TECHNIP ENERGIES FIRST QUARTER 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, May 2, 2024, 1:00pm CET.

Operator's Introduction

Operator

Good afternoon. This is the conference operator. Welcome, and thank you for joining Technip Energies First Quarter 2024 Results conference call.

At this time, 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, Judit. Hello, and welcome to Technip Energies' financial results for the first quarter of 2024.

On the call today, our CEO – Arnaud Pieton will provide an overview of our Q1 performance and business highlights, followed by Bruno who will provide more details on our financial results.

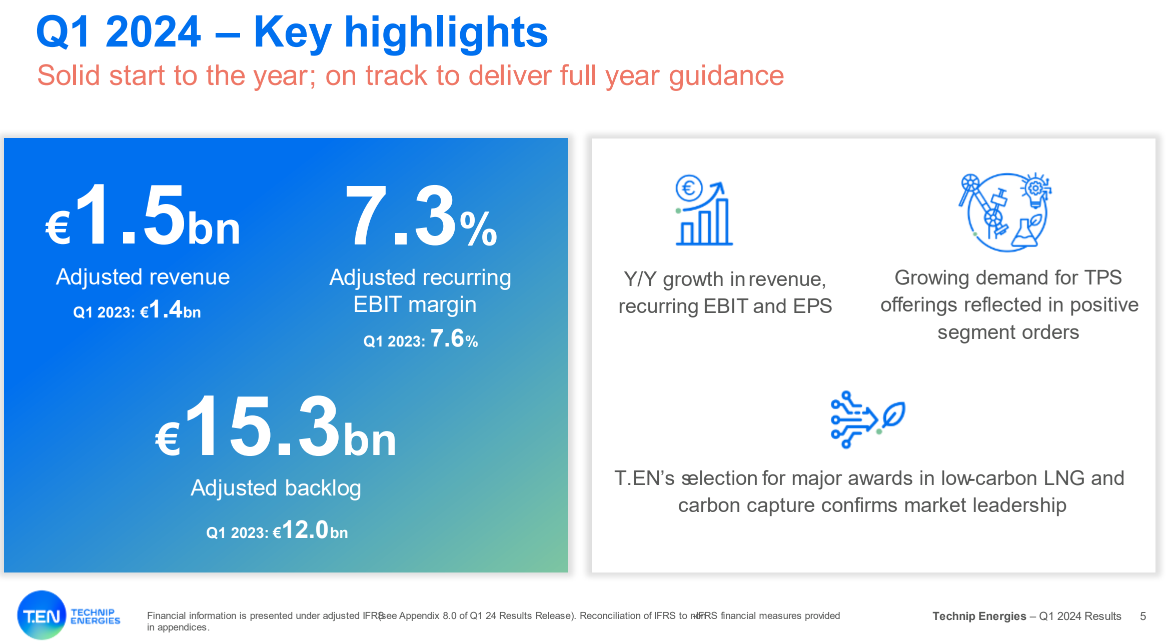
We will then open for questions.

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 quarter, where I will begin with the highlights.

Q1 represents a solid quarter for Technip Energies with continued focus on operational excellence, good commercial momentum and progress in delivering on our 2024 strategic objectives.

We delivered a strong financial performance, with adjusted revenue of €1.5 billion, up 5% year-on-year, and adjusted recurring EBIT margin of 7.3%, which puts us on track to deliver full year guidance.

Commercially, our Technology, Products and Services segment had a very successful quarter by posting a book-to-bill of 1.3 and demonstrating our ability to capture growing demand for our services and solution offerings.

In Project Delivery, we have been selected on three major projects in the period.

This includes Ruwais LNG in Abu Dhabi and the Net Zero Teesside power generation and carbon capture project for bp in the UK.

Both these projects are pending final investment decisions and will be incorporated in our backlog upon reaching this milestone.

In addition, last week we announced the award of Marsa LNG in Oman, which will be included in our second quarter order intake.

As a result of this positioning and our rich commercial pipeline, we expect improved orders in Project Delivery and sustained momentum in TPS to boost our backlog – which at period-end – stood at €15.3 billion, up 27% year-over-year.

Q1 2024 operational highlights

Delivering across the portfolio

Project Delivery

NFS

Midor

LNG

- **Qatar NFS:** first piping installation completed for fresh cooling water.
- **Qatar NFE:** All equipment delivered for 1st train, first pre-commissioning activities commenced.

Downstream

- **Midor Refinery Expansion**: All refinery units online; full crude processing capacity reached.
- **HPCL Visakh hydrogen:** Official certificate for completion of commissioning received.

TPS

Freedom Pines

SAF

- **LanzaJet Freedom Pines:** Inauguration of SAF plant using T.EN's Hummingbird ® technology.

CCS

- **ExxonMobil LaBarge CCS:** Construction progressing with major foundations in place.

Moving to operational highlights, where we are delivering on our portfolio of projects and TPS assignments.

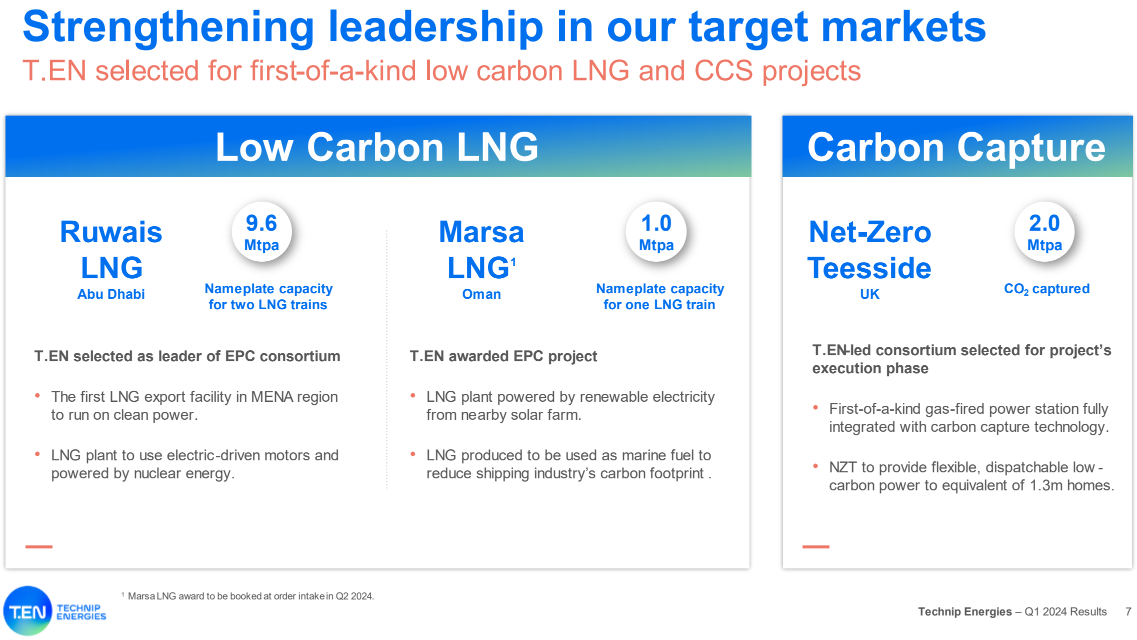
In the 1st quarter, we achieved commercial production at the Midor refinery expansion – a facility that will deliver cleaner fuels to Egypt.

