# Technip Energies
# Half Year 2021 Results

Thursday, 22 July 2021

## Operator's introduction

Operator

Good day, and thank you for standing by. Welcome to the Technip Energies Second Quarter 2021 Results Conference Call.

Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Phillip Lindsay, Head of Investor Relations. Please go ahead.

## Welcome & disclaimer

Phillip Lindsay

***Vice President of Investor Relations, Technip Energies***

Thank you, Sharon. Hello to everyone, and welcome to Technip Energies first half 2021 results. We are delighted that you can join us today with our CEO, Arnaud Pieton, and our CFO, Bruno Vibert, who will present our business and financial highlights and the outlook. This will be followed by Q&A. Before we start, I would urge you to take note of the disclaimer and language on forward-looking statements on Slide 2.

I will now pass the call over to Arnaud.

## Business Highlights

Arnaud Pieton

***CEO, Technip Energies***

Thank you, Phil. We are happy to be here with you today to present our financial results for the first half of 2021.

Looking at the highlights. We have built upon a solid first quarter to deliver robust first half financials that strengthens our full year outlook, and we are raising margin guidance to a new range of 5.8% to 6.2%.

Despite a backdrop that continues to be challenging to navigate and anticipate, our teams continue to demonstrate remarkable ingenuity and results. We are achieving critical milestones on key projects including Arctic LNG 2, where we have recently completed the first modules in China, which are now ready for load out. We have strengthened our Energy Transition positioning in several areas. This includes the commercial launch of our flagship blue hydrogen offering, BlueH2 by T.EN, a full suite of deeply decarbonized and affordable solutions for hydrogen production. And we complemented our existing suite of technologies with a proprietary floater through the full acquisition of Inocean and established a dedicated business unit for floating offshore wind. I will revisit these themes later in my presentation.

In terms of headline adjusted numbers for the first half, we generated revenue of EUR 3.2 billion with year-over-year growth of 8%. Recurring EBIT margin was 6.3%, up 80 basis points on the prior year, reflecting strong operational performance. And our backlog at the end of the first half stood at EUR 17.5 billion, up 30% year-on-year.

Turning to our execution. I will focus on accomplishments in the second quarter, where, as anticipated and communicated, our revenues grew 8% sequentially, in line with our projected activity ramp up. In Project Delivery, our LNG projects continue to progress. As mentioned on Arctic LNG 2, we have completed the first modules in China ahead of module load out and first sail-away in the coming weeks and days.

On Energía Costa Azul, we are advancing on procurement with over 2/3 of process equipment ordered, and we are starting to mobilize at site. And Coral FLNG for ENI is progressing with advances at the yard as well as

offshore Mozambique in preparation for the deployment of the mooring system. As recently confirmed by our customer, project start-up is on track for 2022.
In other areas of the portfolio, our scope on Exxon's Beaumont refinery expansion is nearing completion with the successful delivery of 17,000 tons of fabricated modules to the site in Texas. And in Technology, Products and Services, our TPS, as we call it, the Loading Systems business continues to deliver products of quality on schedule with a shipment of 12 loading arms for the Hong Kong offshore LNG project.

Finally, on the Ynfarm project for Ynsect, where we are supporting the construction of a vertical farming facility for aquaculture and pet nutrition, the foundation stone-laying ceremony took place amongst representatives of the French government.

So in summary, despite the complexity around the operating environment due to the prolonged pandemic, we are continuing to deliver across our portfolio.

Moving now to our recent commercial successes. While the key award in Project Delivery was for a new PTA plant for Indian Oil Corporation, a large contract that builds on recent project award momentum in India, we had a very active quarter in TPS.

In May, we announced 2 services contracts from Neste related to its Rotterdam renewables production platform in the Netherlands. The first covers modification of it's existing renewables production refinery to enable production of sustainable aviation fuel. The second is a FEED for Neste's next possible world-scale renewable products refinery to be performed ahead of a planned FID around year-end.

Also in the sustainable aviation fuel domain, interest in our proprietary ethanol to ethylene Hummingbird technology remains strong, and we achieved our first catalyst supply agreement for LanzaJet. Hummingbird is one of several sustainable chemistry technologies that we currently offer as part of our Energy Transition business. Finally, near the end of the first half, our Loading Systems business achieved a breakthrough award for the Northern Lights CCS project with a contract for the world's first liquefied CO2 marine loading arms.

