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PRESENTATION

Thierry Pilenko - *Technip SA - Chairman, CEO*

Bonjour, good morning, and welcome to Vitoria. This is a very great event. We have been able to combine three companies in a short period of time so that you can maximize the return of this trip.

And, I know that some of you may be a little bit stressed to be away from their desk at the moment because of what happens with the market. But, we are really, really glad to have you here because I think you're going to see what Technip does in Brazil and in Latin America, to continue to execute.

So, generally, we meet at the end of a quarter or at the end of the year or during road shows. And, we present you some short-term results, looking at the past, the future, of course, when we give guidance about the next year, our perspective in the market.

But, something that we don't do very often is, actually, give you an opportunity to meet with the people who actually make things happen in the various countries we work in. So, we have chosen Brazil. We have chosen Brazil because, as many of you know, Brazil is a significant growth country. It's a very important country for Technip.

But, I could have, actually, chosen many other countries, where Technip has had similar, not exactly the same, but similar strategies to develop its business. Now, I hope that in the next presentations and throughout your visit at the plant, you will see that by nature, we are in a very long-term business. But, many of the decisions that we are making today, we won't know whether they're good decisions or bad decisions before a few years.

So far, as you're going to see, I think we've been able to make a fairly significant number of decisions in the recent past, which seem to be going in the right direction, in terms of improving our returns, in terms of improving our markets, our market share.

And, in terms of getting close to our customer, because, as you will see, the key to the success in Brazil is the closeness and the understanding of our customers and the understanding of the environment.

So, before we dive into Latin America and then Brazil, I would like to set the stage for the next -- about ten minutes, and then we'll have a Q&A session, just to tell you, for those of you who would not know Technip -- well, actually, I know most of the faces around the tables here, so I think you're either aware or will be or have been a shareholder of Technip.

And, I'm sure you have had the opportunity to see our history. However, where do we stand today? Technip today, we have about 25,000 people worldwide. We're operating in 48 countries. Actually, this number changes from time to time because we win projects in countries, in new countries.

For example, Gabon is a new country of operation for us. We have a portfolio of state of the art assets, which gives us a large spectrum of products and services. And, you're going to see in a few minutes that we're expanding that portfolio.

One key strategy for Technip has been to try to diversify as much as possible, the geography, the customer base, and the segment of activities. And, this is something that back in 2007, we called, derisking, making sure -- but, actually, it was more like, let's make sure that we manage our portfolio of projects, our portfolio of clients, in a much more balanced way so that we can avoid concentration in some areas.

We are focused on technologies. And, you're going to see not only the investment, but you're going to see the people who are developing those technologies that allow our clients to exploit oil and gas by around -- at around 3,000 meter water depth, or close to.

With, always, a very strong commitment to HS&E. Our industry is, actually, under the radar screen -- well, now, on the radar screen of many agencies, governments, and so forth. And, the attitude regarding HS&E, particularly on the safety side and the environmental side, is crucial for the long term success of the company.

And last but not least, this is about execution. And I think through the people you're going to meet today, you're going to see how we execute. And, execution is not only winning the contract. It's not only -- manufacturing a piece of equipment or sending a vessel, it's a combination, massive combination of elements, including, obviously, project management elements to deliver safe and profitable projects.

I was talking about diversification. If you look at our portfolio, it has evolved between 2007 and the first half of 2010 -- 2011, sorry. You can see that a big chunk of our portfolio at the end of the first quarter 2007 was in gas energy and refining petrochemicals.

If you look at the end of the second quarter, you can see that we have a much better balance between deep water, shallow water. It's interesting to notice that refining has replaced gas, even though gas is still an important element of our portfolio, and we can probably foresee that gas will grow again.

And, become important in the future. Because, in particular, of the floating energy development, but not only. In terms of geography, this is probably the most striking. And, back in 2007, 50% of our portfolio close to was Middle East. And, 48% exactly.

And, you can see that at the end of the second quarter, we have much more balance. The Middle East now represents only one fourth of our portfolio, of our backlog. And, you see, in particular, the significant roles of the Americas. And, of course, with this growth of the Americas, you're going to find Brazil, in particular, both sub-sea and Onshore-Offshore.

We've been investing and launched in the recent past quite a number of investments. So, I have not listed all of them here, but maybe some of the most significant, first of all, our total CapEx investment over this period was about $1.6 billion.

It was fuelled by the good performance, the good operational performance. Our focus since 2007 has been profitability, profitability, profitability, and execution. Without good execution, you don't get good profitability.

Without good profitability, it's obvious you can't spend and invest in CapEx only. So, about 1.6 billion. The R&D investment has been also quite significant, and this is the R&D which is focused on all last segments, which in particular for the subsidiary developments. And as far as external investments are concerned, we will be reaching EUR900 million, particularly with the recent announcement of our intent to acquire global industries.

So, our headcount during that period and in spite of the major crisis in 2009 -- 2008/2009, in spite of that, we continue to grow our headcount. I think this is very important to notice, that, yes, there was a crisis in the beginning of 2009. We had a long backlog at that time, and we decided at that time to continue to recruit.

Which, we feel, was the right decision because today, we have a very strong and motivated work force, as we didn't have to go through the pain of cutting headcount. Now, if we look at these investments, region by region, some of them are here. Highlighted, we replaced one of our flagship pipe vessels in the North Sea, which has been historically extremely successful.

The apache has been replaced by apache II. We have introduced state of the art driving vessel. We have launched significant upgrade of our [vehicle] manufacturing capacity and capability in Newcastle. And, we made one small step but important step into the offshore win business with the acquisition of (inaudible).

Moving to the Middle East, the Middle East is a place where to better execute large projects, we decided four years ago to create a very strong construction and supervision hub and moving to Asia Pacific, the most significant investment was the Asia Flex manufacturing plant, for flexible and umbilicals.

That was a very good decision, I think, because the market is there. And, also, because doing this investment, we really drew a line in the sand. And, potentially, avoiding some competition in this part of the world as far as flexible are concerned with this.

And, we also did a strategic investment in our shipyard. It's generally not our strategy to do minority, or to take minority interest, but here, because of our relationship with PETRONAS, we felt that it was important that we found a way to be a little bit more vertically integrated. And, closer to the largest of projects. So, that's why we did that.

To support the Asia Flex plant, we launched this year flexible vessel, which is going to be a new vessel. So, Asia is continuing to thrive. Africa, we are developing mostly infrastructure in Angola, with the extension of our umbilical manufacturing capabilities over there.

And, then, we move to the Americas. Of course, the America's investment, as you will see, have been dominated in Latin America by -- dominated by Brazil with investments in locally built ships. And, this afternoon, further on, I will tell you why it's so important to deliver those ships built in Brazil for Brazil.

We have also been investing in something which is something quite unique in terms of, you know, the business model of traditional business model of Technip. We have been investing into a Port of Angra dos Reis. And, in fact, we could have done this meeting, also, in the Port of Angra, but we felt that it was better for you to see our factory.

So, we're going to go more into the details here, but, definitely, Brazil continues to be an area for us of significant growth and significant profit. Moving to North America, we have enjoyed in North America, in spite of what happened, in spite of, you know, the 2009 crisis and so forth, we have enjoyed a good market, particularly in the subsidy business.

And, now, we can start to see, also, the Onshore business picking up in North America. But, the significant investment of 2011, in North America, is obviously the acquisition of global industries, which builds upon our strengths and complements our service offering by adding to our fleet some very significant know-how and assets that allow us to go from deep to shore with new markets accessible to Technip.

You know, I don't like the big world strategy, blue sky strategy and so forth. Our other set framework. And, then, in that framework, tell people, tell our shareholders, what are the things that are important that we should keep on the radar screen?

We should keep a balance and profitable backlog. It's important for managing risk and profitability is something that we will continue to focus. We will continue to focus on profitability, other than just growing the backlog for the sake of growing the revenue.

We're going to focus on key differentiating assets. So, the acquisition of MHB, for example, and was an important one, because we were going more into some kind of ethicalization for the Offshore construction. Focus on local content, you're going to hear this morning, or this afternoon, rather, about our second plant, manufacturing plant in Brazil, which we launched -- which we announced at the beginning of the year.

Focus on technology, we have filed 172 patents since 2007. And, vertical integration. By vertical integration, I should -- actually, it's probably more horizontal in that case. It's the spread of the service offering that is growing with the acquisition of global industries. And, we have, as I said before, dedicated flex vessel for the Asian market.

So, we have chosen Brazil, as I said, we could have chosen Malaysia, Houston, Norway, Angola, maybe as a small Brazil, if you want. But, we chose Brazil because, as you know, this is a market that offers compelling opportunities.

The discoveries in the [pre-salt] are fantastic, and I can tell you, I put on my geologist's hat. This is, in my opinion, just the beginning, just the beginning. So, that's for this side of the Atlantic. Can you imagine, maybe, on the other side? The pre-salt will contain, also, big reserves.

So, this is really the territory where a technique can thrive. We have been 35 years in Brazil. So, we have been investing here in assets, in infrastructure, as you saw. And, in people. We have, and I think that's part of, first of all, the values of Technip but also part of the business is we have very strong links with the local communities.

You're going to visit Vitoria today, and you're going to see that close to Vitoria -- actually, Vitoria is surrounded by favelas. Vitoria is surrounded by favelas and, yet, we have, as you will see, a very, very good image in Vitoria.

Like, we have a very good image in (inaudible). It's because we care about people, we provide jobs, and we care about the communities that surround us. Deep client relationship, in out business, there is so much you can do with technology, so much you can do with assets. But, at the end, it's delivering time and time again that builds the client confidence.

And, that's obviously true for Petrobras, which, by the way, is our largest customer worldwide. But, that's true also for the newcomers in Brazil. As you will see today, we have established strong relationship with the shells, the BG [reprisals] and so forth. And, because of our local presence and because of our proximity to their headquarters, we are capable in delivering projects in a manner which is fairly unique because we are de-centralized.

We can be at the same time close to the head and close to the hand or the feet of the customer. And, the strong commitment to HS&E, you're going to see that when you visit Vitoria. So, all this, I think, will be an illustration, a local illustration, but in a big country like Brazil, a big country for us and big potential.

Illustration of how do we build foundation for profitable growth. Obviously, there are things that you can't really put on slides, is that we can describe investments, you can describe Angra port, the vessels, the technology, the RNDF vaults and so forth.

There is something that is much harder to describe, or at least to put in the slide, is all the people aspect. And, here I'm talking in particular about the people that make Technip, the people that execute this project win and execute these projects. The people that manufacture -- and it's about making sure that we keep a workforce that is absolutely passionate, that is motivated, and that has a good image and a strong image of the enterprise.

And, this is key for us because one element, I've been saying that for many years now, even before I joined Technip. One of the key elements, potentially key bottlenecks, of our industry is people. And, it was amazing how back in 2007/2008, all our clients were saying, oh, we won't have enough people. Why don't you recruit more? Your people are not trained fast enough, and so forth.

And, then, suddenly, came 2009 and part of 2010, nobody was talking about people. Well, I wouldn't say nobody. We continued to talk about people and we continued to recruit. And, I can tell you, with the type of projects that we have here, we won't be able to solve those issues by just, you know, technology and more vessels. This is going to come from the brain of the people and the dedication of the crews that we have Offshore.

So, I hope you will have the opportunity to sense that passion that animates the people of Technip, both in this room, from the people who present, that you know this is a nice room and so forth. But, more importantly, the guys who are delivering the products for our customers.

Okay, that's an introduction to set the stage. So, we'll go from the vision of -- the broader vision, then we'll have a presentation on the Latin America Onshore-Offshore business, and then we'll focus more on Brazil. This being said, I'm ready to take your questions. We have about 35 minutes for questions, I think. Mick, you are first. Good morning, Mick.

QUESTIONS AND ANSWERS

Mick Pickup - *Barclays Capital - Analyst*

Morning. Mick Pickup, Barclays. Just looking at your slides there, the one thing that stands out for me is that you've growth a lot in shallow water over the last four years. And, I think if we go back to 2007, the whole thesis was deep water is the place for you.

And, then, if you look at the boats that you have built, you've built a lot of, let's say, very high end utility boats, but no super ship and no deep blue two, or anything on the big end. So, I'm just wondering if that Offshore business, if you can just talk to why it's gone more into shallow water. Is that really a strategy, or is it just that your fleet was as the right place at the right time when the deep water pulled in?

And, secondly, just on the flexible business, since we last spoke, one of your competitors, it looks like they've deciding that owning, installation and manufacturing of flexibles probably isn't the best business for them.

And, on the integration, they can probably get more value if they sell the flexibles business to a private equity firm with more money in their pockets than sense. So, I'm just wondering what you see as the benefit of integration of a manufacturing and an installation business, when your biggest client is Petrobras and you're just doing supply there most of the time?

Thierry Pilenko - *Technip SA - Chairman, CEO*

Yes. So, your first question, part of the growth in the shallow water is not coming only from vessels. Because, actually, we have very few vessels that operate in so-called shallow water. We have, obviously, a few in the North Sea, which is a relatively shallow water environment. But, part of the growth in shallow water is coming, actually, from the Offshore business, because we've been able to capture -- and that's quite new.

If you look at our portfolio of Offshore business platforms, business over the past few years, we kind of went down after the construction of several spas and the construction of [Dalia then Acpo]. We went down to a minimum level of about EUR500 million to EUR600 million, which was mostly studies.

And then, we manage, because of these studies, to get back into, I would say, more traditional developments in the shallow water. So, part of these categories of shallow water encompasses the Offshore business, Offshore platform business.

An example is (inaudible), which we won last year. Another example is the CGO project in the Gulf. So, these are projects that fed that. Not, this being said, several years ago, the strategy of Technip was we need to be focused on infield, we need to be focused on mostly flexible pipes, but not only. But mostly flexible pipes.

And, over time, what did we see? We saw that more and more projects require a mix of flexible and rigid. And, we have been responding to that. But, as importantly, what we see is that our clients from time to time are bundling long export pipes as part of the projects. And, these export pipes can be like we have seen in Brazil.

And, maybe you'll have a presentation on that, can be from one field to a gathering center, which is typically what we have done last year, 218 kilometres of pipeline, a big diameter, 18 inch pipeline from the 2P pilot to the [mission] place.

And we felt that there is a market. The other type of market is as our clients are bundling several pipe play activities, they are looking at going from deep to shore seamlessly with the same contractors. And that is also why we felt that we needed to master, we didn't have to, but it's really nice to be able to master those types of know-how and have the assets which are coming from global industries to go from deep to shore.

So, that gives us a more comprehensive portfolio. Regarding the flexible pipes, you know, it's all a debate about pure play versus multi service. And, it's all about the vision that you have of what you want to deliver to your customers.

And, I'm not saying there is one which is better than the other, by the way, because we have seen pure plays being extremely successful. Look at drilling, I mean, the drilling has been extremely segmented, you know, with deep water. The giants are building more capacity for deep water and getting out of shallow water.

So, highly specialized, very capital intensive also. And, this is where you can see some of these pure play type of definition. It's probably true to some extent to seismic. And, it's true for some installers. People will think that they are better and get better returns for their shareholders being a pure play installer.

Well, we don't have that vision uptake. When I want to go and talk to Mr. Gabriele of Petrobras, or Mr. de Margerie at Total, or Voser at Shell, or [Alfali] in Saudi Arabia. You want to be able to demonstrate that you have a bold portfolio of products. And, you can always take a pure financial attitude and say, well, let's slice things into different bits and pieces, and maybe the sum of the parts will be different.

Well, sum of the parts could be at one time in history, yes, better as different slices. But, when you look at the type of cycles we are going through, and when you look at the portfolio that we have going from exploration and production deep water, now, shallow water, both subsea, Offshore, Onshore, and as Nello will present later, we can go to the downstream of downstream, you know, petrochemicals and fertilizers.

That gives us a very broad range. And, after that, it's a question of what is the vision of the [bowl] what is the vision of the management. We've decided that we would rather have a broader footprint for our customers. Better solutions, because what happens is when you have a broader footprint, and I learned that from my previous slides, is that the visibility of your enterprise is much higher in the customer's eyes.

And; therefore, you can start getting at a much higher level in terms of strategic relationship. And, sometimes sell up on some of the additional services that you have. So, I would say it's a question of vision. Now, I think in the case of the competitor you're mentioning, it probably makes sense because if there is something you cannot really control and that doesn't really bring you any additional leverage or advantage in winning more business, then, in that case, it probably makes sense to -- either you control it or you dispose it. Yes?

Matt Tucker - *KeyBanc Capital Markets - Analyst*

Matt Tucker with KeyBanc Capital Markets, thanks for taking my question. Could you talk a little bit about the global industries' acquisition, specifically in the context of your strategy in Brazil, or would you say that the rationale for the deal is largely unrelated?