In addition, LanzaJet inaugurated its Freedom Pines plant utilising our Hummingbird technology;

This is the world's first commercial scale facility producing sustainable aviation fuel from ethanol and therefore demonstrating the alcohol-to-jet pathway for SAF.

This is paving the runway for future SAF-related opportunities.

Overall, a very solid start to 2024, and I want to express my gratitude to our teams that continue to drive our leading performance all around the world.



Moving to commercial highlights, where we strengthened our leadership in low-carbon, electrified LNG and net-zero solutions.

LNG remains a critical source of energy on the world's pathway to net zero, and, T.EN is committed to supporting its development while concretely addressing emissions abatement.

Here, we were selected for two major low-carbon LNG developments – the Ruwais project for ADNOC in the UAE, and Marsa LNG for Total Energies and OQ in Oman.

These projects reflect the future and set a new standard for decarbonized LNG production.

Both will integrate electrified LNG trains powered by zero carbon energy sources – nuclear for Ruwais, and solar for Marsa – and these will be amongst the lowest-carbon intensity LNG plants ever built.

On Ruwais, we have commenced early EPC activities for what is a two-train development with production capacity of 9.6 million tonnes per year.

Marsa - on the other hand - is a bunkering project with a production capacity of 1 million tonnes per annum which aims at reducing the shipping industry's carbon footprint by using LNG as a marine fuel.

Marsa reached final investment decision in April and the award will be included in our second quarter backlog.

For clarity, the full award on Ruwais is pending the upcoming final investment decision and is not at this stage included in our backlog.

Turning to carbon capture, where, in March, we received a letter-of-intent confirming our selection for Net Zero Teesside Power in the UK and demonstrating T.EN's growing leadership position as an integrated state-of-the-art CCUS solutions provider.

This first-of-its-kind gas-fired power station will fully integrate our Canopy by T.EN carbon capture solution – aimed at capturing up to 2 million tonnes of CO2 per year.

As a result, the project is expected to provide flexible, dispatchable low-carbon power, equivalent to the average electricity requirements of 1.3 million UK homes.

Net Zero Teesside has been shortlisted for government funding support as part of the UK's net-zero program, and negotiations are ongoing with the customer, ahead of an expected final investment decision later this year.

In summary, these achievements demonstrate our leadership in strategic markets, as well as our commitment to energy supply, net zero ambitions, and geographic diversification.

Delivering on our strategy

Wide adoption of T.EN's solutions

WINNING MEDIUM-TERM

CCS early engagement momentum

- Viridor's Runcorn energy-from-waste project
- Harbour Energy's Viking CCS project
- Uniper's Grain CCGT power station
- EPF[1] for first C10 unit from Canopy by T.EN range for Carbon Centric's project
- Heidelberg Materials' CCUS project to decarbonize cement production

DISRUPTIVE INNOVATION

CO_2 to ethylene

- T.EN & LanzaTech selected by US DOE[2] for ~$200M of IRA funding for commercial plant
- Transformational technology to produce sustainable ethylene from captured CO_2
- Plan to full test & develop technology at scale, and integrate into existing ethylene crackers

STRATEGIC PARTNERSHIPS & INVESTMENTS

Floating offshore wind

- Creation of EkWil: Leaders in FOW[3] - T.EN and SBM Offshore join forces
- Combination of proven technologies, engineering know-how and delivery expertise
- Enhancing execution certainty and cost competitiveness in nascent market

[1] EPF: Engineering, Procurement & Fabrication
[2] United States Department of Energy.
[3] FOW: Floating Offshore Wind.

Turning now to the solid progress we are making on delivering our 2024 strategic objectives.

First, our growing leadership in carbon capture is further evidenced by early engagement and commercial momentum.

In addition to our first awards from T.EN's Canopy carbon capture solutions, we have been awarded multiple FEEDs for projects to decarbonize cement production, gas-fired power and energy-from-waste in various geographies.

This success clearly demonstrates the confidence that customers have in our technical expertise and our ability to execute.

Second, we continue to innovate and drive decarbonization in our traditional markets.

This includes petrochemicals. Although slower GDP growth is impacting near-term demand and spending, environmental and legislative pressures are driving the industry towards lower-carbon intensity and greater circularity.

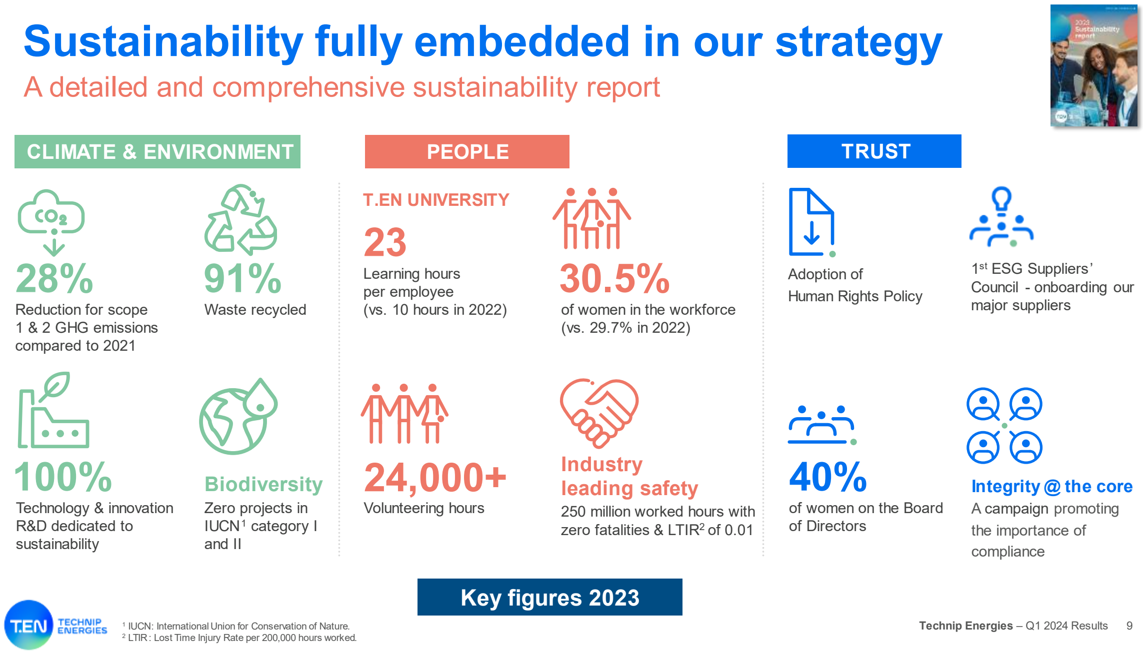
This favours T.EN as we are focussed on developing solutions to help customers decarbonize and future-proof their existing infrastructure.

One such innovation - for decarbonized ethylene – was recently recognized by the US Department of Energy with IRA-funded investment of up to $200 million for a plant at commercial-scale.

This new technology – being developed with our partner, Lanzatech – will produce sustainable ethylene from captured CO2 emissions.