The level of creativity and innovation within our organization is immense, and we have a proven track record in developing first-of-a-kind process technologies and commercializing new technologies.

With this slide, I want to share with you a few examples of how innovation and technology approach is making a positive impact for our clients in terms of product viability and for the environment. In the hydrogen industry, one of the main issues around 100% hydrogen firing in conventional burners is the quantity of nitrogen oxides produced.

Our new technology not only provides a clear reduction in these emissions, but can also be utilized in other areas such as syngas and ethylene. SnapLNG is our proprietary productized offering for natural gas liquefaction that combines a compact modular design concept for mid-scale trains with standardized components and technology. Developed in collaboration with Air Products, the system benefits from speed to market with greater certainty around both costs and schedule and best available process technology, refrigerant compression and digitalization resulting in lower emissions and OpEx and particularly suited and attractive for low to 0 carbon footprint LNG and phased developments.

Our approach to innovation takes many forms, but we often partner with companies across different industries to enhance our technology offering and explore new frontiers.

One notable example of this is our recent partnership with a leading biotech company to integrate their bio-fermentation process with our Hummingbird technology. This will enable cooperation in a number of applications including the conversion of CO2 to ethylene. As a result, we are modifying our catalyst test unit in our Boston lab to enable feedstock testing for various consumer applications.

And finally, we were recently selected by Horisont Energi to perform a study for a concept development for the Barents Blue carbon-neutral ammonia plant in Norway. Here, with our partner, we will leverage technology, modularization and integration expertise to perform concept work for what would be one of Europe's first large-scale blue ammonia plant.

I will now turn the call over to Bruno to discuss our financial performance in more detail.

**Financial Highlights**
Bruno Vibert
***CFO, Technip Energies***

Thanks, Arnaud. Good afternoon, everyone. So turning to the highlights of our first half performance. Revenues of EUR 3.2 billion were around 8% ahead of the first half of 2020 with strong activity levels overall, including a continued ramp-up on Arctic LNG 2 as well as initial contributions from major projects signed in recent quarters.

Adjusted recurring EBIT was EUR 204 million, equating to a margin of 6.3%, an 80 basis point improvement year-on-year, benefiting from strong execution and a reduction in indirect costs. This very solid performance of the first half plus the excellent visibility provided by our strong quality backlog has enabled us to raise guidance for the full year, which will be there in the next slide. For the top line, when we combine our H1 progress with our backlog schedule for the remaining 6 months of the year, we are on track to deliver our full year revenue guidance, which is unchanged. Adjusted order intake was EUR 7.9 billion with a book-to-bill for the first half of 2.4, benefited from a second quarter announced awards, including the petrochemical plant in India and the contracts with Neste.

Similarly, the Qatar NFE project in the first quarter also had a significant impact. Trailing 12 month book-to-bill for total company is 1.8. Net cash at period end was EUR 2.5 billion, stable quarter-on-quarter, but up against the EUR 2.2 billion at 2020 year-end after the impact of the Separation and Distribution agreement.

Turning to guidance. As I mentioned, based on our strong year-to-date performance and confidence, in our near-term outlook, we are pleased to raise our EBIT margin guidance and also narrowing slightly the range. We now expect margins in the 5.8% to 6.2 range%, up from the 5.5% to 6% previously. All other guidance items remain unchanged.

Turning to our segment reporting. And starting with Project Delivery, which achieved revenue of more than EUR 2.6 billion, up 7% year-on-year. The continued ramp-up of Arctic LNG 2 was partially offset by a reduction in North America and Middle East downstream projects. As indicated by the backlog schedule, we anticipate a further modest ramp-up of activity in the second half with excellent visibility for the years beyond 2021.

Adjusted EBIT for the segment was EUR 168 million, equating to a margin of 6.4%. The margin decline was largely anticipated, owing to the project phasing and backlog maturity as well as a more complete corporate cost allocation. Our execution remains strong in a continued complex environment.

Backlog is up significantly year-over-year at EUR 16.3 billion, benefiting from major awards in both the first half as already discussed as well as the fourth quarter of 2020. In the last 12 months, Project Delivery has achieved a book-to-bill of 1.9.

Turning to Technology Products & Services or TPS. Building on momentum established in the first quarter, we delivered double-digit revenue growth in the first half to over EUR 620 million. This was primarily due to good growth across our services businesses and benefiting from continued strong order intake for Loading Systems. We expect to broadly sustain this level of activity in the second half of the year.