Thierry Pilenko - *Technip SA - Chairman, CEO*

Well, I think we, at this stage, we cannot talk much about how we're going to integrate, because we are still in that period between the announcement and signing. And, everything is proceeding as planned. But, clearly, what we -- so, in Brazil, but not only in Brazil, is this type of opportunities where the [essence] which is going to be described to you later this afternoon, which allows you to install very large diametric pipes which are particularly important for gas export lines, this is a capability that we didn't have.

And, that we think it's important that we add to our portfolio. So, it's very complementary. You're going to see this afternoon with the subsea. A clear definition of where we are and what global is bringing. But, this being said, global is bringing one set of knowledge and assets and people for a certain technology or a certain technique, I would say.

For us, it's one step which prepares us for what Mick was referring to before, the ultra deep water. And, ultra deep water, we haven't decided yet whether we are going to do it organically through a major large asset, or again through acquisition.

But, to do that step, we felt it was important for us to master [reallay, jlay], which we already had, and now [eslay] with global industries. So, it's a question of access to certain markets, the shallow water markets. For example, Mexico, not Gulf -- the Gulf of Mexico but on the Mexican side, it's an area where we are not present. Certain projects in Brazil, obviously, will fall in this category. And, you're going to see why we believe that the knowledge of Technip in Brazil will help us leverage better those assets. Yes?

Ryan O'Connell - *Citigroup - Analyst*

Ryan O'Connell from Citi. I guess, firstly, it's hard to ignore what's going on in the last four weeks in our industry. So, have you noticed in the discussions with your clients any change in sentiment since the Q2 call over the last six to eight weeks?

Thierry Pilenko - *Technip SA - Chairman, CEO*

It's a good question. This is probably the most common question that we are getting since the beginning of August. And, I would say, at this stage, we have seen no difference. And you have seen the contracts that we've signed. Some of them were actually accelerated, like the example of (inaudible). There is a very clear need over there, and the client accelerated the signature of this contract.

We have seen no change. Now, why is that? Because people may say, well, you know, there is more uncertainty in the market, and so forth. I think it's because we are still -- the price of oil is still way above the economic threshold at which still more projects are economical.

Most of the projects that are designed today, of course our clients don't share that with us, but they are designed at -- they look at two things. They look, of course, at their projection of the price of oil or gas, and they look at the cost environment.

And, when we talk to customers today, in spite of what happened with the [bind at WTI data loss] their projects still fit in the equation. So, we haven't seen a change. I think we see nervousness, obviously, in the markets. But, we haven't seen that.

There is such a backlog of projects that our clients want to do and could not do. They need to increase their productions because, otherwise, they're going to be hammered themselves, and they're going to lose market share.

So, take the Gulf of Mexico. The Gulf of Mexico has been a dead sea for good reason after Macondo. And, there is a number of projects here where the client is just, oh, I need to press the button and we'd like to go faster.

So, no, we haven't seen change here. Now, if we want to look at what could be a scenario, I think we have seen that before, okay? The scenario, generally, starts with companies that need financing, whether it's upstream or downstream.

And, so far, we haven't seen this effect in the upstream. In the downstream, I give you examples which which have, really, nothing to do about the financial crisis, nor to do with the North African crisis. There was a project in North Africa which was about to be launched in Egypt. And, now, the project -- the Egyptians still want to do it, but financing is not ready.

So, I would say in the downstream, we are probably going to see a little bit more sensitivity to financing. But, no, at this stage, our clients continue to talk to us. I mean, we have announced this morning a fairly significant order intake for the third quarter and we are moving forward. FLNG, there are several clients, including Shell, talking about a second differentiator.

We are -- again, this is probably because of this -- well, certainly because of the long term nature of our business. Our clients are taking some debts on the long term. FLNG is a bet, but FLNG is not going to be producing before 2015-2016. So, what happens in between, you know, is very short term.

Unidentified Audience Member

Have you seen any areas, given the growth in subsidy backlog for the industry that we've seen over the first nine months? Where do you anticipate those first bottlenecks arising?

Thierry Pilenko - *Technip SA - Chairman, CEO*

Well, the bottlenecks, you know, I was in Norway at the beginning of September. So, we were already in this market crisis, I would say. And, all the customers I met were talking about, are you sure that I'm going to have access for the Apache II or the deep energy or pipeline vessels in 2013, 2014? I want you to commit. They want to see me face to face in the eye saying, we have a potential bottleneck with pipeline vessels in the North Sea area.

Therefore, those clients want to make sure that if they sign a contract with us, they're going to have guaranteed availability for these pipeline vessels. So, the bottlenecks will appear in the North Sea. They have started to appear in the North Sea.

If we look at -- we are in the middle of the budget process, and I really don't want to give, you know, any sort of guidance before we finish that process. And, as usual, we do that, generally, in February. But, the visibility on the order intake in the North Sea, Canada area is extremely good. It's probably stronger than ever.

And, clients which are very serious. So, now, of course, everything is possible. But, you know, you have to take the parallel to what happened in 2008/2009. In a very short time, when the price of oil went down and there was a strong realization that, well, guys, still we need oil, we need gas, and went back up very quickly.

So, this crisis was very unnecessary, I would say. And, those of us who were able to go through it and continue to recruit, I think, became stronger out of it. But, of course, it's not possible in all the businesses. You know, if you are a driller or if you're a seismic guy and suddenly, you have five, six, ten leads being demobilized, you have to react. But, in our case, we are project-based. So, it's longer term. And, we want to keep it long term in nature. So, no significant change. Amy?

Amy Wong - *UBS - Analyst*

Hi there, it's Amy Wong from UBS. Just looking at your various end markets, you're very diversified right now, but in deep water, shallow water, refining, heavy oil. But, can you describe the various competitive threats that you're seeing in these end markets and how you're responding differently or, perhaps, in the same way to the various? I'm talking about competition from the Koreans and increasingly from the Chinese as well.

Thierry Pilenko - *Technip SA - Chairman, CEO*

Yes, I think we really have to segment the competition here. Because, obviously, the competition in deep water and to some extent in shallow water pipe play is still the game of the big guys. We have seen over the past few years a number of new entrants who are trying to get into that space. Global is actually one, [Kloff] was another one in Asia Pacific. And, when they got into the market, I wouldn't say scared us, but we felt that new competition was coming in. Several years later, we realized that either they wouldn't be able to deliver, or the clients feel that they are not strong enough to take the large projects.

So, many of them are, actually, part of the more global consolidation with the Kloff subsea assets being bought by (inaudible) and so forth. So, we see a consolidation in this market. I think for the big projects and the technological projects, we're going to have competitive dynamics in the deep water or deep to shore. Which, is going to continue to be with Subsea7, Saipem and techniques of this well.

Well, that's one aspect. On the Offshore side, platforms and so forth, clearly, here we have seen a shift where the Korean companies have moved up the value chain and tried to have direct wells of FPSOs. But, when it comes to floating LNG, they're coming to us. Because, there's a level of complexity in terms of project management, in terms of technology that requires a strong engineering resources.

Just to give you an idea, we have 450 engineers working on the FEED of the floating LNG for share, just in the FEED phase. So, that's a pretty significant effort. Onshore, we have seen Korean competition, in particular, but not only the Korean competition, targeting some very specific markets. In particular, the Middle East.

I think here, there is no doubt that there is a very strong determination to dominate the Middle East market. And, we were very exposed -- well, exposed in a sense. We had a large part of our portfolio in the Middle East. And, to some extent pushed, I must admit, a little bit pushed by the Koreans, but also because we want to have a portfolio that shows more balance.

We looked for other type of opportunities, such as -- we have just announced a fertilizer in Gabon. We are seeing growing markets in India, for example, where we can have very strong partners in the construction phase, in particular. Which, are very keen for us to bring engineering capabilities. So, we are moving in different parts of the world where we see that the competitive environment is less. And, where the technology is important.

We're going to talk about fertilizer later on. Fertilizer requires a very good understanding. Generally, when you are in petrochemical and the downstream of downstream, you need to have a very good understanding of the technology. So, that's why we are focusing on this area. But, I would say to simplify, competition more intense downstream, and less -- and more reasonable upstream because of the consolidation that took place. Yes?

Unidentified Audience Member

Thierry, thank you for hosting us here in Vitoria. You just talked about technology being such an important part of your business. It's actually even made it to the part in the name of the Company. But, at the same time, you said that people is really what is going to make the difference down the road.

You added 4,000 people over the period from 2007 through this year. With the size of the business, basically, staying flat. So, can you give us some breakdown and what are the visions that, basically, drove that 4,000 in addition?

And, if I can have a full on, how do you see the situation with the shortage of talent changing in three, five years out? Is the market -- is the elasticity of the labor market enough to address this issue, or you think it's just getting worse and worse? Again, in like five, maybe seven year time horizon.

Thierry Pilenko - *Technip SA - Chairman, CEO*

Okay, so that's a good question because as you see, our backlog has started to grow again, and there is a slide that shows that we went down in terms of backlog as we were, I would say, executing or digesting the very, very large project that we had in the Middle East.

Then, the backlog starts to pick up again, and as we pick up with the backlog, we also did a few acquisitions. So, some of the additional people, they are not all engineers. Some of them are coming, for example, from the Angra port acquisition. People

who are coming from a strong verticalization. When we get into logistics, when we get into more fabrication, we are hiring people which help us complement the change, if you want.

So, but, they are going to contribute to the growth that's coming, because you saw our backlog now is 9.4 billion. I'm not saying it continues to grow, that will vary quarter on quarter, but we are on a growth trend. The people that we have been hiring during that period, some of them came from acquisition. Some of them were just hired in the different markets where we were.

And, to answer your second question, I think the key to tackle the human resource challenge is to ensure that we have a very strong image in the countries that develop engineers and technicians. And, because there are still huge reservoirs of talents. Take India, take China, take Malaysia. We have no problem to recruit there.

The issue that you have in those countries is not about recruiting, it's about retaining people. So, if you look at where we need to be in, say, three to five years, most of the growth of the Company since 2000 has been in non-OECD countries.

But, the most stable population of our employees is, actually, on OECD countries. So, how do we make these populations in non-OECD countries more stable? Well, you need to give people perspective. And, you don't do that overnight. But, giving people perspective, what does that mean? That means people need to have the same career opportunities in Technip, regardless of their origin, religion, passport, gender, whatever.

So, as we move towards a more local company, with a strong empowerment of the different countries, and you're going to see the people who are empowered in Brazil, you also, at the same time, want to make sure that you promote the people to the maximum of their potential.

That is not something that happens overnight, but the companies that are successful in that change have a big edge because not only are they capable of recruiting in new reservoirs, but also they are capable of retaining senior management, because they promote management.

So, this is something that we are focused on very, very much, in particular this is true in Technip because I really believe in that vision. So, I don't think there is a shortage, a search of engineers in the world to work on oil and gas projects. But, I think there is a lack of attractiveness, sometimes. And, also, for certain countries, if we cannot give the right visibility to the people with high potential, we will lose the people.

So, that's this change that is happening, is happening with us. Now, will it happen with other companies, I don't know. But, the companies that are heavy decentralized maybe very good over the years in keeping the resources very efficient because of the centralization. But, long term, my vision is that they are doomed. They are doomed because they are monoculture. I don't want to talk about my competition, but we have some Asian competitors that are facing that issue.

They have huge difficulties to penetrate this market, because they don't have the sensitivity. And, for us, I'm not saying this is the only -- there is no magic bullet. It's not the only recipe, but that's a very, very important recipe. Is the respect of the people and the growth of the people in the different markets.

And, you know, we are announcing and we'll meet him this morning, the leader of Technip in Brazil has been Frederic Delormel for 12 years. Frederic is French, although he speak Brazilian as well as any other Brazilian. And, he knows Brazil very well. He's replaced by a Brazilian.

We have now more Brazilians outside of Brazil than we have expatriates in Brazil. We have actually a handful of expatriates in Brazil, and we are taking people all over the world from Brazil to develop and give them perspective.

They may come back here, they may stay where they are, they may grow into different job somewhere.

So, for me, that's one of the elements. But, it was amazing how in 2009, 2010, even our clients, except maybe for the national oil companies were more worried about that.

But, some of our international clients said, ha, look at that. We can have the best resources and this bottleneck doesn't exist anymore. I think it's going to happen again, and I think the companies that are the most international in their culture will have the best chance to succeed. Yes, there's one question here.

Rob Pully - *Morgan Stanley - Analyst*

Thanks, it's [Rob Pully] at Morgan Stanley. Given your comments on people, to what extent are you seeing cost inflation, for example, particularly here in Brazil? And, how much can you pass on to clients, and should we expect that to impinge on margin progression going forward? Thank you.

Thierry Pilenko - *Technip SA - Chairman, CEO*

Yes. Actually, in the example of Brazil, a lot of our contracts are indexed on the Brazilian inflation. So, the impact is relatively limited. But, it does exist. I see it's more as a problem to maintain cohesiveness, as you have to recruit people sometimes which are coming with higher salaries.

But, in terms of being able to pass the increase to the customer in Brazil, it's still reasonable and we don't see a direct significant impact on our cost. Then, I would not say we can draw a blanket statement about the different, you know, markets in the world. Because, Europe, Continental Europe, extremely stable.

Stable workforce, very small increases of wages in general, small increase of compensation cost. And, as you recruit a younger population, which is what we are doing all the time, we manage to maintain the cost of compensation at a very reasonable level.

Then, you have markets like the North Sea. The North Sea was a difficult market -- a difficult business for a few years. So, people were very stable. And, now, again, we start to see cost inflation and -- well, salary inflation. But, so far, we've been able and we see it now as the market picks up, we've been able to pass this cost on the customer.

So, this is not what is going to impact significantly our margin. When you look at how you try to mitigate on the cost side to mitigate the margin impact, we look very, very much at procurement. Procurement is a much bigger element than salaries. And, for procurement, we make sure that we have the right back to back agreements, or inflation index type of contracts, so that we don't have margin deterioration. Yes?

Fiona Maclean - *Bank of America Merrill Lynch - Analyst*

Yes, it's Fiona Maclean from Merrill Lynch. I have a couple of questions. Firstly, given you're so confident on the order intake you've had this year, can you give us an indication on what you're seeing on the pricing environment? And, are you seeing a difference in the pricing between the smaller contracts and the larger ones?

And, then, secondly, on your reporting from next year, can you explain why you are going to be combining the Onshore, Offshore units and, effectively, giving us less visibility in a time when the market is crying out for better visibility in general from all service companies?

Thierry Pilenko - *Technip SA - Chairman, CEO*

Okay, well, on the Onshore, Offshore business, we are combining them -- we are still reporting them as separate segment, but we are combining them in the global reporting because they are, basically, the same type of projects. In a sense, we do -- we have very little assets, very few assets. We do project management and we work with our client's money on these type of projects.

So, our intent is not to go to just one bundle, but because we have had to transfer pretty massive resources from Offshore to Onshore, and then back from Onshore to Offshore with the emergence of FLNG, for example, for us it felt a little bit irrelevant to have to report these things very differently.

Because, the type of margins are the same, the type of people are the same for a good part of that. So, but, if we simplified globally and presented Onshore, Offshore, we continued to have the two segments reported separated in the detailed statements.

Now, about pricing, again, you cannot make a blanket statement. Because, we are, and I still believe we are, despite what we see in the markets which don't seem to be developed, we are clearly on the recovery and growth path.

Even if we haven't been affected so much by the previous crisis, we are clearly seeing opportunities that are tying up resources. Now, whenever we start a cycle again, it's always patchy. You cannot say, "Oh, we see pricing increases." That wouldn't be true to say that.

We see pricing increasing in the North Sea, for example. Because of what I described before, because there is a concern, there is already a lack of capacity and a concern about the capacity going two, three years down the road.

But, exploration, production, [all projects] in Asia are still extremely competitive. So, I cannot draw or make a blanket statement. Now, you made a good point about, what about the size of the projects, and pricing versus size.

It's a little bit ironic, but we get better prices and better margins on small to medium size projects. The big projects are so visible and seem to be so important for companies to win them that this is where we see much more competition. And, sometimes, a little bit irrational pricing. But, the small to medium size projects are the ones on which we have solid margins in the backlog. One last question, maybe?

Phil Lindsay - *HSBC - Analyst*

Thanks, it's Phil Lindsay from HSBC. Can you discuss your prospects in Africa and the Middle East, please? We're, sort of, hearing that Saudi may not be developing as fast we first thought. Also, Petrobras LNG may be -- looks unlikely to go ahead. What can you say about these areas, please?