Finally, with the announcement of EkWil, a joint venture with SBM Offshore, we aim to create competitive solutions for the nascent floating offshore wind sector.

By bringing together our expertise, engineering and delivery capabilities, we will innovate to further develop and commercialise our respective leading floating solutions.



Sustainability is embedded in our purpose and core values, driving value creation across all of our activities...So, before passing on to Bruno, let me highlight some of the achievements in our Sustainability Report.

We continue to make substantial progress on the impactful targets we have set, and we are being intentional in our decisions.

This is clearly evidenced by our industry-leading safety performance recorded over 250 million worked hours, as well as through increased diversity in the workforce, in our leadership teams, and on our Board of Directors.

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

But emission reductions are only one aspect of the company's impact on the environment.

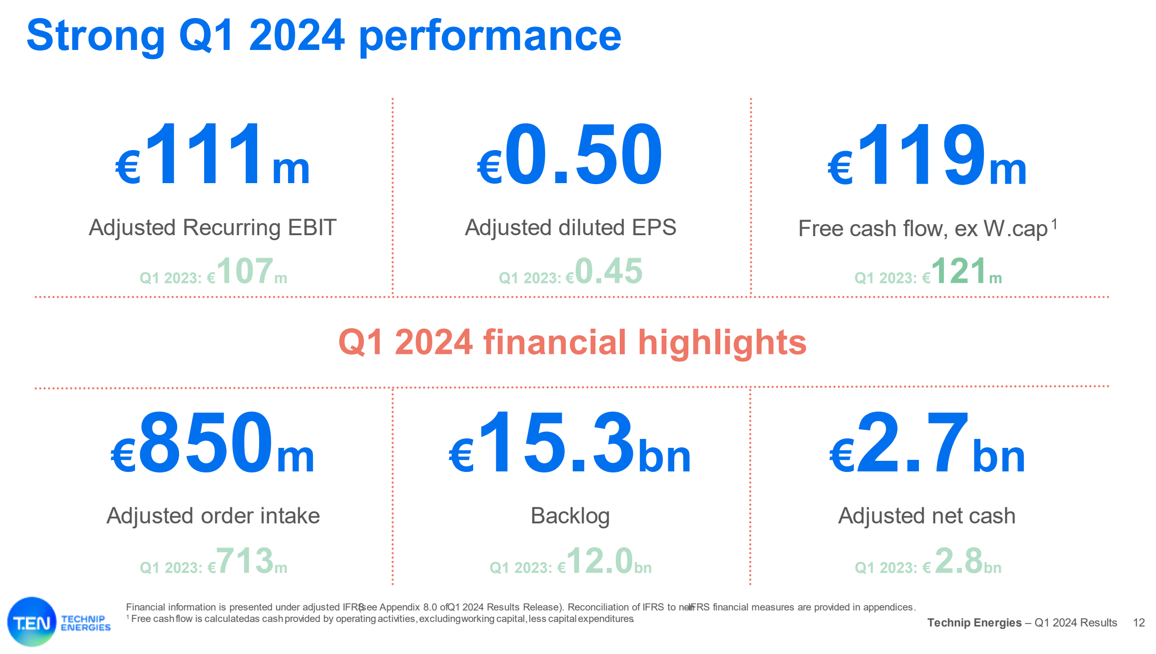
To preserve the planet, we must also address biodiversity. One example of our effort is our formal commitment to not participate in any projects located in the most sensitive areas as deemed by the International Union for Conservation of Nature.

This is included in our ESG scorecard, and we remain resolutely focused on making further progress on our sustainability journey through 2024 and beyond.

I will now pass the call over to Bruno.

Financial Highlights

Bruno Vibert



Thanks Arnaud, good afternoon everyone.

I'll begin with the highlights of our financial performance for the first quarter.

Adjusted Recurring EBIT was €111 million, up 3% year-on-year.

Margins at 7.3%, are consistent with our full year guidance.

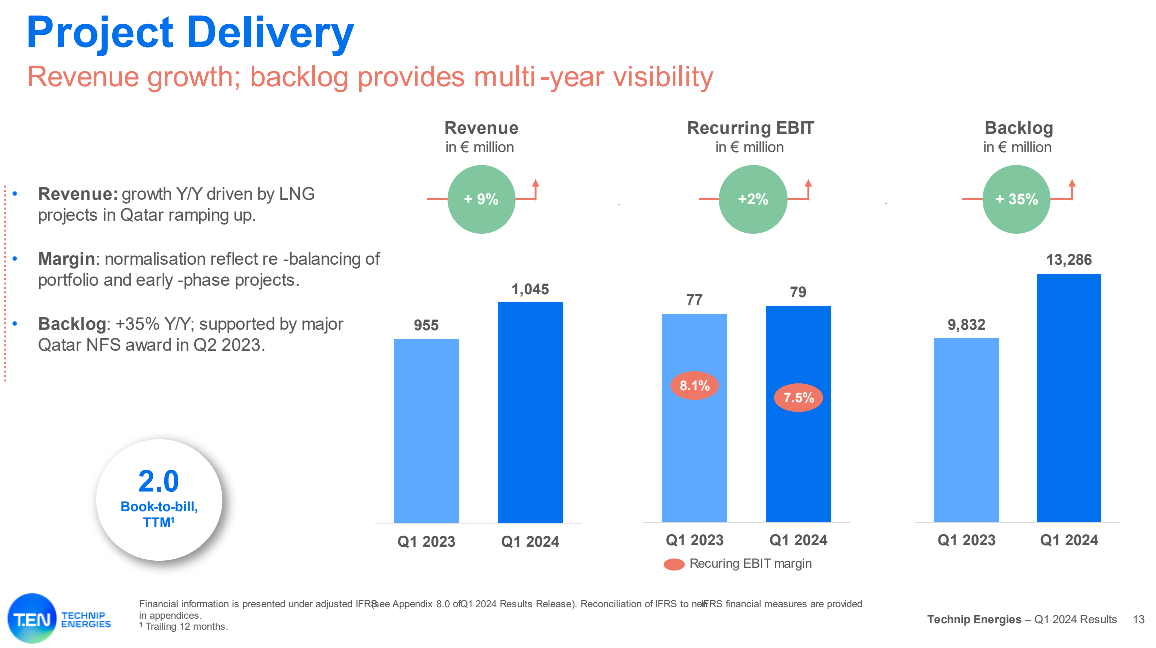
Adjusted diluted EPS at €0.50/share increased by 11% year-over-year, benefiting from higher EBIT and a lower tax rate.

Free cash conversion from EBIT, excluding working capital, was above 100%, leading to free cash flow generation of €119 million.

Turning to orders, Adjusted order intake was €850 million, higher year-over-year thanks to sustained momentum in TPS orders, and adjusted backlog ended the period at €15.3 billion, equivalent to two and a half times 2023 revenues.

Closing net cash was €2.7 billion.

In summary – a solid first quarter that puts us on track to meet full year guidance.



Turning to our segment reporting, starting with Project Delivery.