EBIT margins improved by about 100 basis points year-on-year at 8.8%, benefiting from the revenue increase and strong contribution from PMC and Loading Systems and further supported by the full period benefit from cost actions undertaken in 2020. The strong revenue and margin performance have driven a significant 25% increase in EBIT year-on-year. Trailing 12 month book-to-bill for TPS was 1.1 in line with our strategy to grow this business, leading to a period end backlog of EUR 1.2 billion, up about 6% year-over-year.

Turning now to other key performance items across our financial statements and income statement first. Corporate costs were EUR 18 million, which are trending slightly better than the anticipated quarterly run rate due to strong focus on the global SG&A cost and a fit-for-purpose organization enabled by the spin-off. We may see a limited increase in the second half of the year versus this H1 run rate. But as mentioned during the first quarter earnings call, we do expect to have made significant progress on our target to reduce indirect costs by 20% versus the 2019 cost base.

At 33.7%, effective tax rate remains within our full year guidance range of 30% to 35%. Nonrecurring items were EUR 31 million, the large majority of which relate to the spinoff and were most incurred during the first quarter.

Turning to balance sheet. We refinanced the bridge facility with our inaugural EUR 600 million bond offering which I will cover in more details on the next slide. Net cash on our balance sheet at the end of the first half was EUR 2.5 billion, stable versus last quarter and up from the EUR 2.2 billion year-end position, supported by strong free cash flow year-to-date.

Finally, net contract liability stood at EUR 2.9 billion at half year, up slightly from the year-end position, but notably linked to the increase in accounts receivable, which are up about EUR 240 million from the year-end position, largely due to cutoff and project milestones.

As we have stated previously, this position can vary from one quarter to the next. But given the current backlog and our strong opportunity set, we see no reason for it to change by any material degree in the medium term.

Turning now to capital structure and cash flow. In May, we successfully issued a EUR 600 million of senior unsecured notes due 2028, in an offering more than 3x oversubscribed. The notes are for general purposes and, obviously, the full repayment of the EUR 620 million bridge loan associated with the spin, which we actioned shortly after the bond issuance. Supported by our BBB credit rating with S&P Global, we secured favorable terms and conditions, including an attractive coupon of 1.125%. The new notes extends the weighted average maturity of our debt portfolio to over 6 years.

Now let's look at the cash flows on the right. Supported by a strong operational performance, free cash flow for the first 6 months reached nearly EUR 340 million. We more than held on to the working capital benefits accrued in the first quarter relating to the new awards and key project milestones. Capital expenditure of just EUR 15 million, again reflects the asset-light nature of our business model with free cash flow equivalent to over 95% of our operating cash flow.

Our expectation around the shape of our cash flows through 2021 has not changed. We continue to anticipate a stronger cash flow performance in the first half than in the second half.

Looking below free cash flow, the main items include EUR 20 million of share purchase from TechnipFMC through the accelerated book building and about EUR 70 million of financial debt reduction and lease principal repayments. We ended the half with nearly EUR 3.2 billion of cash and cash equivalents, providing an excellent liquidity position, further supported by the undrawn Revolver Credit facility.

I will now pass back to Arnaud for the outlook.

**Outlook**
Arnaud Pieton
***CEO, Technip Energies***

Thank you, Bruno. For the world to succeed in its climate ambitions, it is increasingly clear that we will need very large quantities of clean and cheap hydrogen. I will begin my outlook section with a discussion around blue hydrogen, where we have observed a notable increase in customer interest.

We are leveraging our collective knowledge and experience gained through 270 hydrogen plants to expand our technology approach into low-carbon energy solutions.

In the second quarter, we launched BlueH2 by T. EN, a proprietary suite of deeply decarbonized and affordable solutions for hydrogen production. This flagship offering provides many advantages, up to 99% reduction in CO2 footprint compared to traditional hydrogen production, and the lowest levelized cost of hydrogen production through maximum hydrogen yield, minimum energy demand as well as high efficiency carbon avoidance and CCUS techniques. Said differently, at scale, we can drive the cost of blue hydrogen near to that of grey.

Turning to market potential. When assessing the future market for blue hydrogen, there are certain conditions required for it to be viable. For example, it will need availability of cheap gas, existing pipeline infrastructure and availability of CO2 sequestration capacity. Therefore, certain geographies such as North Sea, Russia, North America and the Middle East could consider developing hydrogen export hubs. These are all regions where Technip Energies has a meaningful presence, and we believe that many of our customers could dedicate part of their natural gas reserves for large-scale blue hydrogen and blue ammonia projects.