Thierry Pilenko - *Technip SA - Chairman, CEO*

Okay. I'll start with West Africa. West Africa you have two major countries -- one is Nigeria, the other one is Angola. Nigeria has been hesitating, I would say, I mean, our clients have been hesitating to invest in Nigeria for quite some time.

Now, what we hear about Petrobras, specifically is that slowly but surely, it's going to move ahead. And, we have, we think, two projects that are large projects that are going to go ahead in Nigeria. It's on the midstream or downstream, but it's the [LNG of Bras]. And, the [Asian] development. Both of them are now gaining momentum.

Now, Nigeria is always very unpredictable in terms of decision process. So, but I haven't heard what you refer to that Bras may be delayed. On the contrary, I mean, we are actively bidding at the moment. But, there's always the uncertainty in Nigeria.

What is interesting to notice also is that West Africa has been the focus with Nigeria and Angola, but the country which is now very much on the radar screen is Ghana. And, in Ghana, the momentum is very strong. And, recent discoveries, in addition to [Cosmos] field and the [Jubilee field] are probably going to trigger fast track investment.

And, maybe faster than Angola or Nigeria. The other element about Africa, to finish with Africa, is that on the east coast of Africa, Mozambique in particular, clients are talking about LNG. They're talking about fertilizers, they're talking about the entire chain. So, at the moment, we see Africa, particularly, sub-Saharan in Africa becoming a market with it's uncertainties about the timing, but a growing market and a more diversified market than it was four, five years ago.

Going to Saudi Arabia, the developments, Nello will talk about Onshore, Offshore in a minute, but it's going to be more focused on Latin America. But, the developments in Saudi Arabia are clearly more in the downstream and petrochemicals.

There are some gas developments and oil developments. But we, and of course, are not Saudi Aramco ,but the large investments, sustained investment at this level that we have seen in the past six, seven years are probably now behind us.

And, we're going to see investments which are more focused in the downstream and probably more focused in the reservoir optimization and reservoir production or enhance recovery. I think this is probably more the case than the classical big oil and gas development.

But, this is not new. I mean, Saudi Aramco has been pretty transparent about their strategy. Now, in addition to Saudi Aramco, you see, again, in the downstream, companies like [Sabik] investing. So, it's not just going to be dominated by one player, which is mostly upstream. It's also a number of companies that develop the downstream sector.

Okay, so it's not as bullish as several years ago, but it's still a large number of projects. Okay? Well, thank you very much, and we are now going to move to the presentation by Nello Uccelletti, who is our Senior Vice-President for the Onshore.

Later this morning, Frederic Delormel and (inaudible) who is our new CEO for Brazil are going to be joining us. But, thank you very much for your good questions, as usual. And, as you can see, we remain focused on the long term. Of course, there are ups and downs in our business. I've seen many, many crises in our business, many crises.

But, the recent ones, I call them unnecessary crises. They don't last very long, and we are very quickly back on to the fundamentals of our clients, which is production, reserves, and ancillary recovery, decline curves, declining fields and so forth. So, the momentum is there. Thank you.

PRESENTATION

Nello Uccelletti - *Technip SA - SVP - Onshore*

Thank you Thierry, good morning. Bonjour, Bonjourno. As Thierry said, we started with a broad view about Technip. The intent of my presentation is to go specifically to Latin America, onshore and offshore market and later on during the day you will have a better focus on Brazil and specifically on the subsea market.

Actually, I will present in two slides which is the market situation today, which is our local presence, our track record in this part of the world. The way in which actually we are growing with local entities, that to a certain extent are present in this market since many, many years. Then, our strategy for the future and the way we anticipate the key figures for the coming years.

I would like to start from one article of an international newspaper that was speaking about a new generation of oil titans mainly referring to Western part of the world producers. And a big part of this article was dedicated to the oil producer in Latin America.

In addition to Venezuela and Mexico that are well known. You know that Venezuela is Mexico that are well known. You know that Venezuela is considered to have large oil reserve, also both reserves known in Saudi Arabia.

We have Brazil where actually by 2020 the production will be in the range of 5 billion barrels per day that is more or less the production of Iran, today.

We have Columbia which is climbing very fastly and is close to the production of Algeria and if you guess could be close to the production of Libya before the war. We have seen a recent discoveries in Argentina where actually Exxon Mobile is doing a deal to have this exploration that is the biggest oil field discovered in Argentina since 1980.

Then, all together I believe that there is a wide market and starting from this slide we see that, I repeat, in addition to Venezuela these are the reserves well known. You know that as average the countries in Latin America are growing by 35 as gross product per year. And we have a proved reserves of amounting 17% for oil and 35 for gas.

I do not want to bore you about many figures, but it's clear that looking mainly to Venezuela and Brazil, we have a lot of investment expected in upstream and downstream in the coming five years. In addition, we have Ecopetrol investing mainly in downstream but also we anticipate some investment in the offshore upstream. And Mexico, where Pemex has an important plan of investment in downstream.

It's true that comparing the market with the place we're active we have a sort of fixed schedule for the investment and we can rely on these dates. Actually, in these countries sometime we see in this part of the world we see investment shifting, we see a certain delay in investment decision but these figures are per se very important and can justify our attention to these geographical area.

Then going to the Eastern -- going to our strength, we start by a long-term local presence, there is the next slide dedicated to our local offices but I can anticipate that we are present in Venezuela since 50 years. We are present in Columbia and in Brazil since 35 years.

And at the end of my presentation I will show a few slide with example of project we're actually working together from our center of excellence for certain technology, we are pushing the growth of our local center here in Latin America to have better know-how about certain technology, better skills or project management to manage such a huge investment in this area.

Thierry was making reference to keeping close to the client to have and to anticipate this type of growth. Actually, being present in this area, but at the same time having the backup of the center of excellence as Paris, Rome or Houston is giving us the possibility really to enter at the very early stage of any investment because we are close to the client at a level of feasibility study.

We are close to the client at basic and front-end design. In this way we can gain a position for the realization of the project when later on the initial investment is done and this is really appreciated by our client that historically are our main target in this, like Petrobras, Ecopetrol, PDVSA and so on.

We have also the possibility to (technical difficulty) competitive and it's a true strategic partnership. And this is not only for let me say, technical and project execution part of the work where actually mainly for construction we are targeting different partner deepened on the geographical areas depending on the type of project and the size of the project. But also some time it's helping us in countries where actually we need financing because we are able through this partnership to finance our capabilities to bring financing for this project and this is really appreciated by the client and is giving us access to a wider portion of the markets.

We were speaking about local presence. Here you see which is today the presence. I would like to start from Brazil, you will have a more detailed presentation by my friend Paulo in a few minutes, but actually you have to consider without taking too many

figures that Paulo will present more in detail but you have to consider that in Brazil, as overall, we have a 3,200 people. We have doubled our staff starting from 2003 where actually we were close to 1,500.

Actually, here you see the number of people that are dedicated to onshore, offshore, we have about 600 people. We have 35 years of experience and as Thierry was saying, speaking of offshore, these people are able to work in both segment. Having a certain flexibility for the designing for instance, of topside but at the same time to be involved in the large onshore project.

Columbia, Columbia we have 600 people. You have to consider that I make all reference to what Thierry said about the pride and the patience. You have to consider that for certain reason it was very close to our Columbian office. We had a growth of 30% of staff in the last three years. And really you see these people working mainly in the onshore but to a certain extent, a limited extent, also for offshore.

The pride to be one of the biggest engineering contractor in Latin America and to -- the conscientious to be part of the growth of the country of Columbia where actually Ecopetrol is investing and most of the projects, thanks to a frame agreement that takes place with DPL, is realized through our engineering, design and project management.

We have spoken about Venezuela, we have 350 people in Caracas working since 50 years for, mainly for PDVSA but also for foreign investor. For the time being we have a limited -- we are present in Mexico with these people in Monterey since 10 years ago but actually we are today going to open a new office in Mexico City thanks to the opportunity of a small PMC contract and thanks to the coming big tender that are suggesting a presence close to Pemex's offices.

Here we have our track record. Again, I do not want to bore you with many details. But as you can see first of all the offer that we can provide from our -- is backed up by the historical center of excellence. It's offering a full range of services. Then, for instance for Ecopetrol we realized basically from plan design and the PMC for the realization of this elaborate treater units, in Barrancabermeja, but at the same time we are competing in these days for utilization of Barrancabermeja as any PCC contractor.

We are working under an [eptine] consortium with (inaudible) company here in Brazil for the Cubatao Refinery in the State of San Paulo but we have been present also in petrochemicals working for [Solvi] for this Chlor Alkali and PVC unit.

In Venezuela we used to work with PDVSA and in these days we are discussing the possibility to be expected as the feed contractor for some upgrader project that are very -- the investor is a joint venture between PDVSA and foreign investor. But at the same time we had an historical presence realizing project in the upstream sector for them.

Here you see the expertise in and the full range of service realized in offshore. I would like to underline a few things about these P-58, P-62 that was a project for which with 90% local content, our office in Brazil has developed 1.5 million man hours in the home office. And these P-51, that has been the first semi-submersible floating production unit, fully realized in Brazil.

Thierry has spoken about Mariscal Sucre and you know also the importance of these floating LNG for pre-salt, here in Brazil. The next two slide actually are addressing the way in which we transfer know-how, we transfer project management skill to our offices.

It is the case of the floating LNG for Petrobras here in Brazil, where actually in consortium with JCG and Modec, we had an execution scheme where actually our Paris office was, as a leader of the consortium, realizing part of the front-end design but thanks to the presence of certain Brazilian engineers during this phase in our Paris office and these people back in Rio, for the execution of the detailed design of these projects, we are now a better knowledge, better understanding of these type of technology here in Brazil.

You know that we consider floating LNG a real success of the combination of all of our skills that is onshore, thanks to our process know-how and a long list of references for LNG. But at the same time, subsea and offshore know-bow.

In the same way there is another example of a fully onshore project that is ethylene (inaudible) for Braskem in Mexico. First of all, this is showing a clear synergy between our different offices because we are close to Braskem here in Brazil. We are close to IDESA in Mexico, thanks to our local presence. But at the same time the project has been on thanks to a scheme where actually our Rome office is realizing the front-end design of the cold section. Our Claremont office in the United States is realizing the front-end design of the hot section of this ethylene plant. But later on we are shifting some detailed design activity part here in Brazil and part in Mexico.

In this way, through this feat we have first of all, the possibility to better understand the local market in Mexico in terms of procurement, in terms of local construction industry, but to give the possibility to our local offices is to grow in competence on this technology that as you know, is a Technip technology.

Another important task that in addition to the close relationship with our client, is the capability, the relationship put in place with some international investor for project somewhere else and we speak about BASF, we speak about Dow Chemical for which we have an alliance for the realization of the hot section of our ethylene plants Solvay -- we're actually were realizing for Solvay PVC plant in these days in Russia, in (inaudible) and Statoil.

Then, again the model of Technip, to have a worldwide presence is helping and but at the same time a local presence is giving us the possibility to be close not only to the national oil company but to bring also familiarity with international investor.

We were speaking about the construction, as I have said construction is a subject that is in all the article, all the newspaper, it's a matter of debate because is to a certain extent the most risky portion when you have a lump sum in a key contract.

There is not a single solution. When we speak about procurement, how to announce our competitiveness in procurement, obviously if you have a worldwide organization you can have access to different market, different source of material. Construction is more a regional problem. You have to select the proper partner that is familiar with the contacts, that is close to the client, and you have to consider that for instance, here in Brazil doesn't exist a solution because also in the different state and in the different regions we have companies that are really very competitive and technically reliable in certain part of Brazil, but they are not providing same level of skills in other part of Brazil.

One example is Cubataou refinery where actually we have selected that since the beginning of the proposal phase, as partner is a company, Tome, first of all because it was present in the State San Paolo, second because it was very familiar with the client. And at the same time, had the size to properly assure a competitive offer together with us. And the split, more or less as you can see is 50-50, 49-51 where actually we are providing engineering procurement and project management. Tome is working with us since the [amorphis] to better prepare and plan construction activities where we have full responsibility including the supply of fuel pump material.

The other example is the -- this is strategic alliance in the offshore with the [capital FX] for the realization of this platform. In this case we had only 25% of a share of the project, but we had the overall project management that is very fundamental. And I believe that this is a good example, would be the basis for further development in discussing with these potential partners.

Going to the figures, you see that as today Latin America is representing, as overall, 6% of total backlog in terms of obviously onshore, offshore, is roughly 10% of onshore, offshore backlog.

You have to consider that with -- in addition to these project in Brazil that is a full lump sum and a key project, this is due mainly to the fact that we have a lot of [SBCC] contract so far, and these (technical difficulty) in a very important way to the backlog in man hours are not contributing substantially in terms of revenues. But being well placed for -- in this front-end design, like it is the case of furnace refinery in Cuba, like it is the case of Braskem Idesa, as we have seen, we are confident that this contribution to Technip backlog is the onshore-offshore segment will be more substantial in the coming years. Thank you.

QUESTIONS AND ANSWERS

Nello Uccelletti - *Technip SA - SVP - Onshore*

I'm ready to refer questions, Latin America and beyond.

Unidentified Audience Member

Can you give us an update on the floating LNG development for the pre-salt in Brazil and how it's -- of the competition between the other proposed solution which is building out export pipeline and --

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Nello Uccelletti - *Technip SA - SVP - Onshore*

I believe that my colleague Paul Appia could better than me give you more detail.

Unidentified Company Representative

Sorry, can you repeat your question.

Unidentified Audience Member

(inaudible question - microphone inaccessible)

Unidentified Company Representative

Well, for the floating LNG actually, what we have -- the object of Petrobas is to increase the oil production. So what we are talking actually is an associated gas field, not like what we have on shale, for instance. So -- because the gas cannot be flared so we have to find some solution.

So as you know, we have competed in 2010 a feeder project in design competition. There was a tender for APC, for Petrobras, the tender is still ongoing actually. We expect that Petrobras will take a decision probably by the end of the year and they are evaluating some other options. They have already indicated that -- at least initially, they will send some of this associated gas to the [Comparish] petrochemical complex which actually makes a lot of sense. To feed petrochemical complex with gas, but what we believe first on the FLNG tendering process itself, Petrobras have spent a lot of money in this process, they spent $100 million to do three fits. So they will probably not -- can't sell completely the project.

And -- but the job may -- it's very hard to predict actually what they will do on this tender. But the decision by the end of year, most probably. What we see is that considering the size of the [press oil fields], the water there, foresaw that if there is a solution only based on pipeline it's probably unlikely. So probably there will be a mix of solution between pipelines and FLNG and other solution.

Unidentified Audience Member

Couple of questions if I may. If I think back probably five, six, seven years you did a presentation in the [UE] in 2004 and said, there's a lot of ethylene coming out of the Middle East and in 2005 you said LNG, there's a lot coming and lo and behold backlog booned in both areas over the coming 12 months.

Now you're doing a presentation with some big numbers on here for Latin America, I think from my understanding there, you say it's a difficult place to work. So could you put Latin America in context versus the rest of the world?

And basically on from Amy's question earlier about how tough the Middle East is, where do you globally think the opportunities are? I know Latin America is here but how does it stack up against what you see in the Middle East not to mention Russia and other places?

Nello Uccelletti - *Technip SA - SVP - Onshore*

If I probably go to question, I would like to refer to the slide presented by Thierry where actually it's a fact that while in 2007 we were focused and you were remembering the presentation done at that moment, mainly as far as the onshore sector we were focused at close to 90% in this area of the world.

Then first of all we were, Middle East focused and (inaudible) focused, at that moment. We realized at that moment that it was too risky, first of all, to be so concentrated in this geographical areas that it was at this time mainly Qatar plus Saudi Arabia and to have not a wide range of projects in our portfolio and we started being more balanced in terms of services contract like front-end design, like feasibility study and at the same time maintain a good portion of lump sum key revenues to have an acceptable and growing level of revenues.

If we look at the effort done in the last full year I believe that -- we used to say that the markets is shifting south and east. And it's true, absolutely true here in Latin America. I would like Mick to compare these figures in terms of investment, this list of prospect, with a list that we were used to see five years ago. I can assure you that the difference is really, really impressive. And for this reason we have reinforced our presence here in Latin America. Our commercial team has increased a lot.

Our staff has increased a lot. I was speaking about the growth in Columbia, the growth here in Brazil and then we really believe that part of the revenues coming in your shore, from Middle East, that remain in any case an important market for us, and we are realizing some important project there in Saudi Arabia and Qatar, in the Emirates, can come from Latin America. It can come from Asia and as Thierry was saying, could come some also from Africa.