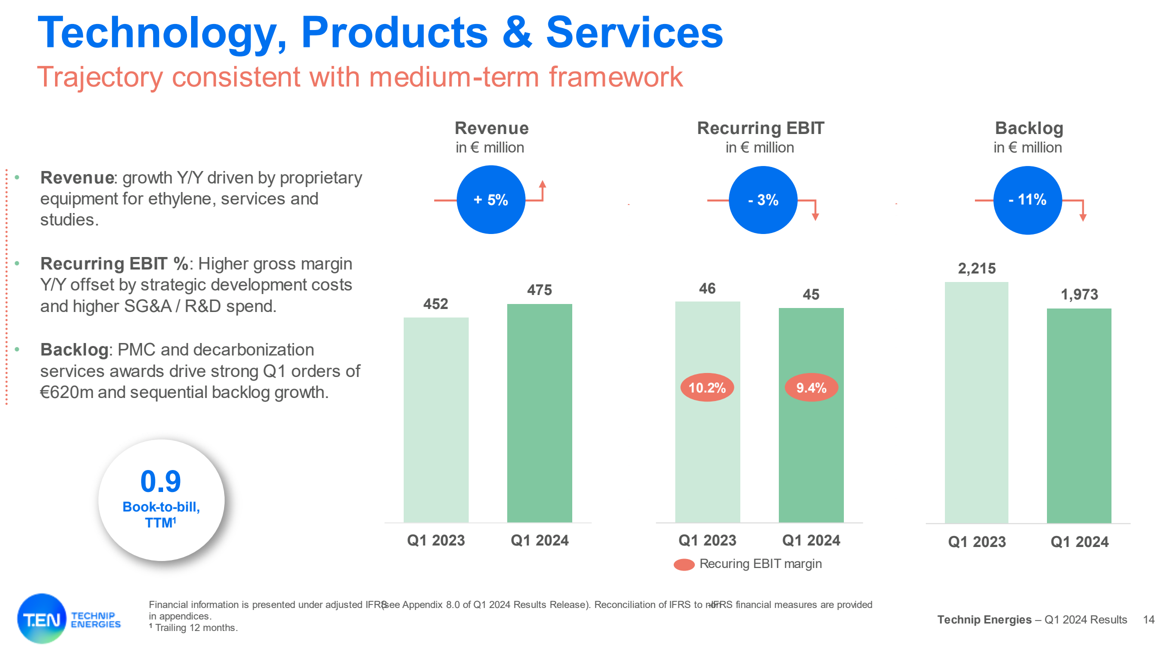
Revenues are up 9% year-over-year resulting from the continued ramp-up towards peak activity on Qatar NFE, a growing contribution from Qatar NFS, as well as good volumes in various downstream projects.

Adjusted recurring EBIT margins are 60 basis points lower year-over-year at 7.5%. As discussed during our full year call in February, Project Delivery margins will trend to a more normalized level reflecting a re-balancing of the portfolio with growing volumes from early-phase projects.

The resulting EBIT increased by 2% year-over-year.

Finally, backlog is up 35% year over year, equivalent to 3.3 times 2023 segment revenues, and providing strong visibility.

Given the strength of our commercial outlook and pipeline in 2024 and 2025, we are confident that we can further reinforce this backlog with high quality projects to support our medium-term performance.



Turning to Technology, Products & Services,

TPS delivered solid financials that are consistent with the trajectory for our medium-term framework.

Revenues were up 5% year-over-year resulting from higher proprietary equipment, as well as renewable fuels activity, and sustained momentum in study work across decarbonization markets.

Adjusted recurring EBIT slightly decreased year-over-year by 3%.

Segment gross margin experienced a sound improvement year-over-year thanks to good execution and favorable mix.

As we continue to invest in the future growth of TPS, this gross margin gain was offset in the quarter by strategic development initiatives, increased R&D spend, and higher selling and tendering activity.

Turning to orders, high demand continues in TPS with €620m order intake in Q1 2024.

This is equivalent to a quarterly book to bill of 1.3 and reflects strong momentum across a broad range of decarbonization services, studies, and PMC call-offs.

It is also a notably pleasing outcome given the absence of larger product awards in the quarter.

This leaves the period-end backlog for TPS at close to €2 billion, consistent with shorter-cycle activity.

Other key metrics and balance sheet

Strong balance sheet with significant underlying net cash position

Income Statement

Corporate costs	€ 12.3 million	Trending slightly lower versus 2023 run -rate.
Net financial income	€ 19.9 million	Sustained benefit of interest income on gross cash.
Effective tax rate	26.1%	Benefiting from favorable geographic mix of earnings.

Balance Sheet

Gross cash	€ 3.5 billion	Strong position, significantly above net contract liability.
Net contract liability	€ 2.7 billion	Modestly lower versus year -end position.
Gross debt	€ 0.8 billion	Stable with over 80% long -term debt .

Financial information is presented under adjusted IFRS (see Appendix 8.0 of Q1 2024 Results Release). Reconciliation of IFRS to non-IFRS financial measures are provided in appendices.

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

Corporate costs of €12.3 million in Q1 are below the run rate for 2023 that was somewhat impacted by strategic projects and pre-development initiatives.

While some of these initiatives are ongoing, the financial impact has lessened.

As global interest rates - for now - remain elevated, we continue to benefit from interest income, which at €20 million is consistent with quarterly trends during 2023.

Lastly on the P&L, at 26.1%, the effective tax rate is consistent with the low-end of the 2024 guidance range, benefiting from a favorable mix of earnings.

Moving to balance sheet, where the picture remains solid.

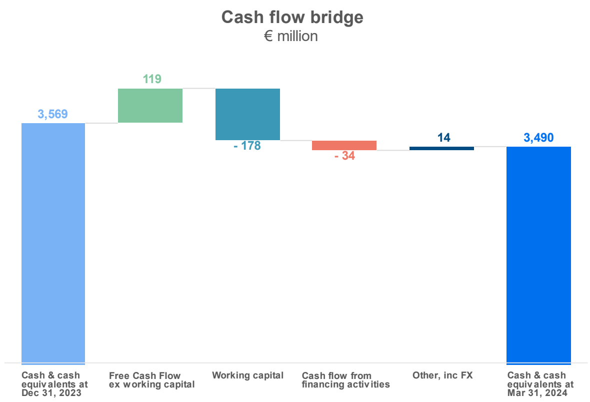
Gross cash of €3.5 billion is significantly in excess of the net contract liability – which as a reminder contains future project costs, future margins and contingencies.

Existing projects in backlog plus expected awards during 2024 and 2025 will continue to contribute to this differentiated capital structure.

Finally, gross debt remains stable with over 80% long term debt with maturity in 2028 – a comfortable position.

Consistent underlying free cash flow

- **Operating cash flow**: €(50)m; Free cash flow [1]: €(58)m, impacted by €178m working capital outflow.
- **Free cash flow**, excluding working capital impact : €119m.
  - **Free cash conversion** from Adj. Rec. EBIT: 108%.
- **Other items:**
  - €9m purchase of treasury shares.
  - €19m dividends paid to non -controlling interests.
  - €15m payments for principal portion of lease liabilities.



Financial information is presented under adjusted IFRS (see Appendix 8.0 of Q1 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 of €(50.3) million less capital expenditures of €7.9 million.