Today, we are already active on paid FEED work for blue hydrogen. And as highlighted earlier, we are equally active in the related area of blue ammonia at large scale. Ultimately, we believe we are well positioned to capitalize on the potential of the transition - the Blue Wave.

Now turning to another component of our Energy Transition strategy, carbon-free solutions. I will now address our ambitions around offshore wind.

Today, we are recognized as a global leader in floating solutions, and we were responsible for the design and delivery of the first offshore floating wind project for Equinor which was later duplicated. Building on this, we have created a dedicated business unit, assembled a highly talented team and secured proprietary floater technology by completing the full acquisition of Inocean. This will act as a platform, and our platform to play in this market.

Beyond the floater, we have the software and simulation capabilities that can optimize the wind farm layout and provide analytics across the key components of the farm. And through Cybernetix and a model that will be digital by design, we will operate in the life of field with a data-centric approach for performance optimization, predictive performance and predictive maintenance.

We are already active in this market with our PMC team recently securing a role on an Iberdrola wind farm offshore France, and we are actively engaged on multiple other prospects. The longer-term market potential is significant. Based on announced investment plans and the pipeline of potential projects as much as 6 gigawatts of floating wind capacity is likely to be built to 2030, with vast potential beyond this.

In essence, we believe we have the necessary experience, IP and know-how to be a leading player in the offshore wind market.

Moving on to ESG. Let me share with you the milestones that we have achieved in recent months. We have set up a dedicated organization. Our executive management team is sponsoring an operational ESG committee and global cross-functional project team is in place. In terms of stakeholder engagement, we have conducted an extensive survey, an interview process to help us define the ESG issues that matter most to our business and our stakeholders.

We have been very pleased to receive responses from nearly 6,000 employees and over 100 external stakeholders, including customers, suppliers and the financial community. On the back of this, we are conducting a detailed materiality assessment to identify high-priority ESG topics for Technip Energies and that will form the basis of our ESG scorecard.

But beyond preparing our ESG roadmap, over the last 6 months, our teams have been very active and have been actively engaged on 70 initiatives across the globe supporting local communities, particularly focusing on education, scholarship and school assistance. And we remain committed to the well-being of our workforce. And we've launched 2 programs this year leading to our global safety approach and smart working strategy.

Firstly, we have given a new bid to Pulse our industry-leading HSE program, which aims to promote leadership behavior and drive a more productive and incident-free work environment. And our smart working strategy has been launched as a key enabler to become more agile, collaborative and operationally resilient. This will also improve very importantly, our attractivity as we strengthen our talent pool for the Energy Transition.

So in summary, with our first half results, we have established a solid platform to deliver our full year objectives, and we raised our margin guidance. Our capital structure is strengthened through our successful bond offering, and we are delighted to receive the trust and support from our diversified shareholder base as it has evolved in the recent month.

Strategically, our momentum is strong. Our highly motivated workforce is delivering important progress across many areas of the Energy Transition, both commercially and strategically. And our sustainability road map continues to take shape. We are really truly excited about the future and relishing the challenge of adapting to a changing market and new market opportunities. And supported by a high-quality and extensive backlog, we do remain confident in our growth potential in the medium term.

And with that, we can now open the line for questions.

## Q&A

**Michael James Alsford (Citigroup Inc):** So could you perhaps talk a bit more in detail about the tendering pipeline? I think if I remember earlier at your Capital Markets Day recently, you referenced an annual addressable market of around EUR 100 billion across your base growth and upside markets. I was hoping perhaps you could help quantify the size of opportunities that you're bidding on over the next 12 months and perhaps provide a little bit more granularity as to what that bidding pipeline is made up of? How much is perhaps your base markets and how much is new energy piece?

**Arnaud Pieton:** Michael, thank you for your questions. So about our tendering pipeline. I will start by characterizing the pipeline as being rich and diversified. It is obvious that this pipeline, in the coming 12 months, will be dominated by what you would consider as being our traditional businesses. The year 2021 or the years 2021 and 2022 will be years of, I would say, investment and positioning on the -- what you would consider Energy Transition teams. And the harvest and the population of our backlog with more meaningful projects on the pure Energy Transition themes, i.e., excluding LNG, even will start in 2023 and beyond.