Actually, we had good prospect in North Africa, in -- mainly in Egypt and Libya. Today, obviously the situation is giving us, suggesting us a certain prudence, mainly Libya, where actually in addition to that you were supposed to have 100% local content then you imagine that before being back in Libya in these days, it's a very difficult decision about the security problem.

But I believe that really this mix of portfolio as we see today is the best balance in terms of type of contract and in terms of geographical presence.

Unidentified Audience Member

Good morning. Three short questions if I may. The first one, Thierry during his presentation mentioned that activity in onshore South America was picking up. So can you describe if it is oil sand, its gas gathering systems, with export LNG?

The second one is regarding the refinery project in Cuba, if you can provide some timeline around this project?

And the last one is, you provide backlog figure for Latin America and it would be great to have the backlog onshore figure for Latin America, for North America, it would be great.

Nello Uccelletti - *Technip SA - SVP - Onshore*

Okay, first of all I will start mentioning this article of this international newspaper. Obviously I have taken only the part relevant to Latin America oil producer, but there was a part also dedicated to the oil sands in Canada and to the shale oil and gas in the United States. It's a fact that we see, thanks to the presence mainly of these shale gas opportunities that we couldn't imagine a few years ago, you know, the United States that was an active importer of gas is starting to be a net exporter.

We see projects, for the time being, at the very early stage, but the projects were actually gasification terminals are going to become export terminals. We -- obviously we are not in the exploration and production phase but we are looking mainly to downstream opportunity and maybe not in 2012 but starting from 2015 we see a lot of activity in petrochemical. We see investment in the ethylene and downstream unit from many important investor starting from shale, but with Dow and with Sassoil as well.

We see opportunities in LNG and GTL, LNG and GTL I am going this evening to Canada to meet Sassoil and Talisman, you know that we have realized that for Sassoil the biggest GTL plant in Qatar. We are very familiar with this type of technology. We know that Sassoil is close to invest in United States and in Canada to have GTL plants there.

And we follow with high interest, this type of opportunity.

Then, I believe that we are present in this market. We are growing also in Calgary, we have an office that for the time being has a limited number of staff but we want to increase to have at least a few hundred people able to be close to our client and to, as first interlocutor to develop some visibility and basic design project.

And in terms of figures, I am not ready to anticipate exact figures. You know that roughly when we say that the contribution to our backlog by Latin America in the onshore, offshore is in terms of 10%, today North America is a little bit less than that. I cannot expect a big jump by North America in 2012 but if this project that I have just mentioned, will materialize, I expect a substantial increase in 2013.

Unidentified Audience Member

Yes --

Nello Uccelletti - *Technip SA - SVP - Onshore*

Sorry, Cuba, sorry. Yes, as far as Cuba is a clear example where actually thanks to an historical partnership with a Chinese design institute that is [Hangzhou] we have been able to gather first of all, to build the financing for this project. We are fulltime being involved in the front-end design but we are supposed, we have already in discussion with the client to roll over from the front-end design to full realization of this refinery.

Then as a clear example, when I was mentioning partnership announcing our competitiveness where actually was not a technical partnership but is a partnership where actually we are bringing in the project management skills for such huge investment at the same time, Chinese are providing the biggest portion of the financing. I am confident that this project will go on but we will see the investment decided not before mid-2012.

Unidentified Audience Member

Yes, I just wanted to come back to the visibility of slide three where you -- in the Latin America you mentioned in Venezuela, 250 billion, Brazil 225, plus 60, so ultimately the magnitude is 300 billion in Brazil and 300 billion in Venezuela. The way I have to look at it that wishful number or it's a green number and then what will be variable which would make it a fact? And I -- in

other words before the CEO, he didn't really answer to a previous question of what is the level at which oil companies start to rethink their CapEx plan.

I mean you didn't really give the magic number where the [right become righter].

Nello Uccelletti - *Technip SA - SVP - Onshore*

First of all, I would like to repeat, not only to respect my chairman but also I am convinced that it is the right reply. That reply first of all, that we have not seen any delay in market decision and investment decision in these days, despite the crisis. It's obvious that in certain countries like we were speaking about Cuba, but Cuba is a part of the Venezuela influence.

When you have to bring financing to a certain extent, we can see a certain delay in the final decision of the investment for these huge project.

Going back to the figure, I would say that we have seen them to a certain -- to be frank, also a little bit prudent. For instance, about Brazil there was a debate if these 62 in downstream and 62 or 67 will be more? I am confident that the value are the correct one. Later on, for the reason that I have said, if you say that it is 2011, 2015, or its 2011, 2017 maybe this is a matter of debate because sometime the decision could be a little bit delayed. But I am confident that the figure are [confluent].

Obviously, when we speak about market, this is the market obviously not 100% of this market is accessible to us because as you know the definition of accessible market it's based on so-so financing, available technologies, type of competition, local content and so on. But mainly as far as the downstream figures I am fully confident that this plan can be confirmed.

Also, Mexico, that was a little bit slow because some of these investment are on the table since at least two years. We are confident that for instance, Tula refinery we will see soon the tender for the front-end design and the market is moving.

Unidentified Audience Member

Hi. It seems that a very large, in terms of onshore potential. If you could maybe just talk a little bit about the nature and extent of competition you're seeing in all of this work? Is it from similar players you see in the Middle East or in Australia? Or, i.e. European, US, Asian contractors? Or is it more local players? Thank you.

Nello Uccelletti - *Technip SA - SVP - Onshore*

Okay.

First of all, I'd like to say that for the reason that I have just said, being this market is not so active a few years ago, most of our competitors have not the same level of local presence that is helping us a lot. And most of the competitors have no local offices and mainly in countries where actually the local content requirement is becoming an absolute winning factor. But we see a certain advantage, a certain differential strength from Technip.

We see the traditional competition in the services contract, mainly by American companies, in the front-end design, feasibility and the -- let me say, upstream activity before entering the detailed design phase.

Then go to traditional relationship, for instance, with Columbia, we have systematically [fostered will] for sure that are our competitors for this front-end design.

As far as the EPC phase, it depends case by case, country by country. It depends if the project requires financing or not.

In the specific case, while, as Thierry was saying, Koreans are targeting in a very clear way the Middle East market, in particular Saudi Arabia and Emirates, we don't see the same level or presence of Koreans here. And for me, for two specific reasons.

First of all, local content and you know that Koreans do not like to work -- they like to work alone. They want to bring the food chain of Korean industry, starting from material syndicate, but going on, also, to direct workforce that they try to maximize every time, and this is not the case in this part of the world.

Second, financing, because there is a limited possibility by Korea to finance certain type of projects.,

And, third, historical references. You know that in these countries, if you look to the track record, we see very limited presence of Korean competitors. Generally speaking, Asian competitors, so also Japanese and with a few exceptions, are not so present and so aggressive in these areas of the world.

Unidentified Audience Member

Yes, Nello, could I ask another question about Latin America?

I think if we look around the regions here, you were saying you probably even need regional subcontractors, a lot closer eye on the supply chain, a lot closer eye on the work forces and I assume some of your competitors have some big issues in Brazil, I'm sure, this year, with three strikes in two months in the work forces.

Can we say that the net net of this is actually Latin America should be a higher margin business for you if you can keep things under control?

Nello Uccelletti - *Technip SA - SVP - Onshore*

Sorry, could you repeat? North America?

Unidentified Audience Member

Yes, should Latin America ultimately be a higher margin business for you than the Middle East, given lack of Korean competition and more control and requirements for you to on the subcontractor chain to look after it?

Nello Uccelletti - *Technip SA - SVP - Onshore*

No, I believe that -- okay. First of all, we have to make a difference, again, between services contract and [lump sum TV] contract. Because services contract, I believe that clients, when you have a client that is ready to make an investment of billions, they don't care -- or at least they care about price. But they are more looking for the specific competence and know-how and technology know-how for certain type of investments.

Then I believe that services contracts have normally good margin and are realized with the full satisfaction of the client.

As far as lump sum on the key projects, we believe that you are right. We don't see the level -- the same level of aggressivity of the Korean competitors as we used to see in the Middle East. But in any case, you can -- you have to mention that it's always mainly by mission, our company, a large number of competitors, because they have an open competition, public tendering with open competition in certain countries. For instance, here in Brazil, we have won this [Cubatau] refinery, Paulo, help me if I am wrong, with starting from more than 20 competitors and at the end, we have won against the 12 or 15 that presented the offer. Then we have to consider that it's not an easy game.

Obviously.

Only when, from the feed, through the converted lump sum key, we are able to roll over from the feed to the EPC phase, working with the client on operating book basis, as it is the case for instance, of this Cuba project, we are able to have a fair return, but always being transparent with our clients, because the rules of the games are fixed since the feed phase, where actually the terms multiplier are frozen and are shared with the client and the part of the contract.

Then, yes, we see, if I can say, better margin to a certain extent than with the list. But always mainly in countries where mission of the company are going through this process of public tender, very tough competition.

Unidentified Audience Member

There's a licensing grant in Brazil for the different bastions of first [demonshonas], which would be for the second quarter next year. We understood that there is very good attraction for this list size in Brazil. So assuming that they will be successful based on what is discovered in French Guyana, how can you mange to fit with Petrobras internal plants for 2011, 2015? And potentially, a new wave of activity coming from French Guyana and North Brazil? Which is, I have to admit, four to five years at best.

Nello Uccelletti - *Technip SA - SVP - Onshore*

If I properly got the point, you mean about -- if we are able to cope with these challenges in terms of huge volume of investment.

Okay.

First of all, as Mr. Pilenko was saying, as Thierry was saying, human resources are a big challenge, not only in this area of the world, but in many other areas. I was just mentioning the way in which we grew through an organic growth in Columbia or here in Brazil.

And we are always looking to increase our staff in terms of quantity, in terms of quality.

At the same time, we have the possibility to break up these projects by our European and American centers. Because we are speaking about local content, but mainly in projects where actually it's very important to have a certain know-how that is present in other centers of the group. We have this joint execution where actually we can bring, from Rome, Paris, from Houston, Claremont, our people working on these -- in these projects.

The third aspect is that when you have, as it was the case in the Middle East, when you have a large number of investments and big projects, you can have always, also, a joint venture partnership to share with some of our -- some other contractors or some construction companies. The challenge of this big investment, then, you are right, as Thierry was saying, that this challenge of increasing our work force, vis-a-vis of the opportunities that the market is providing, is a daily activity that we are managing in our company.

Thierry, maybe you want to add?

Thierry Pilenko - *Technip SA - Chairman, CEO*

Yes. I would not put French Guyana and Brazil in the same basket. For two -- Northern Brazil, in the same basket, for two reasons. French Guyana, this discovery has been made by [Tello], with Total and [Chellis] partners. I believe they're going to go -- I'm going to be pushing my luck here. They're going to go for a fast track development, like they did in Guyana, which should be

extremely successful for Tello and they are demonstrating that they can move extremely quick to new areas, make the discovery, and then produce the fastest, efficient way.

By the way, it's not in the deep water, so it's going to be relatively easy to develop and I think if they apply the model that they have applied successfully, it should move very, very quickly.

So the development of Northern Brazil, and I'm speaking under the control of my colleagues here, I don't think this is the top priority at this stage. I think the top priority is to develop the subsalt. The pre-salt.

And so therefore, I don't see any conflict between the two. But I don't see either that we would be able to serve the French Guyanan market from Brazil. That's a little too much of a stretch. We're probably going to have the approach like Ghana, as strange as it may sound for a French territory. But this is probably an approach like that that is going to have the best chance, where the project, where you mobilize the teams close to the customer and then execute until -- once you're ready.

So if those projects go ahead, we'll be ready and we'll have the resources.

Unidentified Audience Member

Downstream, towards the downstream, but have you -- have your customers actually invited Technip or asked Technip to develop, maybe, more service capabilities in terms of doing more production enhancement type projects as well?

Nello Uccelletti - *Technip SA - SVP - Onshore*

Paulo, maybe you can reply better than me about subsurface?

Unidentified Company Representative

Well, you are talking of offshore stuff or in fields?

Unidentified Audience Member

(inaudible question - microphone inaccessible).

Unidentified Company Representative

Well, as you know, I think the -- in terms of volume of business, and very clearly of what Thierry was mentioning, the focus of it was, today, is essentially on the pre-salt, which is going to be the, really, the focus for the next four or five years.

In parallel, I think Paulo is going to show that in his presentation, you have all the so-called coarse salt and the compose basin, etcetera, where Petrobras is actually also looking at maintaining the oil production.

As you know, in Brazil, there is very high depletion rates of the oil fields and something like 7%, 8% per year. So you need to put a new production. You need of, let's say, 150,000 barrels a day per year, just to maintain the current production.

So there are a lot of, let's say, yes, investments planned, also, in the parcel. I think it is something in the range of $60 billion that Paulo is going to detail later on.

Unidentified Audience Member

HRT has started making discoveries of gas in the Amazon region. Objects in [venofist]. What provided the exploration of the [churches] successful? And we are very optimistic about that. What kind of opportunities do you see with those companies? Or maybe a -- ?

Nello Uccelletti - *Technip SA - SVP - Onshore*

Well, [polymer for mesofonas], as you know, is the logistics side. So very remote place and it's very difficult to -- what to do with the gas. I mean, if you put the liquefaction, you need all that other. Or you are going to transport the gas.

So actually we have had only initial contacts with them. But I think Technip is also able to offer, probably, some solution of small LNG units or small things like this.

But I would say, today, they -- the client itself needs to get the environmental license, to go through all the orders of the environmental constraints that you -- that they have, before these jobs turn into something more, let's say, real.

Unidentified Audience Member

I guess particularly, as your backlog's getting more geographically diverse, what steps are in place for flagging when a project may not be going well and how have you changed this process over the last seven or eight years?

Nello Uccelletti - *Technip SA - SVP - Onshore*

First of all, I'd like to say, if I probably got the point, the way in which we are building our yearly target is based on different scenarios. Then in terms of backlog, prospective backlog, obviously we don't freeze, at the beginning of the year, our figures, based only on fuel opportunities, but we have alternative scenarios where actually we can be sure if that for any reason, one project is delayed or is lost as it is life, we have alternative opportunities. Then when we fix for any region, because you know that this process is through our empower and delegation to the seven regions that are part of our organization, we have to be sure that any figures are fully supported by alternative scenario, when actually we can have a solid commercial scenario for any target of order intake.

If you are referring to the win it, I don't know if the question was about to do it as well.

Unidentified Audience Member

(inaudible question - microphone inaccessible).

Nello Uccelletti - *Technip SA - SVP - Onshore*

Yes?

Okay. First of all, we have -- since the proposal phase, a very solid procedure where actually we have a certain delegation to the region up to a certain level, but at corporate level, we have milestones, where actually before deciding the price, for an important project, we have several meetings and very detailed risk review, before deciding the selling price of projects of a certain size.

And then later on, we have systematically, mainly for projects of certain importance, a monthly review of the project status that are relevant not only to the, let me say, economical aspects, but as overall to the project execution status, progress, relationship with the client and so on.

We have also put in place some key indicators that also at the very early stage of the project, you can anticipate to us if the trend of the project, in terms of the execution, is not going in the proper direction. Then also, if sometime, you don't see, in the progress, a real problem, today, we can anticipate that if you have certain parameters, that are not the correct one, you can anticipate that in a few months time, you have a problem of delay or you can have problem of overrunning certain -- in certain parts of the project.

But I believe that the growth that we have seen in the onshore, offshore sector, you know that recently we have also increased our target to the target for 2011 to 6.5% to 7%. It's a continuous growth since 2007, improving the performance attempt to these.

First of all, very selective identification of prospects and proposal at very early stage. Correct procedure in place to fix the selling price and the continuous monitoring of the ongoing projects, mainly the biggest ones that have the biggest contributor for our revenues and to our return in order to be sure that the situation is under control.

Thank you very much for your attention and I leave -- I now leave this -- oh, sorry.

Unidentified Audience Member

Just a simple question, in fact. If we put together all the projects you have identified or the CapEx, downstream CapEx for the next five years in Lat Am, we get more than $180 billion of CapEx. On which amount would you effectively bid and what was your historical success rate in Lat Am?

Nello Uccelletti - *Technip SA - SVP - Onshore*

First of all, I have to say that as I have just been replying to Mick, a few minutes ago, that if you look to the list of prospects and this type of figures a few years ago, actually, we have a completely different scenario. Then we cannot make reference to the historical data because as historical data, we had up and down. But actually, we had very few lump [santamic] projects in this area, mainly Venezuela and Columbia and, recently, in Brazil.