Before passing back to Arnaud, let's look into cash flows, where many of the trends seen in 2023 have continued.

Free cash flow on an underlying basis or excluding working capital was €119 million and consistently strong as we execute across our portfolio.

And, conversion from EBIT remained above 100% in Q1, highlighting the strength of operational execution, and the positive impact of interest income.

Working capital was an outflow in the period, reflecting both portfolio maturity, and the absence of large awards in recent quarters.

However, this merely serves to highlight the lumpy nature of working capital and is not representative of how we see the trend evolving with positive contribution expected from upcoming awards.

We end the period with €3.5 billion of cash and cash equivalents.

I'll now turn the call back to Arnaud.

Conclusion

Arnaud Pieton

Thanks Bruno, to conclude;

We delivered a solid first quarter performance, and are on track to meet our full year guidance;

Important commercial successes in Project Delivery and a strong dynamic in TPS supports a positive award outlook and further-improved long-term visibility; and

We continue to innovate to reinforce our leadership positions in strategic markets and are experiencing high demand for our offerings.

Finally, we have set the date for our capital markets day, and we look forward to welcoming many of you on November 21st, in London.

Additional details will be made available in due course.

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

Question and Answer

Bertrand Hodee – Kepler Cheuvreux - Analyst

- *Hello, thank you for taking my question. Two, if I may. The first one is you've been selected for two major contracts, as you mentioned in your introductory remarks, Ruwais LNG and Net Zero Teesside. Can you share with us what is the expected size of those two contracts combined and when the final investment decision will be done?*
- *And then on the SAF opportunities and LanzaJet milestone with the integration of the first methanol to SAF plant, can you comment on the potential opportunities that this new way to produce sustainable aviation fuel is for you in the coming years?*

Arnaud Pieton

Thank you, Bertrand. So, I'll take your questions in order. Regarding Ruwais and Net Zero Teesside, you'll find out more when the final investment decision is taken, but to help and provide flavor for the size of those two - what would be two major contracts, Ruwais would be north of €1.5B and Net Zero Teesside, it's a very sizable project, so we will be well north of €1B for sure on this project as well. There are more discussions ongoing with the client with regard to Net Zero Teesside and the contracting scheme and the blend of lump sum versus reimbursable. But I think I've provided the information that should guide or give you what you need in terms of the relative size of the opportunity.

In terms of the SAF opportunity set for Technip Energies, I will remind you that the total market for jet fuel is close to 300 billion liters per year, of which 600 million liters of SAF were produced in 2026. So that represents a bit less than 0.5% of the total aviation fuel needed per annum. So there is a lot of ground to be covered by SAF and it does represent a massive opportunity for Technip Energies for several reasons - because of the regulations and the commitment from the airlines and IATA, and also thanks to our positioning.

And beyond what we have been doing for Neste on HEFA production, we have taken a few positions, including the one that you've identified with LanzaTech. So pending a successful performance of the plant, Freedom Pines, which was inaugurated earlier this year, we are very hopeful and very confident that the plant will be performing based on the ongoing commissioning activity. Pending that, I think the opportunity set is quite large and we are already working on a certain number of FEEDs. I have in mind at least four or five of them, where we are planning for the future, and for which we are only waiting for the confirmation of the overall yield and performance of the plant in the U.S. before developers and LanzaTech and ourselves are able to go full steam ahead, turning those FEEDs and studies into projects. So, the pipeline is here. We're already working on four or five of them and we will change gear as the performance of the plant, the Freedom Pines plant, is confirmed in the coming weeks and months.

Richard Dawson – Kepler Cheuvreux - Analyst

- *Hi, good afternoon, and thank you for taking my questions. And two, please. My first question is on LNG so we saw the Papua New Guinea LNG project with Total delayed this quarter due to cost increases. And as always, on the one hand, you have customers who are under pressure to remain disciplined on cost, but on the other hand, contractors under pressure to remain disciplined on bidding. So just interested to know whether you've seen any changes in this balance this quarter, and following your discussion with customers?*
- *And then secondly, as well, the question is on the $200M of potential DOE funding in the U.S. with LanzaTech. And could you provide some color on how those award negotiations are going for the investment and what portion of that likely $200M investment would cover the CapEx and also when an FID could be taken on that project?*

Arnaud Pieton

Thank you, Richard. So on PNG and our world in general, it's always interesting to see that we are selected and we have been awarded now Marsa for LNG bunkering facility in Oman. And we have been selected for Ruwais as you know together with our partners. So, this demonstrates that we are capable of bringing solutions and finding solutions to make projects fly and projects viable for our clients, which is part of our mandate, as you very rightly pointed out. We have absolutely a mandate to be profitable and to be making money and return to our shareholders as we should, as a healthy business. And at the same time, we need to do so while allowing the projects of our customers to exist and to be viable. And we've demonstrated that we could actually do that, Ruwais and Marsa are two recent examples.

The relentless work that we are putting together in order to allow for the project to be viable was also put in motion on the PNG opportunity. The fact that the project is pushed to the right, because not having the right price point, the environment is different and it's going to go to recycling, but I can reassure you that we, as a company, always keep in mind that we have two obligations. One is to satisfy our clients and allow for the projects to exist, and two is to return to our shareholders. So, there is no discrimination within Technip Energies between Marsa, Ruwais, and the PNG.

For now, from PNG, this right price point, we haven't been able to find. And maybe it will be found in the future - the future will tell, as it's going through recycle, and assumptions are being verified, and so it's always another way to work in progress and the challenge of ours to find this competitive price point for projects to fly. But we're able to find them, as exemplified by Ruwais and Marsa. PNG hasn't been the case yet. Let's see what the future holds there.

In terms of the DOE funding for a plant together with LanzaTech that will turn captured CO2 into ethylene - very pleased that we have been selected for what is a very sizable funding potentially by the DOE for a replicable decarbonized ethylene commercial facility. So let me give you a little bit of a flavor for what this technology is capable of doing. It's basically about the conversion of CO2 captured on a traditional ethylene plant from blue gas and turning that CO2 into renewable ethylene when re-combined with hydrogen, clean hydrogen in this case, and our Hummingbird technology, which allows to convert ethanol to ethylene.

We were successful thanks to the technology. We were successful because together in our dossier that we were able to put forward, we had the necessary support from customers to provide sites as well to accommodate what would be this new infrastructure. The grant is for up to $200M. We are fine-tuning what would be the investment cost, the total investment cost, but it's very likely going to be north of $400M, maybe up to $500M. Let's see.

So there's still a gap to be filled. Nonetheless, there's quite a number of interest. And we're speaking with a few financing houses interested into that investment. So yes, FID will come later. And if everything goes well, I think it's something that we'll start seeing coming on stream in 2026. So don't expect to see any revenue from that opportunity in 2024 or in the first part of 2025. It's for the back end of 2025 and into 2026, giving us the time to fine-tune a few things and also complete the round of partnerships that's needed to reach final investment decision. But the fact that the technology was selected is super encouraging. We believe in it big time, and the fact that otherwise, those investments, they happen because they are supported beyond the technology.

