit difficult it's a bit difficult to gauge the size given the value scopes and the framework around this project. But is it a $4 billion to $5 billion potential billion-dollar project Technip Energy share? Or is it lower or higher than that, potentially?*

Arnaud Pieton

Thank you, Bertrand.

So I'll start with Lake Charles, where Technip Energies is a leader of the JV and we have KBR as a partner. The project, I must qualify the fact that this project in the US, is highly modularized and I need to repeat that we will not be taking any form of lump sum risk in the US. So there's a very large part of the project that would be reimbursable and therefore totally de-risked. We're not taking any lump sum risk in the US, including in LNG.

In terms the size of the project, it's north of 16 million ton per annum. You know the market really well, Bertrand. So, the potential value of this contract, if it reaches FID, will definitely be in the areas that you've mentioned, if not a little bit above that. We can provide more granularity maybe during the CMD if there's more progress on that one.

It would be a significant order, considering the size of the project, 16 million ton per annum. That's basically two large trains similar to Qatar. But we are a 50-50 JV partner in this.

As for H2 2024, yeah, no change to the potential. While we are not controlling FIDs and we are in the hands of our clients for that, we have several prospects and we alluded to one in our prepared remarks without mentioning it, but the delivery of large modules for the projects in the Americas, you would guess what I'm talking about. And this is a significant order. You add to that the orders that we will naturally book for TPS on an average run rate basis, and we have a few other things to which could be announced. So yes, that's confirming what I said at your conference.

Daniel Thomson – BNP Paribas-Exane- Analyst

Hi, good afternoon and happy birthday, Arnaud.

- *Just two quick ones, hopefully quite straightforward. So, we've spoken a lot today about sort of de-risk execution in the US., which, yeah, I think it's a very important point given how many projects there are sort of looking to take FID over the next year or two. You know, on the modular approach, could you just sort of remind us where the modules are fabricated for Technip Energies.*

- *And if there is any sort of threat in terms of tariffs that may come up under a certain administration or would that sort of -- any cost related to that sort of be borne or be reimbursable? And then secondly, just on Qatar, North, East, can you tell us how close you are to completion on the first train? Thank you.*

Arnaud Pieton

Okay, yeah, thanks. I will not answer your second question because that's a question for our customer. Obviously, I have a good indication of how close we are to completion, but the project is on track. It's progressing well and it's something that we signed in 2021.

So, I won't say more. As for the modules, well, we have a history of building modules of various sizes in countries like Indonesia, China, Middle East, et cetera, Southeast Asia like Malaysia as well. The yards we are dealing with include China. But I will qualify my comment.

On the execution plans, we, we're basically preparing for our customers two execution plans, one which includes China and one which doesn't include China - we have alternatives for module fabrications in other yards than China. So, as you can imagine, we as a company will not take the Chinese risk. So, this is something if a client elects to go for China, then it would be his choice and we will support it, but we will enter into the contract with the right level of protections as a company. So, there is no risk taking by Technip Energies or no exposure to sanctions.

If China is selected for the right reasons, then we'll support it. But of course, this is a risk that has to be supported by our customer, and I would say a decision that will be taken jointly with the customer to go for one execution plan versus another one. But in the meantime, we've been more than scouting, we've been visiting signing agreements and getting comfortable with alternatives, they are obviously mostly in Asia and also in the Middle East. So we are prepared for both eventualities.

Daniel Thomson – BNP Paribas-Exane- Analyst

Perfect, that's very helpful color, thank you.

Mick Pickup – Barclays - Analyst

Good afternoon, gents. Arnaud, happy birthday. I've just looked at your age and you've made me feel a bit older.

- *Can I just ask about the bolt-ons, please, if I may? Expertise In process engineering and piping design, I would suggest the core skills of the company. So what do they bring, or is that just a shortness you're addressing?*

Arnaud Pieton

Well, we're growing headcount in the company, Mick, and we'll provide details during the CMD about that, but it's been growing significantly. What this small bolt-on is contributing is something that we can never have enough of, our PhDs and experts related to molecule and process technology, basically, so it's chemistry. And if there's something that is in very, very high demand in our industry today, it's our experts in process technology and molecule transformation, so that's what we've acquired. That's this expertise.

Of course, it goes beyond because what they are doing engineering for our customers, so there is piping, et cetera, but the core that we're buying is a competency that is a rare commodity, and it's process technology and molecule.

Phillip Lindsay

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