As I have said, we believe that looking to the short term, that being already involved in certain front-end design, we are sure that some of these projects will materialize and will contribute substantially to our backlog in 2012, but I would say in a more important way starting from 2015.

In absolute figures, it's difficult to anticipate. But what I'd like to say is that we will compete in all the downstream development in Brazil, in Columbia, to a certain extent in Mexico. So if Mexico is maybe the lowest -- the slowest country among the countries that we have mentioned.

And as far as Venezuela, we are involved in these days, in this upgrader, front-end design for this upgrader, for which actually I do not expect a full investment decision before 18 to 24 months.

But we are well placed, at least, to have, as a feed contractor, a very good competitive advantage for the future.

Then really it's difficult for me to anticipate. The figure is difficult to compare with the past. But what I can assure to you that looking to the ongoing front-end design projects, ongoing proposals, we expect a substantial contribution from Latin America, for sure, next year, but in a more substantial way from 2015.

Unidentified Company Representative

If I may add something, there is no such thing as a magic formula, looking at the total market and there is the market share, it is what we have done, therefore we should be able to do.

I think the message here is that the picture in Latin America is very different from what it was five years ago. And in this market, we have some strengths, but also there are some markets where we are not present. So let's not fool ourselves thinking that we're going to be everywhere, all the time.

We're going to be selective, I think we're going to continue with the selectiveness. And we are going to grow our backlog, we think, we're going to grow significantly in this part of the world. Also, in onshore, offshore, that obviously this would be a subsea market.

But we cannot apply just straight formulas. But given the size of the market, given the momentum that we have, the fact that we've been able to break through Venezuela in large projects, the presence in Brazil, Columbia. Columbia is going to be a huge opportunity as well. Because the offshore of Columbia is going to open up -- offshore Columbia, in my opinion, that here it's more the subsurface guy who talks, has tremendous geological potential.

These are areas where we're going to be selective. So you can imagine that five years down the road, this part of the world will be very, very big. Maybe twice as big as it was today, in terms of backlog.

Okay?

But we cannot just apply a simple formula. That would be too easy.

Or too dangerous.

Thank you.

Unidentified Company Representative

Thank you very much. Thank you very much for your attention.

PRESENTATION

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Good morning, everybody. I am Paulo Veronesi, Subsea Commercial Director for Technip, Brazil. And I will present to you not by coincidence the same title as our Chairman's presentation, Technip Brazil, Solid Local Foundations for Profitable Growth. I have about eight slides about the Brazilian slides and then approximately 12 slides about Technip in Brazil.

So the Brazilian is one of the largest economies of the world, as we know. We have almost 200 million inhabitants nowadays and our territory is over 8.5 million square kilometers. Our GDP in 2010 was approximately $2.1 trillion, the eighth of the world, and we are the world's seventh largest oil consumer.

One interesting fact I read this weekend in the news, Brazil may end 2011 as the third world's largest automotive market in the world for the first time, only behind, of course, China and the US which is quite an achievement.

Our economy is still driven by natural resources, companies like Petrobas, Vale, which is the giant mining company now focusing also on oil production and EBX, the conglomerate of Mr. Eike Batista are one of the major companies, which make 40% approximately of our stock market be related to natural resources exploration. We have a very powerful agribusiness also driven for mainly exports, $74 billion dedicated of exports related to agribusiness.

Two very important events, which will add more energy to our economy are the World Cup in 2014 -- let's see who will win. And the 2016 Olympic Games. So let's focus the oil industry. Brazil has been exploring oil for about 50 years. We today produce 2.1 million barrels a day and we intend to more than double this production to 4.9 million barrels a day in 2020. This is a huge challenge.

We have today a diversified customer base. Petrobras is still the very biggest, the very major oil producer in Brazil, almost 100%, 98.5% of the Brazilian production is still Petrobras. But we have also other operators such as OGX from the X group, Statoil, Vale more focusing in shallow water prospects, Shell, BG, Chevron and other very active already in Brazil and with very interesting prospects also in deepwater.

So why deepwater? Brazil has been leading the deepwater exploration in the last two decades approximately and in the last five years 51% of the total worldwide oil discoveries were related to deepwater. And 62 of these deepwater discoveries were done in Brazil. So as a conclusion just to summarize, one third of the worldwide discoveries in the last five years comes from Brazilian deepwaters. And these numbers don't include yet the pre-salt findings because these numbers are 2010 closing.

So let's speak a bit about conventional fields and pre-salt development in the Santos Basin. The conventional fields that I mentioned Brazil has been developing in the past decades. They have today approximately 16 billion barrels of proven reserves, the pre-salt, which is a very fast-track development has today only in the first four fields identified reserves of 13 billion to 15 billion barrels. The total estimated amount of reserves of the pre-salt is said to be bigger than 50 billion barrels, five-zero billion barrels.

Today we produce or Brazil produces two million barrels a day in the conventional fields and only 42,000 barrels of oil per day in the pre-salt. There are only three wells producing in the pre-salt of the Santos Basin, the first well of the [Muelo fields] former [TUPI fields] and the two extended well tests of [Wana and Oeula Northeast] projects. But the plants for the conventional fields of the Campos basin is to have a very high volume of investments just to maintain the production due to the aging and depletion of the fields, which means that it's basically additional wells to existing platforms, existing infrastructures, in some cases additional platforms also, but basically utilizing the existing infrastructure already implemented in the Campos and Espirito Santos basin. Instead in the pre-salt there are $53 billion of investments in the period of the next five years.

But that is all related to new fields, new infrastructures and also a very challenging environment because if we look at the conventional fields and we see that we have already start more than 500 kilometers of flexibles and the challenge is in the past so it's more of the same in the next years. In the pre-salt it's up to 2,300 meters water depth in an area more than 300 kilometers far from the coast with no infrastructure in the Santos Basin yet so far, very corrosive fluids, very high content of CO2 and H2S and associated gas to the oil.

So I will show you a very basic sketch of the field development solutions used in Brazil today. Even for conventional fields or the pre-salt, the basic solution for the floating unit is the FPSO, which is a vessel converted into a production platform, which is located above the fields. Under this vessel we have the wells and we have also the export lines, which bring the oil or gas to the shore or to the shallow water platforms.

So we have to link the wells to the platform to bring the oil and gas to the platform. And we can do this using flexibles or steel risers, which are the vertical section and flow lines, which are the section laying on the seabed. So we can several types of configurations. We have the [SLay] flexible configuration, this red one here. We have the steel SLay riser.

We can also free-hanging [continuary] configuration of flexibles, or in cases where the oil is heavy the flow of the oil is difficult, we can use a proprietary technology of Technip called IPB, Integrated Production Bundle.

The IPB is a flexible, surrounded in the construction surrounded by electrical cables, which are aimed to heat the oil inside the flexible so with the same oil you can increase the oil production and this technology which has already been used in other parts of the world will be for the first time applied in the Papa Terra fields of Petrobras is going to be also very important for the pre-salt. We can have also some different types of risers like the submerged buoy with the risers both rigid or flexible passing through the buoy.

We can have the riser tower or free-standing hybrid riser depending on the number of the risers, rigid or flexible configuration as Technip has also developed it. The important -- there are two important points that I want to say about this sketch, this slide. First, the main driver for the subsea market is the number of FPSOs. So if we see the number of FPSOs we can easily see the market, the subsea market coming ahead of us. And the second one, irrespectively of the riser solution any of these alternatives have a large amount of flexibles for each one. So everyone you pick you will find a very large amount of flexibles in the solution.

So speaking about FPSOs delivery, we have today a very, very good visibility of the FPSOs delivery in the Brazilian market. We have FPSOs for the pre-salt already such as Guara Pilot 2, Guara Norte. We have some FPSOs for conventional fields deepwater but still conventional fields, both for Petrobras. But we have already also several FPSOs in the pipeline for companies like OSX, Statoil and if we go further to 2020 we see several other clients on the pipeline. So this visibility of the FPSOs that I mentioned to you is confirmed, very well confirmed by the tendering activity that we are seeing in the market today.

This slide we have a few, a list of tenders that are ongoing, some Technip wins, some tenders open or some awarded projects also of flexible pipes. Flexible pipeline vessels we can see the long-term charters basically for Petrobras, Petrobras securing the capacity to install a large amount of flexible pipe in the next five years, possibly 10 years if the option to extend the contract is accepted. We have several EPCIs for rigid pipes, rigid steel pipes both for conventional fields and also pre-salt fields. And we have also tenders for logistics base to increase the logistics capacity of Petrobras.

But is it easy to work in Brazil with all this activity? For sure it's not easy to work in Brazil. We have several challenges to work in Brazil. We have a lot of laws, a lot of taxes since the new constitution in 1998 we had 4.2 million new laws.

We have today 32 taxes and if you look at the tax interpretation of the Federal government and the State government they not always are the same. So the key factor to be successful in Brazil is you have to understand Brazil. It's complex. You have to understand it. And Technip understands Brazil very well. We have 35 years of operation on Brazil. We started with 20 people in 1977.

We helped the design of the Garoupa platform and we have also installed the first flexible pipe in this field. It was 100-meter water that project. It was the challenge for that time. In 1986 we started the flexibles manufacturing plant that you will visit later on. We have already started our philosophy of local content beginning the operation of this manufacturing plant 25 years ago.

In 1995 we have signed the first long-term charter of the Sunrise to install flexible pipes with Petrobras. In 2001 we have acquired an important offshore engineering company of Brazil called UTC, which has increased considerably our footprint in Brazil, once again, taking actions to increase our local content.

In 2007 we had already about 2,000 people and we have performed a very important project called P-52 project, the Roncador platform, the subsea field and the offshore exportation pipeline of the field. I will show you a bit more of the Roncador P-52 project a bit later. In 2009 we have signed the contract for the owner's engineering of P-58 and P-62 FPSOs as Nello has shown you, owners engineering contract for the two platforms, the two Brazilian FPSOs and we have also acquired the Angra Porto Logistics base, which was the first acquisition was 70% of the assets in 2009 and the remaining 30% we concluded acquiring in 2010.

So today we have full control of the port of Angra dos Reis for our projects. In 2010 we have signed a very important contract for the first integrated production bundle in Brazil for the Papa Terra fields. The Papa Terra field is a heavy oilfield operated by Petrobras but also with Chevron as partner. And we are delivering this 36 kilometers of IPBs plus the top side models in the next 18 months.

And we have also delivered the first-ever pipelay vessel built in Brazil, the Skandi Vitoria. This was another major achievement of Technip. In 2011 we have done the EPCI, the Engineering, Procurement, Commissioning and Installation contract of the first pre-salt gas export pipeline, the TUPI gas export linking the TUPI field to the Michelin platform in shallow waters and we have also delivered. We are right now doing the mobilization or the field tests of the Skandi Niteroi, which was the second pipelay vessel built in Brazil ever. So again we have the past 35 years learning how to work in Brazil.

Today we have 3,200 people. We are a market leader in all business segments. We have several flagship projects like the hybrid expansion. The P-56 which was the first submersible platform built in Brazil with local content of over 75% in partnership with the [Capo yard], [Eandro] [Drosai] also and we have as I said delivered the two first pipelay support vessels the Skandi Vitoria and Skandi Niteroi. So today we can offer the full range of services to our clients from engineering to operational contracts and from conceptual studies to lump sum turnkey engineering, procurement, commissioning and installation contracts.

So how have we built our local capabilities? We have four key points that I would like to mention, people logistics, which is very critical today in Brazil, assets and local R&D. We have grown our -- the number of people working for Technip in Brazil from 1,500 in 2003 to 3,200 in 2011. That's more than double. We go, I go, the CEO goes to the universities, the best universities of Brazil and we attract the young people, young boys and girls. We invite them to work for us. Once they are in Technip we train them a lot. We offer them opportunities to work abroad, to have an international career so that they are motivated. And today we have 97% of our work force in Brazil composed of Brazilians.

On the logistics, as I said, we have acquired in 2009 the Port of Angra, which is right in front of the pre-salt fields. Its 78,000 square meters port. You can see the small picture. It has a 350 meter birth for several projects that we can execute there. It has a 10-meter draught in the channel access directly to the pre-salt fields. So besides this Port of Angra acquisition, we have also doubled the capacity of our flexibles logistics base here together with the plant in Vitoria, which was another important investment to debottleneck the logistics of our business.

In terms of assets, as I said, we have built the two first Brazilian pipelay vessels, which are now under contract with Petrobras. We have upgraded the Vitoria manufacturing plant in the past years and the latest upgrade was to attend to the first pre-salt manufacturing for the former TUPI, now [Lula] field -- you will see it this afternoon in detail and we are building the new flexibles plant for the high-end flexibles, which will be required for the pre-salt development. The pre-salt, the first phase of the pre-salt and the second phase of the pre-salt. So we have designed this plant together with our clients to serve for the pre-salt development.

We have also in 2010 made a very important initiative, which was the implementation of the Brazilian R&D center for pre-salt and ultra deepwater projects. We are in this R&D center finalizing the qualification of the pre-salt flexibles. We are going to present to you this in more details. We are qualifying also the IPBs as I said for Papa Terra and the pre-salt fields. The IPBs are going to be a very important solution.

We are finalizing the qualification of the IPBs in this R&D test center also. We are qualifying in the monitoring systems for the flexible pipes also and we are about to start the qualification program for the carbon fiber armored flexible pipes in this R&D test center also.

Just to give you an idea, you see the picture here, this is a test chamber to simulate the intra-static pressure in the bottom of the sea. We have built this and started operating this test chamber last year, the beginning of this year. This is the second biggest test chamber to perform this test in the world.

The test chamber bigger than this one is in Russia. It was used to test nuclear submarines during the Cold War and the years after the Cold War. So if you want to go for a test higher than this one the only place available today is this test chamber in Russia.

HSE, HSE is a very strong priority in Technip. Safety is our first priority. We have several successful program. The PULSE program is a group initiative in which we have already trained more than 200 managers and supervisors in Brazil at the end of 2010, for sure in 2011 this number will be much higher because we are still training a lot of people in this program today. And we have also other very successful programs like the FOCOS and the CONSERVAR project, which will be presented to you in the visit to the plant.

We are also very conscious about the sustainability and responsibility of our presence in Brazil. We are always looking to increase the local content of our projects even before it was a market demand or a market requirement, we were already installing the plants in Brazil. We were already increasing the number of Brazilians in our teams as much as possible. So this, we believe, is a mission of the company always to increase as much as possible the local content of its activity in Brazil.

We also care a lot about the local communities. When you go to the plant you will see the plant is surrounded by favelas unfortunately. So we cannot solve the problem of the country but we can try to help these people. So we have promoted several projects such as the [Project Brilliante] which was a project to train these people and offer them the opportunity to develop and work in our plant or even work in other places.

Our concern is to offer these people an opportunity to grow and to have a better life. And again, as I said, the Project CONSERVAR, which you will see later on.

So our client base in Brazil today, we have Petrobras for sure as our major client in all areas. Petrobras is the biggest client of the Technip group for a few years now and it will still be the biggest client of Technip for at least the foreseeable future that we have. We have also other operators now like the X group, the OGX, OSX group, which has a very interesting and aggressive business plan, and we are supporting them in several areas.

We have the Brazilian company Braskem, which is a olefin company very aggressive also and very active in the Americas. And the traditional Shell, Statoil, BG also very active in Brazil as I said.

So let me speak to you a bit about our track record in projects on the subsea and the onshore-offshore. We have done in the past few years, in the past five years, the three types of rigid projects. We have done Reel-Lay in Canapu for the pipe in pipe of Canapu. We have SLay in the TUPI gas export line, 216 kilometers of gas export.

And we have done J-Lay for the PDET hybrid riser installation, the hybrid riser of the PDET is this steel riser supported by a buoy on the top. And we have also several hundreds of kilometers manufactured and installed in Brazil.

This is to say that we are as Mr. Pilenko said the multi-service engineering company. We will analyze the best solution and we will propose to the client the best solution. We don't have one solution for the projects. We analyze and we propose the best solution for the clients.

I will also mention two interesting ongoing projects, which are the integrated production bundle of Papa Terra, as I said, this will be the first project, the first IPB project in Brazil and we'll open the market for other opportunities of this project in Brazil. And by the way, this is one of the products that we will be able to manufacture in our new flexibles plant.

And I will mention also the TUPI pilot, the first flexible pipes of the pre-salt we are supplying right now the flexibles for the pilot field of the TUPI projects. This is ongoing. You will see in the plant we have already supplied and installed the first production well. We have already supplied and installed under Petrobras long-term chapter contracts the gas export riser, which is a flexible 9.13 inch ID was a very flagship, a very important project for us and several other contracts, we have right now.