And big customers demonstrate an interest and volunteer to dedicate some of their sites in order to accommodate that investment. So it would be a first, and we are super encouraged and enthusiastic about what this opportunity presents. CCS and CCUS is a key theme for the future. Capturing CO2, we know how to do it. Sequestrating, that's great. I think the world will be even more mature the day we start utilizing CO2 and turning it into something that can be commercial. This opportunity is a chance to demonstrate that.

Victoria McCulloch – RBC - Analyst

- *Good afternoon. Thanks very much for those interesting comments on CCS. And so maybe following on from that, your CCS and decarbonization capabilities seem to differentiate you, certainly with the recent LNG award and selections. How should we think about these from a margin perspective? Are these simply the opportunity to win more LNG projects and awards, or is there a benefit to being able to add carbon capture on the margin side?*
- *And secondly, there is a mission of strategic development costs within TPS. Apologies if I missed your comment on this, but should we continue to see these weighing on the margin and through the remainder of this year? And could you maybe give us some color as to what these were?*

Arnaud Pieton

Thank you, Victoria. I'll start on CCS and hand over to Bruno on TPS and maybe conclude on it. So, CCS, we have several ways of differentiating. One is the technology and the suite of solutions that we have introduced to the market. So Canopy by T.EN carbon capture solutions that can go from, very small size to very large size and Net Zero Teesside or Viridor both in the UK would actually, tap into the large scale carbon capture because we are at 1 million tonne per annum and above on both of those opportunities. So the technology is a differentiator.

And I will remind you that we continue to invest into the technology, the one we share with Shell, but also other technologies. And carbon capture is one of the major streams of investment and innovation within Technip Energies.

As we grow our innovation spend and R&D spend, a large part of that is going into carbon capture, optimizing the amine-based technology, CapEx, and OpEx, as well as investing into future technologies, as we know that there is no one-size-fits-all yet in the world of carbon capture.

We will continue to invest. It's clearly a differentiator, the technology, but also the ability to integrate. And as a technology integrator, what we are demonstrating through the successes we are having is that we are doing a good job in our ability to integrate technologies and put all that in motion at large scale.

It's a trait of Technip Energies, something that we are demonstrating also in LNG, for example, and the world is realizing that this is needed in the low-carbon solutions as well. Beyond a particular technology, there is also the need for integrating all that and for being able to take performance warranty wrap. Our customers are looking for people who can scale up, deploy, and also be there alongside them to make sure that the plant will be performing as per spec and at or above nameplate capacity. And *you need technology integrators. You need what we are offering at Technip Energies in order to differentiate there as well.*

Okay, so because the project that we are discussing, Net Zero Teesside, for example, you're talking very big size projects. Those are not small projects. And what we contribute, beyond technical capabilities, but the financial strength of the company, but also the capability set engineering-wise,- that's what's needed in order to integrate and allow for the plant to perform as expected.

So the differentiation comes from multiple avenues, different angles. And the strength of the company is what is allowing us to be successful and to be credible as we are at the moment in the world of carbon capture and sequestration and tomorrow into utilization.

But clearly, the ability to put together and to put in motion carbon capture, electrification, and to be able to demonstrate and be confident in our ability to provide performance wrap on the plant, it's a differentiator, and the successes of Ruwais, and the success of the section in Net Zero Teesside, and hence, the success on Marsa. We are super, super pleased to have been selected and to be building and deploying what will be the future of LNG, combining carbon capture and electrification. Bruno, on TPS?

Bruno Vibert

Sure. Thanks, Arnaud. Good afternoon, Victoria. So, on the TPS margin in this quarter over the last year, first, I would start at 9.4%. If you go back to over the last nine months, it's actually not that far off. The comparison was more versus Q1 2023. And Q1 2023 was notably high, slightly above 10%, which was not the run rate afterwards.

Now, having said that as a starting point, it's true that when we look at Q1, we've seen a different kind of building blocks within the margin and the bottom line of TPS. First, in terms of gross margin, and with the revenues of €475M, in terms of gross margin of each service or each subproject, we saw an increase of about a 50 basis points upside in gross margin from last year to this year. So this is positive momentum.

What I alluded to in my prepared remarks is, indeed, we've continued to invest in R&D, in strategic initiatives, and in more selling and tendering. R&D, you see that on a global scale. Arnaud has mentioned it. When we are working on carbon capture, when we are working on a decarbonization for electrification from CO2 to ethylene, this is captured in R&D. And we are hopeful that this will contribute to more techno, more products and services in the future, and potentially also projects alongside, just as we would for a Net Zero Teesside.

Beyond that, it's strategic initiatives. The work we do for Reju, building the demo plant, which is progressing quite well. The start of the integration team on Rely, trying to develop a balance of plant view and trying to optimize the total levelized cost of hydrogen. These initiatives, R&D or a bit more general than R&D, are incurred. They are really investments for the future. And they are captured, notably within TPS and indirect cost that we reported.

Final contributor, really, to this building block for the quarter, selling and tendering. Without a major furnace, proprietary equipment award in the quarter, we achieved close to €620M of order intake in Q1 2024, 1.3 book-to-bill. This order intake requires selling, requires some tendering activity, and you don't have yet, as you would expect, the contribution from revenues and gross margin from this project.

So, as you've had a bit of this continued strong momentum and very supportive activity, this has generated a bit more selling and tendering versus last year. So, very consistent, with the flow.

So, overall, what we would say is the momentum from TPS remains very strong, very diversified from sustainable chemistry, from decarbonization studies, from project management consultancy, from loading systems or loading arms, whether it's LNG with a new electrified LNG loading system, which was just released. All of that, strong tailwinds. The gross margin is going in the right direction, so far, this is the first major point of focus. And as we will have this streamlined, then we will have TPS overall on the trajectory of the medium-term framework, which is to reach a double-digit EBIT, when this hits more of a plateau phase.

Arnaud Pieton

Thank you, Bruno. And just, clearly, Victoria, we are - as expressed by Bruno - clearly put together with a team, putting Technip Energies on the trajectory for 2024 to exit the year and be in 2025 at the point that we've communicated when we provided the medium-term framework, so double-digit EBIT margin for TPS in 2025.

Guillaume Delaby – Bernstein - Analyst

- *Good afternoon. So, two questions, two and a half questions, to be honest. Arnaud, can you confirm that Net Zero Teesside, the €1B plus, it is the Technip Energies stake or the full contract for all the partners?*

Arnaud Pieton

No, it's only Technip Energies share.

Guillaume Delaby – Bernstein - Analyst

- *Okay. So, if we add that, plus Ruwais, plus Marsa, plus order intake in Q1, basically, it probably means that you would feel quite comfortable today in reaching, not your guidance, but the implicit number which came out from the Q4 call back in March of €6.5B total order intake for 2024? So this is my first question logically.*

Arnaud Pieton

Yes, Guillaume, so yes, as we stand today, and even though it's still the end of Q1 here but all the building blocks are in place to deliver a full year order intake for 2024 that will exceed a book-to-bill of 1, so we should be above 1 for the book-to-bill with a Q1 that was as expressed by Bruno very much towards TPS showing us some tailwind and strong momentum. The big project delivery orders will start making their way into our backlog in Q2 and then Q3 let's see and then Q4 should be quite strong as well when we look at the opportunity set. So all building blocks in place and quite confident to reach what would be a very positive order intake in 2024 at or well above 1 book-to-bill.