It doesn't mean that we will not populate the backlog before that. But in terms of size and meaningful size in volume, this is a bit of the timeline that I want to share with you.

But in the meantime, we have a very rich pipeline of tendering and prospects in LNG, in low carbon LNG, in petchem, in sustainable chemistry, but not only, we see an increased level of interest in the adjacent markets, which I've tried to describe in my earlier address, adjacent markets to LNG, i.e. dos with natural gas reserves that are already positioning in order to dedicate some of their reserves to a new range of products, which we see will be taking off in the very near term and being more -- with those products becoming more meaningfully consumed by the world in order to address the -- partially the decarbonization challenge.

So I mean, blue ammonia, I mean, blue hydrogen, of course. So -- it's a very diversified pipeline of opportunity. I could have mentioned also about carbon capture. There are some very active tendering around the carbon capture theme, for which our technology and technologies has been shortlisted.

So it's diverse. It's in multibillions of dollars or euros, obviously. It's a pipeline that is at the scale of Technip Energies. Many of all the building blocks are in place in that pipeline for Technip Energies to continue to be successful and to replenish the backlog as we continue to execute projects.

**Michael James Alsford (Citigroup Inc):** Okay. And perhaps a quick unrelated question as a follow-up. Cash flow generation was better than expected in 2Q. Bruno, you mentioned the shape of cash flows throughout the year, but I was wondering if you could be a bit more explicit and tell us whether you expect free cash flow to be positive for the second half? Or were working capital outflows being more than operational cash flow?

**Bruno Vibert:** Thank you, Michael. So yes, as you recall, so we mentioned that the first half of the year at the back of a very strong Q1 would be slightly stronger than the back half of the year, which is still the way we look at it today and that we expected to be able to build up in any case, from the April position to, let's say, a very good cash flow conversion and EBIT conversion for this full year.

So as I mentioned in my remarks, you can see that due to some cutoff and project milestones, we've also had an increase in accounts receivable. So this would translate at some point for the back half with some cash flow conversion. So I would say that we still look like a positive cash flow building up from this position on a lower pace than H1 with potentially depending on project milestones in Q4 or early next year, let's say, softer quarters. But of course, given where we are, not a concern at all.

**Bertrand Hodee (Kepler Cheuvreux):** Congratulations for the strong margin delivery and good execution this quarter. However, are you concerned by raw material price increase and the potential impact on your current backlog? Can you share some sort on how you've been able to manage that seemingly adverse impact. That is my first question.

**Arnaud Pieton:** Thank you for the questions. So obviously, we have observed like you have some level of inflation around raw materials, transportation, et cetera. So it is a reality, but it's a reality which I don't believe is structural. I think it was probably more circumstantial. And as part of our contracting best practice and risk management practices, we always seek to protect Technip Energies' projects from future fluctuations in raw material prices, in particular.

So we have a very robust procurement department and estimation teams, and we have strong principles that are guiding us with the estimation of the cost base when we work on the prospect. And what I can say is that you've just heard from ourselves and Bruno that we've increased guidance for the year.

So I would say that when we enter a project and if you look at the projects that are in our portfolio at the moment, they are well protected against material inflation. When we establish a price for a prospect before it turns into a project, the vast majority of our cost base is backed by firm orders from suppliers - if some of them are not ready to take on inflation costs, either we assess it or simply we find a way to pass on the risk to our customers sometimes because as you remember, our projects are not all full lump sum.

I mean they all have a dedicated contracting scheme that provides that protection, part reimbursable on procurement or on clients' books sometimes. So this is why you're not hearing Bruno and I conveying a message around the risk related to inflation of material costs, that inflation is real. We are observing it. It could be affecting more the prospects that are in the pipeline, i.e. therefore, those that are not yet our backlog. But like I said, we already have early indications that this inflation risk or this inflation wave might not be so structural. And we are seeing some deflation already in the cost of some raw materials.

So I think that's difficult to predict the future, but from what we know and from my sense, from what we measure, not a structural situation and already a trend towards the opposite to inflation. So all in all, I think it's a tribute to our processes, our risk management and our practices and processes around selectivity and how we contract and the contracting schemes, which we basically equipped our project, which are protected. So a reality, but not one that is of a material impact for us.

**Bertrand Hodee (Kepler Cheuvreux):** Many thanks for your very clear answer. I have a follow-up, unrelated, but it's an accounting question. I noted that net contract liabilities were up Q-on-Q by quite a material amount. But I also noted a rise in trade receivables net. Am I right to think, obviously, everything else being equal, that when your trade receivables net goes up, your net contract liabilities goes up by roughly the same amount?