On the onshore-offshore we have also several interesting projects in our track records. I think that Nello has already mentioned to you a few of them. We have fertilizer plants. We have olefin plants. We have, as I said, the P-51, P-52 and P-56 semi-submersible platforms with increasing local content up to the 75% of P-56. And we have also the FLNG FEED of Petrobras, which also Paul Appia has already explained to you a bit.

We have a good book order with ongoing projects such as the [Kubaton] refinery expansion, the commissary olefin plants revamping and expansion, the owners engineering contract of P-58 and P-62 as I already said, which is a contract, a service contract with over 90% local content.

So trying to summarize what are the challenges in Brazil and what is Technip's solution, we have several regulatory challenges such as the law system, the tax system, and the solution for that is our experience, our track record of successful projects with local content, with people from Brazil in the projects.

The markets today has, for sure, resources bottlenecks from people to production capabilities and we are investing, as I said, also in our people very strongly and in the right production capabilities to be ready for the result, demand of the future. We have also invested as I showed you in logistics because if you look at the Brazilian ports, the Brazilian ports are very busy with all the agribusiness exports and they are very bureaucratic also.

It's a very inefficient area and for that we have invested in our own logistic solutions. Another challenge we are facing is the technology needed for the pre-salt developments and for that I showed you our local R&D center, our new high-end flexible pipes plant, which will be ready to serve the pre-salt demand.

And last but not least, if you don't have strong project execution, which is a Technip must, it is very -- there's a very good probability that you are not able to deliver the results that you're expected. So for that to happen we have our expertise in project management, planning and interface management to be able to deliver what we expect.

So again, finalizing, summarizing what we have in Brazil, we have in Rio de Janeiro our corporate services and also our engineering and project management team for the EPCI contracts and the services contracts management. We have in Vitoria our flexible pipe and umbilical manufacturing plant. We have the logistics base, which we just doubled and is dedicated to the flexible pipes activity. And we have last year inaugurated the R&D test center for the flexibles of the future.

We have acquired, as I said, the Port of Angra for the key logistics of our projects. The Port of Angra facing the pre-salt reserves. If you look in the map the pre-salt of the Santos basin is right in front of Angra dos Reis so it's really a strategic asset for the future projects. And we have also our marine fleet.

Today you have five flexible pipelay vessels, not only the Sunrise, the normal progress and the Skandi Vitoria but also the deep constructor and the Skandi Niteroi, which are being mobilized before the end of this year, and a fleet of remote operated vehicles, which are underwater robots which are used to support the pipelaying activity and also the drilling activity. So our fleet of ROVs work both for our pipeline vessels and also for drilling rigs supporting the drilling operation and the drilling rigs.

And we have the (inaudible) to support this marine assets fleet, our marine assets support base. So what we see that we need and we are doing for the pre-salt developments before 2015. So we are adding the new plant for high-end flexibles manufacturing as I said, large diameter, large long lens, integrated production bundles, carbon fiber armored flexibles, and we are adding possibly depending on Petrobras tender, which is ongoing right now and possibly future tenders new pipelaying vessels to our installation fleets.

The final one, comparing our business model, integrated model of Technip Group worldwide on the subsea area with the Brazilian offer we see that we do offer in Brazil conceptual engineering. We do execute project engineering, recruitment, commissioning and installation projects both for flexible pipes or rigid pipes. In the flexible pipes we have the manufacturing

in Vitoria today. We will have the new plant also and we perform the installation with our local fleet or Petrobras also fleet of flexible installation vessels, and we have the support, diving and logistics assets also for our projects.

On the rigid pipes projects we have the support of the group for the spooling when necessary and we have the vessel fleet of the group for rigid Reel-Lay, J-Lay and now with the potential acquisition of Global Industries also SLay offer. We also can have umbilicals through the group support, in the group, and just to finalize with the potential acquisition of Global, as I said, we can offer also heavy lift for subsea infrastructures and offshore topside installation. All these supported by our local R&D and proprietary software and hardware. So thank you very much.

QUESTIONS AND ANSWERS

Geoffroy Stern - *Cheuvreux - Analyst*

Geoffroy Stern from Cheuvreux. A few questions from me, please.

Firstly, you mentioned, rightly, that the number of FPSOs to be delivers is a good and early indicator for the subsea business going forward. So you mentioned 28 FPSOs to be delivered by 2015. What was -- what will this imply for you in terms of activity, or if you can give us some estimates in terms of the number of kilometers of flexibles extra?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Well, you see, the markets for flexibles, for sure, very active, to the deliver of the FPSOs. And we see that we will add the right capacity when the market is going to be really picking up when the, let's say, the major amount of the deliveries is targeted. The deliveries of the FPSOs start to arrive to the market, which is 2014, 2015.

So basically, we are going to add the capacity when the market is going to have this step change.

Unidentified Audience Member

Thank you. Can I ask about your vessel capacity globally and also specifically in Brazil?

Thierry mentioned earlier that he was looking to see how to further develop your ultra-deep water capability on the boat front. So what is your view of the current capacity you have available to use in Brazil and what else would you like to bring in to the region? And this commitment is obviously predicated on the assumption that you don't take part in the -- or you don't get anything successful on the six-vessel tender at Petrobras.

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Well, I would say that our current vessel fleet in Brazil, when we look at our current vessel fleet in Brazil, which is more dedicated to flexible pipe play and our vessel fleet in a worldwide basis, which we use for rigid pipe play, we see that if we add the potential acquisition of Global, which brings the [S-link] capacity and heavy lift, as I said, we will have a very good and broad offer for both flexible and rigid pipe installation in the conventional fields and in the pre-salt.

So just to finalize the answer, the acquisition of Global brings us a very good complement to the capacity, the lane capacity, that we already have.

Unidentified Audience Member

Okay. So you are saying that you don't need to build any additional new capacity on the vessel front for Brazil?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

We may have specific works, where we may need specific capacities, and in this case, we can work with partnerships, JVs and -- but it depends on the project, on a project-by-project basis. Maybe Pascal, you want to say something about our vessel fleet capacity?

Pascal Colombani - *Technip SA - Senior Independent Director*

Regarding the excess capacity that Global is bringing us, Paulo is right, it's going to be a good complement for the full lines, the rigid full lines in SLay methods, but also for the concept of deep-to-shore going, because all these fields offshore, they need, most of them, to bring the production to the shore and we need also to have shallow water capacity and that's what the fleet of Global will bring us. So in addition. That's what I'm going to add.

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Thank you.

Unidentified Audience Member

Thank you.

On one of your first slides, you showed that the investment over the next five years in new conventional projects is actually greater than in the pre-salt. So it sounds like you see, for Technip, a lot more opportunity on the pre-salt side. So could you help us to reconcile those numbers with, specifically, the opportunities you see for Technip in conventional versus pre-salt?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Well, we see a lot of demand in the conventional fields, still, which is good. It's more of the same, more of what we've been supplying successfully in the last few years.

But as I said, meanwhile, the conventional fields demand is maintained, stable. The pre-salt demand is ramping up very rapidly. So we will see a strong, basically, 2014 on a very large number of new FPSOs to the pre-salt fields. And that's why -- that's when the pre-salt demand will even be higher than the conventional fields demand in our forecast.

Krishan Binani - *Nomura International - Analyst*

Hi. Krishan Binani from Nomura. Two questions.

One, you talked about a vertically integrated business model. To what extent is Technip Brazil dependent on local infrastructure suppliers? And in total percentage terms, outside that sort of vertically integrated box, if that's one way to put it?

And secondly, on the point around indigenous, local contractors, do you have -- do you see, in the long run, Petrobras will -- the Brazilian government will be preferring to train up these indigenous contractors to basically do what you're doing?

And is there risk that there is a replication, e.g. a local contractor building flexible vessels in the same way that you're doing? And can you talk about the competition and local dynamic?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Okay. I understood the first question. The first question. But I'm not sure if I understood well your second question.

Krishan Binani - *Nomura International - Analyst*

Yes, indigenous local contractors. So others in Brazil, that are set up in Brazil, to compete on the flexible side or local -- or the deep water side. Are there any contractors that are at risk of threatening your -- what you do and in the long run, could they also have the flexible capacity to commit to Brazil? And in that light -- with that in mind, will Brazil government prefer that versus the sort of foreign incumbent, so to speak?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Well, answering your first question, we do have a vertically integrated model. And this model goes all the way to our suppliers. We have a long-term relationship with our key suppliers, which work with us, both in terms of product development and also capacity development.

So we are not only developing our own production capacity and capability. But when we take an action to build a new plant, we, for sure, are also developing and working together with our suppliers, traditional suppliers, long-term suppliers, for them to develop their own capacity also to be able to serve the new products and the new increased capacity that we are adding to the markets.

Okay?

So in terms of competition, in terms of competition, I see -- in my opinion, the Brazilian government position is to have a local development. It doesn't say that if you are Technip or you are another company from another country or from Brazil, you are different. I don't see that. I see Brazilian projects, Brazilian capacity, Brazilian content and imported content, okay? So what we do is to add local capacity. We work with Brazilian people, Brazilian universities, we develop Brazilian technology and, in my opinion, we are seen as a Brazilian company.

Okay?

In terms of comparing the competition.

Of course, this huge market, when you compare to the global market, attracts a lot of competitors. Not only foreign competitors, but also Brazilian companies will need to enter this market.

But the market is always segmented. You have the high end, you have the medium and the low end. So we see several companies trying to enter the low end, because that's the natural entry door for every newcomer, with the [scotis], but for sure they will, someday, be able to participate more and more in the markets.

What we are doing, we are moving always to the high end. The new manufacturing plant is for the very high end of the market. And that's where it's a brand new market and nobody's there. And we will be the first to be there.

Krishan Binani - *Nomura International - Analyst*

One more follow-up, sorry.

What's Petrobras's attitude towards contracting out production and installation, all in one go, one contractor? In a world -- will it be a case where they'll give you the production of flexibles as well as the installations of the whole lot? Or will they stand back and say, hang on, you guys have taken the entire -- we don't want to give you everything. We'll give you just production or just installation. Is there any argument around one or the other?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

I think the clients, they will choose what they prefer. We have seen, in the recent past, Petrobras going for the segmentation of the demand. So Petrobras buys the products, they have long-term contracts for the installation and they manage both. And that's the way they prefer.

We see other clients like Statoil, OGX, Shell, Chevron, probably going the other way for several reasons.

I believe that in the future, both of them can change their minds, but Petrobras can go for a more integrated package and the other companies can go for a more segmented market contracting strategy.

But we are ready to do both, huh? We are ready to do the product and service supply and we are ready to do the APCI contracts.

So we don't see -- basically we don't see problems there.

Bertrand Hodee - *Kepler Capital Markets - Analyst*

Bertrand Hodee, Kepler.

I have one question concerning the TUPI gas export line that you installed in GB with Allseas. It's now the Global Industries assets inside or in the future inside Technip portfolio. Would you have been able to execute that contract on your own with Global Industries? With the assets?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

I think that Mr. Pilenko has explained it very well, in this situation. We, today, we have used Allseas as a partner. We have done the TUPI export line as in a JV with Allseas. But we are adding now, with the Global Industries potential acquisition, not only the assets for SLay, but also the expertise for SLay.

So in the short future, we still don't have the capacity that Allseas has in terms of tension, water depth for this type of job. But now, as I said, bringing global expertise, it's an option for us to go for a vertically integrated upgrade of our fleet or not.

Unidentified Audience Member

Based on the $117 billion that you cited for [Campos and Santos] development over the next five years, can you tell us what proportion of that is addressable by Technip?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Can you repeat? Sorry.

Unidentified Audience Member

The 100 -- the $64 billion Campos and $53 billion Santos development, over the next five years, what proportion of that is addressable by Technip?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Sorry.

I don't have the exact figure, of course. What I can say is that we have a very important participation in the case of the Santos Basin, both in the flexible pipes manufacturing, installation. The rigid pipes projects, the offshore projects for the platforms, we are also very well positioned for those projects. So I cannot give you an exact figure, but it's a good, great opportunity for us, that amount of investment.

Unidentified Company Representative

(inaudible - microphone inaccessible).

Unidentified Audience Member

A question on the install of the flexible pipelines, in the past you've always talked about the replacement cycle for the flexible pipes that are already in place. So can you give us a little bit of insight into what's happening there, as your customers -- are they tied to Technip for the replacement cycle or can they actually go to some of your competitors for some of that work?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

I think that that's a low-end market today. If Petrobras goes for the simple substitution of the existing products, if they decide to upgrade the field layout, like using integrated production bundles to improve the production, that's the market where we can benefit very much.

And either if they go for a simple replacement of the existing flexible pipes, we have supplied most of those -- all of those flexible pipes. We still have the plant capable of doing that.

So that's also going to be an opportunity for us, not the same -- let's say, not the same technological challenge, of course.

There are competitors that can play that low-end market. A few -- not many, but there are. But it is still an opportunity for us.

Unidentified Audience Member

(inaudible question - microphone inaccessible).

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Quantify.

Well, it depends on the new field layouts. It depends -- it really depends on if it's a simple substitution or an upgrade of the production system with IPBs and other technologies, like subsea separation that Petrobras has been developing and that those fields would be very good opportunities for Petrobras to implement these new technologies. And I believe that's a big possibility for these oil fields.

Unidentified Audience Member

Hi.

Can you comment on pricing flexible, both in Brazil and around the world? And can you say whether GE's acquisition of Wellstream is a positive impact on industry pricing?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Well, we haven't perceived any significant change so far. I'm speaking about the GE acquisition.

I believe that it's going to be good for the markets to have so respectful and good company like GE in these markets. They will add a lot of responsibility in the pricing policy, I would say.

Sorry, what was your first point?

Unidentified Audience Member

Yes, it's just the trends on industry.

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Yes, we haven't seen big changes in the trends, as I said. We are committed to deliver the margins in line with guidance. Meaning 16.5% to 17% in the subsea. And that's related to our offer, our execution, our correct delivery of the projects and products. So we haven't seen big changes in that trend so far.

Jean Pierre Dmirdjian - *Oddo Securities - Analyst*

Yes, Jean Pierre Dmirdjian from Oddo Securities.

I have a question on CapEx. Technip has invested a lot of money during the past couple of years, in Brazil, with first the increase of production capacity of the Flexibras manufacturing plant, now Technip is expected to bring on stream two additional vessels by 2015 plus a new manufacturing plant in Brazil. My question is, how do you see the investment cycle across 2015? And do you believe that there is room for Technip to continue to invest, maybe, in other segments? Or do you believe that the investments in Brazil will slow down after this investment cycle?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

It's not very easy to forecast beyond 2015. But as I said today, I'm in this market, in this business, for 20 years and we have now the best visibility we have ever had in this business in Brazil.

We have, besides the result, which is a huge new frontier and is not even mapped, completely mapped, yet. We have the even newer frontiers as someone mentioned before, of the north of Brazil. We have the northeast of Brazil also, very promising.

So I don't know the answer to your question. But I would say that it's very probable that there will be room for new capacity, adding new capability, adding in the long term -- medium to long term in Brazil.

Unidentified Company Representative

(inaudible - microphone inaccessible) as soon as we hit the market, they are fully utilized.

Our additional capacity in Vitoria, as we built it, was to be utilized. We built the first Brazilian vessel because we had a compact with Petrobras.

The second one, we decided to go ahead with that vessel, without any contract. The date the vessel is available, Petrobras takes that vessel.

I think we are going to have a shortage of supply versus demand for -- at least until 2015 and maybe even beyond that. Because it takes time to bring the additional capacity. So if you look at what we are doing today, we are building a second plant. But this plant is going to bring additional capacity, but more importantly, capabilities. So the big diameter, state-of-the-art. And we can already foresee that Petrobras will probably have to use plants from outside Brazil, just to bear with their -- with the limit of their production.

So at the moment, the visibility that we have is that the demand that we foresee is above the supply, including supply coming from competitors.

But it's -- that means that at some stage, we should be seeing a little bit of pricing momentum.

But let's not fool ourselves, Petrobras are very good at playing the competition. So therefore, we should not expect that suddenly it becomes El Dorado, Bonanza. We have to be very methodical and steady with the way we approach the market.

Unidentified Audience Member

Just one more follow-up, again, on the supply chain. You said here that Petrobras is very good at managing price, but they're also very good at mitigating risk in the sense of if you guys have a problem with the supply chain, you guys take the hit. Is there any -- where do you see it being tightest across this very long supply chain, over the next five years? I mean, infrastructural content. And do you see that potentially slowing down price being even, ultimately, and execution risk, which is characterized by nearly everyone in Brazil, so far, of the European contractors?