Guillaume Delaby – Bernstein - Analyst

- *Okay, and a quick question for Bruno if I may. Minority interest so there are no back to €5M per quarter, should we assume that Q1 is a good proxy for the next quarter in terms of minority interest and can you remind us very quickly why it went so high last year and why it is declining now?*

Bruno Vibert

Sure. Good afternoon, Guillaume. So as I have said in previous quarter calls, 2023 levels for minority interest was higher versus the expected run rate. One of the notable, more impactful contributor in 2023 was Arctic LNG 2 which is decreasing. This year, we will have Rely also contributing partly but yes to have a minority interest of those levels that you've seen in Q1 is something that you can use as a proxy if you want to model the full year.

Guilherme Levy – Morgan Stanley – Analyst

- *Hello, everyone. Thank you for taking my questions. I have two, please. The first one is on working capital. You said that the recent trend shouldn't be reflective of the dynamics over the coming quarters. I was just wondering, over the coming quarters, in your expectations, how much of the normalization should come from new awards and how much of that should come from existing projects? Just for us to have an idea of what the working capital dynamics could look like in case we have any sort of delays in terms of new awards that don't really depend on you.*
- *And then the second question, if you can say a few words on Coral FLNG2, how is that project progressing with the client and how is the engagement currently?*

Bruno Vibert

Sure. Thanks, Guilherme. I'll take the first one and revert back to Arnaud for the second.

So in terms of working capital and the dynamics, it is, as you know, very dynamic. Every week, every day, we can have invoices and one invoice can be, depending on the project, a couple of hundred million. So with this in mind, day by day, a working capital can have a couple of hundred million swing. And if you have the period-end cut-off on one day or the next, this can be quite impactful. This is why also, quarter-after-quarter, we're providing the visibility of cash flow from operations ex working capital, because we think this is the better way to look at the trend, the cash flow generation, and the fact that being asset light and being able to execute, we have EBIT to free cash flow generation above 100%, also benefiting from the tailwind currently of interest rates. Let's hope that it stays for as long as possible.

Now, in terms of dynamics and the working capital trends, as I mentioned over the last couple of quarters, we didn't have major new inbound. And in those scenarios, you have a bit more impact from the later-stage projects. They tend to be a unwind of working capital. And on the contrary, when you have new awards, they tend to over-contribute or they tend to be accretive to our working capital position. So as we look towards the remainder of the year, as the milestones of the early payments on the new awards will come, they will replenish somewhat the working capital position so there should be a plus with the tail-end projects keep having a bit of an unwind. So I think that would be the overall major trend. So the new awards will help to sustain this capital structure. From one day to the next, from one month to the next, one quarter to the next, you can have a bit of a swing from €100M to €200M. And that doesn't change anything, really, on how we would monitor and project our balance sheet.

Now that we know we've been selected for inbound, we know that these projects are progressing towards FID. And Marsa, for instance, being one of them, where the FID was taken in April. This gives us comfort in our ability to replenish this working capital. So, working capital, in terms of overall structure, should not see a negative evolution in the coming quarters or years.

We see a sustainable basis to keep this structure. Yes, you can have some noise. Hence, for us, the focus on cash flow generation, ex working capital, because overall, with the cycle of projects, working capital should have a neutral impact.

And with that, I'll transfer to Arnaud.

Arnaud Pieton

Yes, Guilherme, thanks for your question on the Coral Floating LNG. And so I will continue from Guillaume's question and my response to Guillaume a bit earlier. We do benefit from a very rich and qualitative pipeline of opportunities for Technip Energies in 2024, and 2025 as well. And it's quite remarkable, because it's also in the context of the moratorium on LNG in the U.S. in the beginning of the year, and therefore having to do with less opportunities in LNG in the U.S. Despite all that, and the Coral Floating LNG is part of the qualitative pipeline of opportunities, and even though we are not guiding, as such, on order intake, we sit here today and we do feel confident, based on the building blocks that are here, that we will have a very strong year in terms of order intake this year, and probably 2025 as well.

Coral Floating LNG is part of this rich pipeline, it is part of the projects that are the right ones in terms of quality and being compatible with our selectivity principles. We continue to work, we have the teams engaged, and we are doing early works on the project. The timing of the FID, we don't control. But I can tell you that the team is mobilized and we are progressing the work under the leadership of ENI, so we're progressing along quite nicely, preparing for, what should be a project in the future.

So, no change, we continue to feel good about the project. The date of the FID is a question for ENI, but in terms of what we see and the dynamic team and the orders being placed for equipment and the rest and engineering progressing, everything's on track.

Jean-Luc Romain – CIC Market Solutions – Analyst

- *I have two questions, if possible. One about LNG, if Qatar Energies were willing to refurbish its existing energy capacity to reduce carbon to reduce CO2 emissions, what could be the implication of Technip Energies?*
- *And the second is about the recent EPA measures in the U.S. I think last week they gave a figure about the possibility or obligation for existing coal and gas electric plants ever to put in place CCS by 2032 or to close by the end of the next decade. How big an opportunity do you believe it could be for you?*

Arnaud Pieton

Thank you, Jean-Luc. So I'll take your questions in order. LNG in Qatar, at the moment, as you know, on NFE and NFS, we are deploying carbon capture at large scale on both those two projects, and Qatar Energy have elected to invest into capture and sequestration for CO2 pre-combustion. The turbines to compress the gas and liquefy the gas continue to be powered by gas. We continue to burn gas to liquefy the gas itself, and that's the second source of emission that is not addressed fully.

Let's see what direction Qatar Energy will be taking in the future. I'm sure that if they were to contemplate some modernization of their existing infrastructure to go towards combining carbon capture everywhere with some electrification, why not, we would naturally be involved eventually, because we've been acting in Qatar pretty much since day one on the development of the LNG infrastructure, so I think there would be a natural fit. This is not on the table for now. It is on the table in other countries in the Middle East, and we have advanced conversations and FEEDS ongoing in order to achieve exactly what you're describing. Not currently in Qatar, but this doesn't mean that it will not happen in the future. For now, the priority is on delivering NFE, NFS, and I'm sure also on preparing NFW, while absolutely being committed to those three projects, to carbon capture at very large scale. As you remember, it's, 25% to 30%, emissions reduction when compared to plants that don't carry the carbon capture that is deployed otherwise.

In terms of the latest announcements, well, that demonstrates for me the pertinence of our positioning at Technip Energies on carbon capture in particular. They are, in terms of energy transition being a real thing, our commitment is to deliver and to find solutions for low-carbon solutions for our clients. But we clearly see that there are two streams, SAF being one and carbon capture being another one, where clearly things are yes, still challenged, but I would say less challenged than in other energy transition domains, if I may say, for industrialization and finding the right price point for the projects to fly.

So our commitment to carbon capture has been, since day one, since the creation of the company, we are now clearly on the map, and I view the BP announcement as being, of course, a large opportunity set, because carbon capture, when applied to coal-fired plants or, power generation from gas, you're talking about very large quantities of CO2 all the time, and for which the solutions that we have through our canopy offering is well-suited.