**Bruno Vibert:** Thank you, Bertrand. I'll take the question, I guess. So, you perfectly understand those items and you are correct. So based on the new revenue recognition standards, when we do -- when we make a billing, which is fully unconditional, this billing is accounts receivable and is offset by net contract liabilities. So some of the increase of the net contract liability position that you have highlighted is indeed the contract of the increase of the accounts receivable position that I've also flagged in my prepared remarks.

This is due, as highlighted, to some cutoff and project milestones. So we are in a business where this is not always very linear. So we've had this specific, let's say, cutoff. We would expect for the back half probably to come to a smaller amount of accounts receivable. And hence, basically to convert this accounts receivable to cash.

**Nikolaos Konstantakis (Exane BNP Paribas):** A couple, if I may, please. I would like to start with something not in the presentation, but you announced yesterday with TotalEnergies. Can you just speak to us a bit about that agreement, that collaboration? And I'm particularly interested in understanding, does it affect only new facilities? Or is there scope for work on the existing base?

Then I'll stick with the LNG, I guess, and a question about Rovuma. I mean, this contract has been awarded to you. The sanctioning keeps getting pushed. I think it's pretty unlikely as things stand and goes ahead. Does that mean you have a bit more capacity into next year or the year after to pursue even more LNG work than kind of thing.

And I think you're working on a number of FEED studies outside Qatar, like Far East LNG or the Mexico studies. Can you just give us a bit of an update on where is your early engagement work on the LNG side, please?

**Arnaud Pieton:** Yes, absolutely. Thank you, Nick, I will start with the question related to what we announced yesterday, which is this partnership within TotalEnergies and Technip Energies to advance low carbon solutions for LNG, offshore facilities and beyond.

So my conviction, and I guess I'm not the only one with this conviction, and recently in a recent conference, I spoke about the art of the possible, in order to achieve the very large-scale decarbonization ambition that is start of the world today, many collaborations will have to shape up, take place. And some of them will have to take a form that is not like what has been done in the past.

Deeper collaboration and deeper integrations between the partners and the partners can, in this case, obviously, a very important customer to Technip Energies. And it is only by partnering that I believe we will be able to deliver the solutions that the world needs in terms of energy demand, also decarbonization.

So this collaboration agreement is with obviously LNG and offshore facilities, but it expands beyond that. It will all depend on the things that, together with TotalEnergies, we feel like co-developing. And that is the ambition of this agreement. It is about co-development. It is about the co-development and solutions towards low carbon solutions for LNG, current or future projects.

So it is not only about greenfield projects, tools that are long way in the horizon, but it is also about what can be done for those projects that are live, et cetera. So what matters to Technip Energies is that when we announce the collaboration agreement or we make an announcement, is that there is substance attached to it. And there is substance in this partnership with very clear goals to co-develop solutions that are either retrofitable or applicable to greenfield projects.

And Total and together with us, we have real ambitions around the complete decarbonization of the future LNG trains, more difficult to do on a brownfield basis but for greenfield, certainly absolutely possible. We signed this partnership because we are convinced their teams and our teams that there is significant potential by joining forces to provide solutions at scale in order to decarbonize.

Now on your Rovuma question, well, you know obviously, that project -- I mean, the FID has been postponed by Exxon to 2023. In the meantime, we are not inactive. We are working for Exxon on optimization, decarbonization solutions or further decarbonization solution because Rovuma was, by design, already a low-carbon LNG facility. But there's always more that you can do as technology matures, and we are working for them on those themes at the moment.

And beyond Rovuma, Like I said many times, the LNG wave for Technip Energies is not over, and we shouldn't be concerned about Rovuma being postponed to 2023. You have heard, like I have from QP, Qatar Petroleum about a minimum of 2 additional mega trains in Qatar. I can tell you that already together with our partner actively working on the early work for those additional 2 trains.

But you know about our presence also in the geographies where LNG matters. So we discussed Mozambique. We just discussed Qatar, but there's Russia, there's North America. And you have to imagine that the customers and the producers there are already working on their next development. And we are ideally positioned, thanks to a very strong proximity with those customers, to be part of the definition of what the future looks like in terms of the LNG infrastructure, the low-carbon energy infrastructure or the dedication of some natural gas reserves to, like I said earlier, a range of product that is absolutely adjacent to LNG namingly, blue ammonia, blue hydrogen, et cetera.