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

So, as I showed you, we have been investing to verticalize our project execution model. We have been investing in a port to be able to control our project execution model. We have been working with our suppliers and they are investing, also, in the long lead items in the special small bits that are necessary and have to be also ready when the demand increases. So we are taking a global view on the entire supply chain. Our project execution is more and more verticalized under our control and our suppliers

are working closely with us. There are several suppliers that are expanding their plants, that are opening new plants in Brazil to be able to cope with our increase of their demand.

So I don't see, in the future, this risk of one of our suppliers bringing problems to our deliveries, delivery capacity.

Unidentified Company Representative

Do -- yes? Is it working? Yes.

I would like to complement what has been said so far about the Brazilian market and our relationship with Petrobras.

For years, Technip has been in a monopoly situation to supply the Flexibras, due to the fact that Petrobras, at that time, was the only client believing in the flexible technology.

All the folks, outside Brazil, was thinking that Petrobras was wrong, using Petrobras -- using flexible technology.

Now, starting in the early 2000s, Petrobras pushed by the market started to think, well, we should go for a rigid pipeline, okay? And to answer your question about has Petrobras ever thought about going in one go for the supply and the installation? Yes, they did. It was the [Oncador] project, 236. We won.

Meaning that with our assets, both for the supply and the installation, we demonstrated to the market our ability to deliver the full EPCI project, first of its kind, in 2,000 matters what it did.

Then after the big problem for Petrobras was uh-uh, I want to diversify my supply chain. And I'm still working with Technip and only with Technip. So they decided to split the -- their contracting philosophy, splitting the supply on one hand and the installation on the other hand.

Again, pushed by the market when the new challenge of Oncador, of 252 went up, they said, well, am I left with what type of solution? We should try again the EPCI.

And again, Technip won the project both for the supply, the installation and therefore, we are facing a market situation right now, where due to the lack of our competitors' capabilities in Brazil, and due to the obligation of Petrobras to make sure that they will get the best condition for their development, Petrobras is in a lot of cases forced to go for splitting the supply and the installation.

But when you talk to the folks of the BNP, I can tell you that their dream is to get Technip getting all the installation and the supply of the projects because in Portuguese, our reputation inside Petrobras is Technip is Empressa [Mice Concept to add]. And JG can translate, it's [shootable], meaning that we deliver, okay?

Today, Petrobras is facing a huge challenge. Because on one hand, they should press the supply chain. And on the other hand, they are left with very, very little options, okay?

Therefore, what it means for Technip? It means that we have to keep focusing on the search of excellence in terms of technology. Technology driving our manufacturing capabilities. And this is why we have been with this idea of developing the most sophisticated ever flexible plant in this country, in order to be able to deliver a very high-end solution, IPB, big diameters flexibles, okay? Paulo spoke to you about the nine-inches of the gas export. You guys have to realize what it means to design, to manufacture and install the flexible line of 10-inches in 2,200 meters water depth. Not adding to the design of the product itself, the challenge of installation. The [Basia de Santos] conditions are close to the North Sea conditions.

Okay?

Very harsh environment.

And I can tell you that having installed already some rigid line with Allseas, we know what it means. It means a lot of delay, in terms of installation, and once again, with the flexible technology, we have demonstrated our ability not only to deliver a product, but also to install it satisfactorily. It has been commissioned. It's in production.

This means what? This means that the focus on the higher end is, for us, an obligation, okay? It will drive a lot of effort in the R&D, driving new plants, new technology for manufacturing. And to answer your question about the assets, two years ago, when we were awarded the TUPI supply project, we realized, first, that the -- we could develop and design flexibles for the pre-salt, which was a bit of a news, okay? And when we realized the type of product we will end with, we realized that our installation capability was not enough. So we went to Petrobras and we said, look, guys, we've got a problem. We can design the product, we can manufacture the product, we can't install it.

And Petrobras E&P guy says, what do you need, guys? We said we need at least 550 tons tension capabilities to install those flexibles.

It took some times for the Petrobras organization to come to the market with this tender of the six PLSVs, okay? But guess what? No, we are [toasted] where Petrobras is about water, several PLSVs of 550 tons driving for more solutions using flexible concept, okay?

So what I'm trying to explain to you is we are facing a market situation where this kind of chicken and eggs.

You have the R&D driving products, driving the need for new installation capabilities, and it goes on and on. We are, today, thinking about deeper, higher tension capabilities.

We do believe with the current technology of Technip, with the flexible design and manufacturing, we could come up with a need of 700 tons in the very near future.

Okay?

And the good surprise, and let's face it, I mean, you folks know about our competitors being awarded the subsea system for two pre-salt platforms. The good news is that it's two to three times more expensive than the flexible solution.

So, as long as Technip would be able to deliver sound technology, we'll be able to manufacture product, we'll be able to deliver also the monitoring system for the flexible solution, I think that the future of Technip in this country and not only focusing on the pre-salt, okay?

Do not forget that in the E&P spending of Petrobras, still a big chunk of the projects are linked to [Paso de Campos]. We will be there, and of course, Petrobras is doing the right thing, putting a lot of pressure on Technip, inviting, you said, indigenous companies, okay? To develop competitions. They are doing their job. Okay? Because they want to cap our pricing power. And therefore, the game for us is to invest more and more in technology, more and more in manufacturing capabilities, to be in this high end of the market, allowing us to enjoy a good market position.

Unidentified Audience Member

The economics for rigid for Petrobras are still compelling enough to use rigid. And doesn't that solve the problem for them in not wholly relying on you as the majority flexible operator and using other operators or contractors in the other solutions to be able to manage some work as well?

And what have the economics looked? Because there are -- there's a lot more rigid supply in terms of vessels globally that can come into Brazil and meet that demand. And also, if the economics work, solve this problem for Brazil, to diversify contractors and to diversify the optionality in flexible and rigid, if that makes sense. Do you see, from that perspective, a risk that Petrobras will go on their own agenda, making sure that they can manage the pricing through another option and not just contracting in one optionality?

Unidentified Company Representative

Well, I'm sure they're working on the -- I would say, somebody asked a question about the -- what's likely to happen in the 10 years from now? We know that the first phase of the development of the pre-salt has been defined between 2011 and 2016, okay? Using the existing technology.

2017 onwards, Petrobras will try to develop new concepts. And we will be part of it. I mean, we are working with the [CEMPAS], the R&D Center of Petrobras, and we are critiquing, working with them, to develop new solutions, starting with the fiber carbon armor wires, okay? We are working together with Pascal and the CEMPAS in order to see whether we can develop some manufacturing capability for those new armors wires. Okay? Which will bring a lot of benefit, cheaper, lighter, and with a -- obviously, very high local content.

Yes, we should not rest, you know? We should work hard in order to make sure that we will capture the technology of the future, which are rightly to be developed starting in 2017.

But for the years to come, the existing projects, first, something you have to bear in mind is that with 17 coming, floating production units, our FPSOs, okay, there is no way, no way, not to use the flexible technology when it comes to FPSOs. Because at what point in time, you need to link whatever you call it, the system, okay, with the platform. And the harsher is the environment, the more you need to use flexible. Okay?

Now, when it comes to, and I want to segregate the demand here, when you are talking about subsea flow line and risers, you have several types of hoses. You have the ones that are used for the production, which could be either rigid or flexible. And then after, you have other hoses, okay? Which are named gas lift, water injection or reinjection gas line, where the flexible technology, especially when it comes to water injection, and I'm sure Alain will cover this this afternoon, due to our ability to have a smooth bore, a plastic line, inside the tube, is definitely the best technology.

So as Paulo mentioned, and I'm sure that you guys have captured, even though the production risers may become rigid with sophisticated steel, tomorrow, a big chunk of the flow lines and risers will still be flexible.

Okay?

Unidentified Company Representative

Okay. So I think we are right on time. So if we have time for one last question, then we can finalize.

Doug Garber - *Dahlman Rose - Analyst*

Dahlman Rose. Third time here.

So I'm Doug Garber from Dahlman Rose. I had a question on the vessels that you built two in Brazil and you have some other ones operating that you didn't build in Brazil. I'm curious if you get paid a higher rate for the Brazilian-built vessels. And I'm also curious how much more they cost to build in Brazil versus the ones you built somewhere else that are working here. Just trying to understand the relative returns for building in Brazil versus somewhere else in the world?

Unidentified Company Representative

Frederic?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

First, we took the right initiative when we decided to build this all in Brazil. The question is whether we had a premium for that? At the time of negotiation, definitively, the answer is yes. We had a super-premium for the Skandi Vitoria. Now, let's face it, we have been struggling during the execution, okay? It was the learning process. And therefore, although we are still enjoying a good return on investment, it's not as high as expected.

Now when it comes to the Skandi Vitoria, let's face it, we did find the right execution model, okay? We also benefited from the experience of the Skandi Vitoria and I think that we have delivered on time, on budget, a vessel, which will give a pretty good return for Technip shareholders.

Going forward, is what I don't know how informed you are about the PLSV tenders. Petrobras issued these six PLSV tenders where four of them were supposed to be with the very high Brazilian content, okay? Meaning that you had mostly to build all the vessels here in Brazil, leaving very little room to import the equipment of the vessel.

This has led to a few shipyards who have accepted to bid this Brazilian flag vessel, to build at a very high price. And therefore the strange output of this tender is that Petrobras ended up with PLSVs with higher tension capabilities being cheaper than the Brazilian flag vessel.

This issue is being addressed right now. As a matter of fact, today, there is a big meeting in Rio de Janeiro with the unions, with the naval industry to trying to find a way in order to develop a cost effective solution when it comes to Brazilian flag vessels. However, it will give a premium to the industry. The answer is yes, because there will be very few investors capable of taking the risk, at the same time, to build the Brazilian flag vessel, with the technology of relaying equipment is a bit of a challenge. And, again, looking our company, we'll be well placed.

Paulo Veronesi - *Technip SA - Subsea Commercial Director*

Thank you very much. I leave you now, again, with Kimberly.

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Good afternoon, ladies and gentlemen. I hope you had a nice trip to the plant this afternoon to put in perspective all the good things we've said this morning about flexibles and subsea. My name is Alain Marion, and I'm with Technip in charge of the Subsea asset and Tech Division, and I'm -- I'm going to talk to you about technology today.

Now, the statement I'd like to make as a preamble really in technology, we're not going to be talking about technology per se. We're doing -- we're talking about technology within a business context.

It's technology for projects. It's technology for client, and along in this presentation I'll try to put myself in a position of explaining to you on each technology call innovation or a new product we're going to be putting to the market. I'm going to showing -- be showing to you what it means in terms of market, in terms of client needs.

Now, what I would hope to cover today is basically to reassure you about Technip's commitment to Subsea R&D. For those of you that were present in the field trip in Le Trait about 1.5 years ago, we talked about that topic. I'll be talking about it again today and confirming the road that we embarked on some time ago.

The second topic I'll address today is Technip's leadership position in subsea, and again through a series of examples I would like to emphasize essentially where we think we've got some advantage, some technology called differentiator.

And I'd like to conclude later on with some examples of what we consider to be emerging technologies, which, to some extent, are going to be the technologies, which will put us in a front-running position in the years to come.

Right. So, also in commitment to R&D, I think we've talked about that many, many times. If you recap what we've said over the years, I mean since 2007 we've actually spent over EUR250 million over the period in those segments.

Now, if you focus on the -- on this pie chart on the left-hand side, you'll see that over 60%, 62% of that expenditure has been dedicated to subsea. This is where we have probably the biggest effort in terms of R&D. But, 60% still leaves 40% for the rest, equally shared between onshore and offshore, which is still a significant contribution for the other segments as well.

Now, if we focus on the -- what that means for subsea, you have on the right-hand side the pie chart that shows the distribution of where that money is spent. Of course, I'll -- I will let you go through the detail of it, and if there are any questions I can certainly answer them.

But, the bulk of it is understandably spent on flexible pipe technology. As you've seen this morning, it is a crucial technology for our future and particularly in Brazil.

But, what I would like to draw your attention to is more the gray bit on the pie chart, which we call the innovation management. Historically, we've had R&D dedicated to our main product lines, whether it be flexible, rigid, umbilical or hybrid system.

What we decided last year was actually to go through a step change in that respect and initiate an innovation management strategy to unlock some new technologies and hopefully create some new businesses out of it.

The key word right here, and again going back to the -- my introductory statement about the clients and customers, is that we hear not so much to fulfill client satisfaction but to fuel client success, which is slightly different in what it means.

Looking at the way we organize our R&D worldwide, I'd like to focus a moment on the people. We have 263 people dedicated to subsea R&D worldwide, and you can see on this world map all the locations where those people operate, rigid pipeline in Aberdeen, flexible pipe in Le Trait in France, flexible pipe also in Brazil with the creation of this new R&D team in Vitoria, umbilicals in Newcastle.

The key word in here is that basically we operate in a network fashion. If I was to use two words to qualify the way we work it's basically collaborative and share, and that's the spirit that we are running our R&D effort with.

Now, I wouldn't be able to finish my introduction without talking about a bit of technical content here, so let's talk about technology -- technological drivers in the subsea business.

That could be seen as possibly Technip's vision. I can assure that this is the result of a large, non-[borific] exchanges with clients. This vision is shared with our clients, and this is basically where we collectively think that we've got to focus in the future.

And not -- and surprisingly, I mean the first topic that comes up in here is deepwater and ultra deepwater field development. I think the simple fact of what is happening in Brazil right here justifies that -- that first comment.

The second topic or driver is flow assurance. Now, flow assurance in our jargon is basically all the technologies that are linked to the management of the multi-phase fluid going from the wellhead to the production platform.

In practical terms, that means basically technologies for passive insulation, technologies for active heating in the pipeline, and I'll come back on that a bit later, and all technologies that can enable better management of the fluid to maximize production.

It is particularly important in [naturally porter] is as you may know, I mean when you have to bring some multi-phase crude and gas from the subsea level to the top side you usually have to go through a water column or a gas column of 2,000 meters and basically gas decompressing through the particular distance, which generates some temperature lowering. And that shows, to some extent, why those insulation and active heating technologies can be critical.

The third technology called trend, which we see everywhere, not only in Brazil, we see that on the pre-salt, but we see that in the Gulf of Mexico or elsewhere, is what we call high pressure and high temperature, coupled with corrosive fluids.

Now, corrosive fluids, usually we talk about H2S and CO2. I will be using those words again. The particularity of those gases is that they are more onerous in terms of the materials that ought to be selected. That's why it's such an important driver when it comes to deep and ultra deepwater.

The fourth point, which in our mind is crucial and again shared with our customers, is asset integrity and in-situ monitoring. I'll be coming back on that a bit later.

I think what happened on the Macondo incident last year in the Gulf of Mexico is certainly an indication that asset integrity and in-situ monitoring will have -- will receive increased attention, and understandably so.

And the fifth, I think the list wouldn't be complete if I wasn't to talk about cost base optimization. Everything that we do in terms of R&D has got to be keeping the back of our head, the cost base, and that exists of what we do. And if you summarize all that, basically it is a combination of innovation with continuous improvement of existing technologies.

Having introduced the subject this way, I think I'd like to show you how Technip is deploying leading subsea solutions worldwide. I mean some of you -- most of you have seen those examples, and I won't dwell too much on these.

However, just to think about examples, I mean 1.5 years ago in Le Trait, for those of you that were present, we talked about the qualification of 3,000 meters of flexible pipes for 3,000-meter water depth.

Now, as a follow-up of that particular work, we got involved in the Marine Well Containment System in the Gulf of Mexico for a group of operators, which is a direct benefit of this particular work.

We've talked a lot about IPBs, integrated production bundles, specific flexible pipe technology, deployed on Dalia, Pazflor and on Papa Terra. But, if you don't mind, I'll come back to that again a bit later because it is certainly worth a greater deal of attention.

On the rigid pipe side, as you know, we have installed the rigid pipelines in 3,000 meters of water in the Gulf of Mexico on Perdido. We've installed -- and we have a leading position when it comes to real pipe-in pipe projects, in particular in the North Sea as well as in the Gulf of Mexico.

But, the most salient achievement we've had lately in the rigid pipeline technology has certainly been the fact that we have convinced Total to use the electrical heating pipe-in-pipe technology for the Islay Field in the North Sea.

And that brings to the fact that basically you will have noticed that for each of these particular example there was a technology and there was a project behind, and if I were to select the project, which was the most representative of where we are today, what we can do today, apart from Brazil, I would certainly select the Pazflor Project that we've completed this year for Total.

I think, just to put a few numbers in perspective, I mean this is a very large project. Technip's share of the work was over USD$1 billion, and we've eventually completed the project for Total ahead of time, ahead of time.