So clearly, it's an opportunity, a very nice opportunity set for Technip Energies. I will tell you that we have already, discussions ongoing with some power gen companies in the U.S. In order to decarbonize the gas-to-power plants. I view the announcement as confirmation of the decision that we had taken, the confirmation of the pertinence of our investment, and a very good source of opportunity for the future. And also, it will be the source of further geographical diversification and from LNG as well. So it ticks a lot of good boxes for us.

Kate O'Sullivan – Citi - Analyst

- *Hi. Thanks for taking my questions. Firstly on alcohol-to-jet following the inauguration of the plant in the U.S., what source of demand are you seeing for your Hummingbird technology, and are you seeing varying demand by region? I'm wondering, do European restrictions preventing the use of crop-based ethanol and SAF limit the opportunity set here in favor of HEPA?*
- *And just to follow up on TPS, strong TPS order intake this quarter, partly led by PMC. Could you be any more specific on which projects the increase in PMC relates to?*

Arnaud Pieton

Thank you, Kate. So the SAF pathways, there are multiple SAF pathways, and as you know, the one that has taken off first is the HEFA route, basically the Neste route, with 1.5 billion liters under production in Singapore and another 1.5 to come in 2026 from the Rotterdam facility. But there will always be a limit to how far HEFA can go because we will be limited by the amount of feedstock that's available that can be dedicated to the production of sustainable aviation fuel.

So another pathway is the alcohol-to-jet pathway. We do see a need in the U.S. that is very significant for this alcohol-to-jet pathway. What we have in mind as a minimum, 3 billion gallons per year needed in the U.S. There are various regulations and mandates around SAF, as you've identified very well. What is valid for the EU or the U.S. might not be valid on the other side of the Atlantic or less valid. So clearly we see the alcohol-to-jet pathway as being very pertinent in the U.S., also, likely pertinent in the U.K., where we've seen a new U.K. mandate for sustainable aviation fuel with a request of 10% of all jet fuel in flights taking off from the U.K., to come from sustainable sources by 2030. So it's a massive commitment. And we are seeing ATJs, alcohol-to-jet opportunities, in the U.K. in the very near term.

So I would say the main two markets for alcohol-to-jet fuel, the first U.S., two U.K., and I think under some conditions, EU and the Far East. But already, if we were to deliver the projects or convert the opportunity set into projects for U.S. and U.K., a very large number of plants would be needed. And it would be plenty to feed our commercial pipeline at Technip Energies.

On TPS, I can see that Bruno is really wanting to answer that one.

Bruno Vibert

Thank you, Arnaud. Good afternoon, Kate. So on TPS and, more specifically PMC, very happy and satisfied about some of the trends. In PMC, which was a point of focus of growth that we outlined in the Capital Markets Day, our business, which was a relatively new business within Technip Energies, was really centered around a couple of very large PMC contracts, kind of elephant, if we can say elephant for a PMC.

What we've seen recently is diversification of much more projects, PMC contracts, with a relatively smaller average size, but much more numerous versus the past. And with a diversification in industry and geography, where it used to be very Middle East or Malaysia focused, now we've seen an increase of continuing momentum within Middle East, but also Central Asia, Asia, and early signs of North America. So you see a bit of a diversification from a geographical perspective. And in the Middle East, almost all countries within the Middle East are benefiting from this.

Now, in terms of industry and space, also diversification, what was very upstream or downstream, we also see a shift to new themes around energy transition, fuel decarbonization for early studies also, and infrastructure, which is a totally new theme for Technip Energies. I think success by the team to really develop this practice within Technip Energies. It's very synergetic with the product delivery business, when you can showcase your tools and system and how you can deliver multi-billion dollar projects, you can assist clients to run and to do their projects. So very strong tailwind in PMC across industries now and across geographies which is supportive of the goals for the future.

Daniel Thomson – Exane BNP Paribas - Analyst

- *Hi, good afternoon. Thanks for squeezing these last questions in. Just quickly, on the U.S. market, can you give us a sense of the proportion of low carbon opportunities in your bid pipeline? I think low carbon was around 40% of that bid pipeline that lies in the U.S. And do you see your clients waiting to get beyond the uncertainty of the U.S. election to proceed with investments? Or is it more dependent on IRA clarifications and getting that legislation into regulation as one of your prominent clients behind the Baytown project noted on a call last week?*
- *And then secondly, just on petchem margins and ethylene margins, a bit of a low point there. I was wondering if you've had any changes to your outlook for projects over the next year or so given where margins sit today and given that it's pretty important for your ethylene furnaces and technology offering there?*

Arnaud Pieton

Thanks, Daniel. So about the U.S. market and the situation there. So I would say elections are coming, but they are as part of the IRA and the money has started to flow. And there are things that I think will not be challenged, regardless of the outcome of the elections in the U.S.

For me, the three main areas where things will not be challenged when talking about low carbon solutions in the U.S. and low carbon projects in the U.S., solar will continue to boom and you continue to see projects and investment into solar plants in the U.S., regardless of the outcome of the U.S. Elections.

Blue hydrogen, for example, and ammonia in order to decarbonize industry and or to export low-carbon ammonia. Also, for me, it isn't going to be challenged.

And the third one that will continue to be there, regardless of the results of the elections, is, for me, CCS and CCUS.

So those three streams are where we are positioned today, and they will continue to exist in 2025 and beyond. So looking at the pipeline of opportunities for low-carbon solutions for us at the moment, it's heavily dominated by U.S., Europe, and Middle East. And I would say it's one-third, one-third, one-third. Gas-to-power is wanting to decarbonize in the U.S. You are aware of the projects around Baytown for blue hydrogen or low-carbon hydrogen. We have already quite a significant number of carbon capture projects ongoing in the U.S. with Exxon and others. So that's before tapping into the potential of power companies decarbonizing. So it's about three-thirds between the U.S., Europe, and the Middle East, I would say.

As for the petchem margins, yes, there's a bit of slowing down in the demand at the moment. So a bit less new projects in the short term. That's why you've heard Bruno say that he was happy with the other intake Q1 for TPS, and so am I. Because this is happening without large products being ordered, such as furnaces. That's a sign that there is a bit of a slowdown in the FIDs for petchem. Now, we have significant inquiries for 2025 and beyond.

So yes, there's a temporary slowdown because of less demand. But I think the long-term outlook for petchem overall, probably our customers are not looking at the world 2024, but certainly more 2040 and 2045. So in that context, the demand will continue to grow because the population will continue to grow.

So yes, there is a temporary situation that needs to be traveled. We are traveling it really well because TPS continues to grow, despite of not having large proprietary equipment orders. And like I said in my remarks, the fact that regulations and the rest are going more towards, circularity and low-carbon solution, as exemplified by this project with LanzaTech for low-carbon ethylene plays in our favor. There's a need for decarbonizing the existing infrastructure. It's opening the door to brownfield projects for which we have solutions from electric furnace to the technology that we are sharing with deploying with LanzaTech. So it's a temporary solution, but we are still feeling good about our competencies and the products will yield in 2025 and beyond. We have very clear prospects for which we should translate into orders in 2025.

Phillip Lindsay

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