Now about blue hydrogen, we launched BlueH2 by T.EN for a reason. BlueH2 and blue ammonia can be developed at very large scale i.e., a scale that would interest gas producers. And large-scale ammonia or large-scale blue ammonia, large-scale blue hydrogen is equivalent of gigawatts. We're talking 10x to 20x larger than any of the green H2 or green hydrogen projects that are being contemplated at the moment.

So, when you think about the transition blue wave and making an impact in the short term, don't get me wrong, We are certainly not ignoring the green wave, and we are part of it with many prospects. But there's a transition blue before the, I would say, sustainable green kicks in through, and we want to be part of that transition blue and blue hydrogen and blue ammonia present those unique attributes that provide scale that the world may need in the short term.

**Nikolaos Konstantakis (Exane BNP Paribas):** Yes. Don't talk down green. You have your investment in (inaudible) to depend there.

**Arnaud Pieton:** We're absolutely not giving up on green or (inaudible). And like I indicated, we're active on many prospects. And I hope to be able to come back to you guys with some news on the matter before year-end.

**Guillame Delaby (Societe Generale):** Two questions, if I may. First, regarding your results, and especially regarding internal costs, which are significantly down in Q2. So my question is - and maybe I missed your answer, Bruno - that should we, let's say, multiply Q2 -- so Q2 number of EUR 7 million by 4, i.e. is EUR 30 million, should we see that as a good proxy going forward for central and administrative costs? This is my question, my first question.

And my second question is more for Arnaud, it's about floating offshore wind. Could you maybe elaborate a little bit about the competitive landscape and more precisely. TechnipFMC seems to be also active in floating offshore wind. I understand that basically the angles are a little bit different. But going forward, could we imagine that you and TechnipFMC are going to partner to bid for projects? Or on the other hand, could imagine that you are going to compete with TechnipFMC on future floating offshore wind projects?

**Arnaud Pieton:** Thank you, Guillaume, for the 2 questions. I will hand over to Bruno on the first one because he's keeping us under a tight leash on costs.

**Bruno Vibert:** Thank you, Arnaud. Guillaume, so no, as you've seen - H1 corporate cost of roughly EUR 18 million, so just under EUR 20 million. As I mentioned, I think 2 main aspects. We are very pleased, and it's, of course, a day-to-day focus but to have a strong focus on the SG&A and corporate cost control. It was one of the items which we mentioned during the Capital Markets Day, and we are very pleased to be making good progress on that.

Now of course, the spin happened mid-Feb 2021. So H1, whether it's Q1 or Q2, are not totally standard run rate normative quarter that you could expect. So what I've mentioned is we would expect or you could expect from this H1 figure to see in H2, a slightly higher run rate so slightly higher than this EUR 18 million and without a dramatic increase, of course, but a slightly higher amount versus this amount.

**Arnaud Pieton:** And on floating offshore wind. So very good question. So I will start maybe with the back end of your question. I do not believe that we are currently competing with TechnipFMC or TechnipFMC is competing with us. As you, I think, rightly noticed or rightly identified, their approach for the time being is kind of different compared to our approach.

Now I can't - I don't have a crystal ball - and I don't know what the future will hold. Now I don't think that - and we're not talking on behalf of TechnipFMC, which I'm sure you can ask the question - but I don't think TechnipFMC has an ambition to be a developer of floating service solutions on a large scale. Their approach is quite different.

We have, as part of the separation agreements, I would say, clear scope demarcations and areas where we will not compete with one another in the foreseeable future and where we could - if we believe it makes sense - we could collaborate. So the door is open for them to knock, to come to Technip Energies, and for Technip Energies to go to TechnipFMC for some solutions as we may need them.

But on Technip Energies, offshore floating wind is -- it's a long cycle business as I'd like to define it. We have existing proprietary solutions and designed as a floater and beyond the floater as well, mooring and stuff like that, which are important when you think about deploying floating facilities at large scale. The key about industrialization. And beyond this approval and the pilot demo, it will be very much about validating mass production methodologies, identifying partners for funding and production. And you know that we have a good history of teaming up with yards and very capable and large yards, in particular in Asia, Southeast Asia or the Far East. And that's what matters.

And we've equipped the business unit with a lot of digital and software capabilities for simulation and so that our offshore floating green offering can be digital by design, which, again, when I think about reusing about replication, productization of the solution is key in order to reach the type of performance this business will require.

So again, we have a very clear path for the short term in terms of the actions we'll be taking for the next 6 to 12 months. And then there are longer-term actions, for which we will be positioning about next-generation, optimization and more smart systems. I think we have a clear path on this business for ourselves.

**Sasikanth Chilukuru (Morgan Stanley):** I had -- most of them have been answered, but I had one follow-up on the -- on your partnership announcement with TotalEnergies yesterday. I was just trying to understand how advanced the discussions within TotalEnergies has been, in a way, when can we actually start expecting news flow contracts related to this? Any indication on how big the opportunity set is would also be quite helpful.

My second was a slightly small one regarding the revenue -- revenue guidance for 2021, which you have left unchanged. The backlog that's remaining to be executed over the remainder of the year pretty much takes the revenue to the middle of the guidance range. With that in mind, I was just thinking if you can give any color on what should we expect in terms of the revenue for the next 2 quarters whether achieving the top end of that range is possible. And what are the risks associated with the revenue recognition?

**Arnaud Pieton:** Yes. Thank you for your 2 questions, 2 good questions, actually. So back to the agreement we signed with TotalEnergies. Beyond the geographical proximity between the 2 companies, there is obviously constant level of engagement between a company like TotalEnergies and a company like Technip Energies. Being in the areas of LNG, low-carbon LNG, technological engagement, they are obviously very interested in the things we have to offer, the things we see with other customers, solutions that we deployed, et cetera.

So there is always a very good level of interest that is actually a reciprocal between the 2 companies around technology and technology development. This is why we felt it was actually natural for these 2 companies to come together as integrated teams for the development of solutions that we believe have potential that are not yet at scale. Again, it's about co-development.

When you ask about volume, I tempted to tell you -- when it is about LNG, it is most frequently about very large-scale opportunities. Even if it's a mid-scale LNG project, it remains a project that is very significant for any company in the world.

So when you imagine the co-development of solutions for LNG towards the decarbonization of LNG trains through electrification through the use of hydrogen to -- I'm not going to release everything because I want to keep some of the standard for later once the co-development will be giving fruit. But it will be in areas where that are meaningful for them and meaningful to us and that we will pick. The topic for co-development will be jointly picked. There will be no unilateral decision around let's co-develop that technology in which they or us might not be interested in. It will be very much co-development, but the 2 companies decide, okay, it is worth investing.

So, and again, I've said it earlier, for us announcing that, it's because we trust and we believe there is substance behind it. Without it, we would not have signed an agreement or made an announcement.

So think about CCUS, think about LNG and think about the regular size of those projects, this is what those co-developments will apply to.

When it comes to the Q3 and Q4 revenue, I will hand over to Bruno. But I think that conceptually, you've got the trains. And yes, it implies, I would say, in terms of revenue top line, some growth in the top line revenue for the coming 2 quarters in order to hit the middle of the range that we've guided to. Bruno?

**Bruno Vibert:** Yes. Thank you, Arnaud. Thank you, Sasi. So I think, first talking about revenue, I'd like to take kind of a step back and -- or recognizing the very good performance that we've been able to achieve, 2020 versus 2019 was already a significant step up. And then H1 2021 versus H1 2020, we've achieved 8% year-over-year growth.

So in such a complex situation, with COVID still being very much fluid, with some FIDs that have be en delayed over the last kind of 18 months seem to have this sustained amount of growth over the last 2.5 years, I think, is very significant. And this is the case both for project delivery and for TPS, which, year-on-year in H1, has had double-digit growth.

So if we want to project and projecting is a difficult exercise as we see COVID may still impact some countries more than others, can be fluid. We've seen Q2 where India was more heavily impacted than other countries. So of course, we will remain careful, and we are not obsessed with top line.

But we certainly do have the backlog to deliver the second half part of the year at the same level of growth versus the first half. And of course, a great visibility beyond 2021 to be able to deliver the projects and then to keep strategic focus on TPS, it's different segments, Loading Systems, PMC, which have been very successful recently to continue to grow TPS on a broader scale. And this will be a third pillar of the margin accretion that we highlighted. And that's why for all the executive team of Technip Energies, this focus on TPS remains a constant focus.

**Phillip Lindsay:** That concludes today's call. Do please contact the IR team if you've got any follow-up questions. Thank you, and goodbye.