We achieved, first of all, probably a month, a month before Total expectations, and I think it is the combination of using a very technology call components like the IPB, for example, on Pazflor and with a strong project management culture and approach that has enabled us to leverage technology and turn that into a very big piece of business.

Now, if I come back to one of the key drivers, and in the examples I'm going to be talking about now I'll be referring back to the technological drivers that we talked about earlier, and I'll start with flow assurance.

We were very proud to have sold to Petrobras the first electrically heated, flexible IPB on the Papa Terra Field in Brazil. Without getting into too many details, I mean we see -- we talk about deepwater, 1,200-meter water depth.

We are dealing with very high viscosity fluid, risk of wax buildup, and the heating technology is actually used to reduce viscosity and to control the wax buildup in the pipe. Now, 27 kilometers of IPBs have to be installed on the P-63 FPSO, so -- and those lines currently manufactured in Le Trait will be delivered before the end of 2012.

Bottom line is that basically again the innovation that we are -- came up with, this new generation of IPB, fully matched Petrobras requirements on that particular field.

Still on the area of flow assurance, and now I'm going back to the example I was quoting earlier on Islay for Total, the problem was slightly different here. The issue was more to manage the transient phases in -- during start-up and cool-down of the flow line, and this is where basically the use of these innovative heat-tracing -- heating technology felt -- prove its worth.

If you compare this technology with the sort of classical direct heating technology where the pipeline is heated by a cable on the side, basically you will easily realize that basically the energy efficiency of this particular system is much higher.

We are going from a classical 50%, 55% efficiency with a classical direct heating solution to maybe 80%, 90% on these case, the simple reason being that the cable hitting the pipeline are actually traveling along the pipe and are protected and encapsulated into these very high-performance passive insulation. Therefore, no heat is actually lost to the outside in the process.

I think the beauty of that particular system is that is not only applicable to shallow water application, as it is the case in Islay in the North Sea, but it's equally applicable to North Sea to a deepwater application.

Let's move on now to another technology driver we -- namely ultra deepwater. Again, 18 months ago in Le Trait we were talking about the progress on this program of qualifying the flexible pipe material for the [2P] Field, and we were achieving some success on the materials.

We have moved on since then. Materials have been qualified, and we've moved on to the full-scale prototype qualification phase, and I won't go through the details of the [particularly stemming]. There are too many things, too -- probably too small characters for you to read at a distance.

But, suffice to say that we are on target today to finalize the qualification for the 2P Field by the end of this year except for one test, which will run in 2012. So, we are quite happy with the progress of this particular program here.

And certainly that gives a confidence when considering flexible pipes for the future pre-salt development, as we've seen this morning. Those opportunities are plentiful.

Let's move onto another of our technological drivers in here, and I'll be talking about a combination of cost reduction and corrosive products, this time applied to rigid pipeline.

Now again, it is getting a bit technical but if I can put it this way, when we are in a -- with rigid pipeline in front of very corrosive fluids, high temperatures, usually operators specify a corrosion-resistant alloy. They are usually very, very expensive.

We talked about duplex material. We talked about clad pipe. This is an expensive solution. This particular solution is -- consists of inserting a thin liner of very high-performance, high-spec material inside the -- around the production flow line.

Now, we can benefit from the strength of the classical covered steel, minimize the cost of the expansive corrosion-resistant alloy, and through a specific geometrical match between the two layers we are able to produce a solution, which essentially lowers the procurement costs in certain cases by up to 40%, 50% on the cost of the welded pipeline on the pool base, so again quite a significant potential. Now, that number doesn't apply on every particular configuration, but it can certainly reach this particular level.

We're happy to say that this program has been filled up with the support of DNV. We have had an endorsement from DNV on that particular technology, and we are ready to commercialize it straight away for pipelines up to 12-inch ID.

So, that was basically where we were in terms of existing technologies or ongoing development, basically the outcome of the work, which we had a chance to present to some of you about 1.5 years ago.

Now, if we try to project ourselves in the next few years, we're going to be talking about emerging technologies. And again, same principle, I'll be going back to the technological drivers what we talked about and I'll be attaching each one of them to one of these drivers.

First one, the anti-H2S layer for flexible pipes, this is a combination of cost reduction and corrosive fluids. I won't bore you to death with the chemical reaction happening in the purple layer in here but, believe me, that reaction happens.

But, the consequence of that particular concept is that we are able to use very high-performance steel wires in lieu of the classical self-service wires, which are more expensive and ultimately result in heavier structures.

The bottom line is that we are able with this sort of technology to reduce the cost of the flexible pipe by a factor of -- I mean the cost and the tension top side by 35%. I mean 35% means basically that much load less on the FPSO.

So really, by simply acting on the wire sizes and grades through this innovative plastic layer we're able to actually provide a step-change in the -- in performance of flexible risers, and we are ready to commercialize this product very soon.

Another topic, which I'd like to talk about today is linked at this time to ultra deepwater, carbon fiber armors. Now, some of you may have heard that theme for some time. I mean, we've had a -- it has taken us many years to actually come up with the right design for the new armor.

And you've been to the plant this afternoon. You've seen the armoring machine. You've seen the steel wires that we're using to actually wrap -- provide the layers in the flexible pipe. Those wires can be as thick as 6, 7, 8 millimeters when we talk about the very heavy -- very heavy flexibly pipes.

With carbon fibers, epoxy composites, we're able to actually put into the flexible pipe a material, which is five times lighter than steel, which is twice stronger than steel and which has excellent corrosion and fatigue performance.

So, at the end of the day, what we talk about is the ability for a given section length of the flexible pipe to lower the top tension or to lower the weight of the suspended riser by 50%. That's as much gain as we can get.

Now, we had made this statement before, what is new is that basically we have finished the qualification program. Over the summer, we successfully passed the fatigue test in the specific 2P fatigue test conditions, and basically this is a major milestone for us, demonstrating that we've come up with the right combination of epoxy, carbon fiber, mats matrix that actually guarantees a proper behavior long term for this product. So here we are, and basically we are in the position to commercialize again this product by the end of the year, if not next year.

The third topic I'd like to talk about here is intelligent pipeline development. Now, going back to our technological drivers I'll attach it to asset integrity and in-situ monitoring, one of the key features that we think is going to be big in the future.

The subtitle would be Safety Enhancement, Production Optimization. We had communicated some time ago about this joint initiative with Schlumberger to develop effective monitoring technologies. Work is progressing well, and it is clear for us that following the Macondo incident, I mean basically safety and asset integrity will be more and more in the spotlight. And there is no way to escape that, and I think it's good. It's good, and that -- this is why we are embarking on this particular avenue.

What we talk about for flexible risers is riser, and there is condition surveillance, basically try to detect breach of the annulus and fluoride measurements, detection of annulus flooding through a fiber optic measurement, detection of armor wire failures, either through differentiating vibration sensing or through acoustic commission, all sort of technologies that can be put to work in a marine environment to actually allow some early detection of potential problems.

If an armor wire breaks, per se, this is not going to jeopardize the structure of the riser and it will give earlier indication that maybe something is happening and, therefore, take the remedial steps that often are required. So, it is really the sense of history.

I mean, today no one would actually drive a car without an ABS system or some sort of emergency braking unit in the car, and basically for intelligent pipelines that's going to be the norm in the future as well. So, I mean the benefits are -- I think are self-evident.

I mean we talk about ensuring, enhancing the safety of personnel, enhancing the work environment, asset integrity of course. In-situ surveillance will ensure long-term reliability on the system, and we all know how operators value this long-term integrity for the -- for their installations.

The next step would be that we would enable the optimization of all inspection techniques, inspection plans, and also optimize the maintenance and the repair plans that are associated with those inspections. So, this is again one of our ongoing axis of work.

The fourth topic is probably a bit more abstract to some extent, but it has the potential to be attached -- going back to our technological drivers to asset integrity and surveillance.

Now, the theme here is actually to use the remote intervention technology that we are currently using on a recurring basis during the installation of all the subsea systems, ROV technologies and so forth. But basically, it is to position ourselves during the field life and to -- trying to develop some business opportunities around those technologies in the future.

So, what technologies are we talking about? We're talking about autonomous underwaterway vehicles. We're talking about remote monitoring and inspection. We talk about through-water data transmission. We talk about additional survey and inspection capabilities.

And all that is basically with a couple of pictures in here, some examples of how we can come up with remote intervention tools and actually provide a step change during the field life that will actually assist the operator in the asset integrity and in-situ monitoring strategy that is put in place where it's -- into our field life.

I wouldn't stop talking about emerging technologies without going back to one of our favorites somehow, which is the installation. So, here again, we talk about ultra deepwater.

For those -- and I'm sure you would recognize that we have a nice picture of the Skandi Vitoria, Skandi Vitoria in the Rio area, nice lay tower. This is the -- lay tower is the -- basically the yellow big tower in the middle of the ship. This is the -- on the Skandi Vitoria, this is a tower that has a 350-ton capability.

As you can see, I mean usually people talk about construction vessels, you can see the vessel. The vessel is the red bit. Right? The white and yellow is the equipment.

And if you look at from a CapEx perspective there is probably as much money on the white and the yellow bits than you have on the red bits. So, the installation equipment is actually key when we talk about these particular assets.

So, bottom line today is basically that 20 years ago we were on the left-hand side of the scale, right here, with the first-generation VLS with a capacity of 125 ton. For those that are not too familiar with this technology, it is basically the question of length of the flexible pipe through this chute right here and vertically between quarter caterpillars.

And years after years, we've actually improved the system, reaching basically with the PPS1 on Deep Pioneer or Skandi Vitoria reaching 350 ton, reaching 425 ton on Deep Blue, and with that particular capacity we have the highest capacity laying flexible pipe worldwide today, and you've heard a lot about the new-generation, 550-ton [tensioner].

So, our focus right here is really to go beyond the current requirement. You've heard this morning about the ongoing [peerless retenders] rated 550 tons. You've heard also Frederic talking about basically the next step. Next step is 650, 700.

If we talked about laying an 11-inch export riser, for instance, in the pre-salt in 2,300 meters of water, this is the sort of tension that we're going to be requiring. Right? So, what we are doing at the moment is precisely working on the conceptual design of a new generation of a higher-performance vertical lay system.

And the beauty of that particular system is that it's not -- it's no longer a system whereby you just simply put a bit of pipe between caterpillars, hold it and let it go.

It's a system, which is so versatile that basically you can actually open -- you can open the caterpillars up to 180 degrees, both stages. You can actually use that space, which is uncovered, by fitting to the flow line some very big subsea structures.

We are seeing these days basically all pipelines associated with very huge pipeline and manifolds, plaits, heavy structures, and coupled with an abandon and recovery capacity of over 650 ton. We certainly have potentially this vertical lay system of the future.

So, of course, when we -- you talk about such a system you have to think about the vessel that can take it, and when you think about it it's not a question of let's take a vessel and put it on. I mean, bottom line is it probably won't work that way. It's -- that's what I want to do. What sort of vessel do I need to actually get it on board?

And this is the sort of thinking process that we are through at the moment, part of our initiatives that we are exploring. And basically at this stage we are actually at the basic design of such equipment, and clearly this is going to be the new generation of flexi-lay -- flexi-lay vessels.

So, I was told to stick to a short timetable. I think we've made it. There are still a couple of takeaways, which I'd like you to leave our conversation with, and we can always come back later for Q&As of course.

The first point is that we have demonstrated our ongoing commitment to R&D, and we commit to continue again because our belief is that technology development is what is going to make the different, especially when we talk about pre-salt development.

Now, it's not so much only the volume of money that we dedicate to this activity but how we spend it, and I think over the past few years we've had a lot of discussion, assessment internally, resulting in an increasing -- the mix of internal and external spending.

Historically, we've been very much internally focused. I think we have made a bit of a cultural change right here trying to link with partnerships with research centers and other units that can actually bring us some technology call inside coming from other industries.

And that may even include to some extent a small acquisition of small technology call companies that can bring a key added value to our business, whether we talk about acoustic emission or potentially other kind of non-destructive testing technologies.

The third point, which is important and which I'd like you to go away with, is that we have a resolute strategy of expanding our footprint even better. We're not in a world where R&D can be conducted in -- only in the one or two centers here and there.

I told you about the network that we have that we're operating now. We've actually expanded in Brazil. We are relying on a center in Houston where we have a strong team of riser technology call expert there and, again, we are going to continue this plan to be able tap on other reservoirs of technology that we have not had access to so far.

One thing, which I want also to mention is that -- and this is some sort of a little hint to my colleagues from the Offshore Division, I can see one on the left-hand side of the room right here, which is basically to enhance further the technological leadership link between Offshore and Subsea. And there are things to be done there.

The first example that comes to mind is FLNG, of course, and the next one is basically all riser, support vessel interface, and there are areas that I'm sure we can take further here. And lastly, but not least, let's be assured that riser integrity management and in-situ monitoring is going to be a dedicated part of our effort in the future.

On this note, I would thank you for attention and I'll be ready to try to answer any question you may have. Yes, Mick?

QUESTIONS AND ANSWERS

Unidentified Audience Member

Yes, two questions if I may. I'm just looking at -- through your R&D spend though, and I think two of the technologies were making flexibles lighter and your final slide is getting your top tensioner a lot, lot bigger.

Now, they seem to be pretty competing for the same problem. So, I'm just wondering whether you actually know what direction the market is going, because if you can go carbon fiber and lose 50% weight why do you need to double the size of your top tensioner? It just seems the same problem, two approaches, so --

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Because you need both.

Unidentified Audience Member

Or, do you need both?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Because you need both, and you don't -- I mean those technologies aren't competing. They are complimentary. There are cases where you'll be able to deploy the carbon fiber technology.

If I take an example for instance, the carbon fiber doesn't have the same resistance as steel when it comes to -- on the water bottling for instance, just to be technically specific.

So, there are cases where you would actually go for that technology, other cases where you would go for the steel -- heavy steel technology. So both are complementary, not competing.

Unidentified Audience Member

Okay. And the second question is one of your technologies was for H2S-CO2.

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes.

Unidentified Audience Member

And a lot of that, and one of your competitors in flexibles now at some stage you assume are going to be integrated with a subsea tree manufacturer and they seem to be going for subsea processing as the future. How do you see that market going, because I would think that somewhere five, 10 years down the line H2S won't be reaching the surface?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Okay. Maybe in 10-years' time H2S won't reach the flow line. Well, we're not there yet and within 10 years there are still 10 years to go through.

And I think having the technology available today to be able to provide some cost-effective alternative solution, that's going to make a difference while the other subsea guys on the equipment side take their technology to the point where it can actually be relied upon to make sure that H2S doesn't reach the flow line.

So I think, yes, you're right. I mean ultimately maybe in 10 years', 15 years' time this may not be as important, but to some extent let's wait and see. I mean, for the time being, we know where we are.

Those technologies are not available as yet, and I think the fact that we can deploy those new technologies of H2S consumption now is certainly indication of an initial market share that we can probably take in the next 5 to 10 years. Yes?

Unidentified Audience Member

Could I ask a question in relation to what mixtures has? In terms of these new bits of technology that are going to be improving the weight, etcetera, the pricing of those items, is it going to be better for you, i.e. you're going to get a better margin? Or, are you going to pass it on to your customer?

And then secondly, is there any improvement in the efficiency of laying that pipe when you're at sea?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

To respond to the first question I'll answer another question that you haven't asked, but I think it's important to give the background of -- to your question.

Carbon fiber has a reputation of being an expensive material. Right? Now, thanks to all the golfers of the world, all the tennis players and all the new planes like the Dreamliner, I mean carbon fiber tends to become more and more common.

And what we've seen, I mean joke apart, I mean we've seen the price of carbon fiber going down lately. So, we're not in a position where a carbon fiber pipe is going to be more expensive than a classical flexible pipe.

Now, one thing is for instance that in certain condition in order to make a riser configuration workable you have to clamp buoyance modules on your riser. With a carbon fiber pipe, you would not need to do that. Right? So basically, if you look at the system costs, even talking about installation, I mean carbon fiber products would be competitive.

Now, the -- going back to your question, of course we tend to try to keep the money in our pocket and not in the customers' pocket. And I know sometimes, for some of us as the Board may sound a bit difficult to -- not to look, let's say, agreeable to the client but, at the end of the day, it's a question of market price.

And if -- and the strategy would be to take advantage of any reasonable opportunity that we have that those technology could bring and to keep them -- the money in our pocket.

Now, the second part of your question if we go back to installation, it's going to make life easier to some extent. We have a number of vessels that are already in operation in the range of 270, 350 ton in Brazil, for instance. Well, those vessel will be able to lay probably higher-performance carbon fiber pipes than it would do classical steel pipe.

But still you might actually need the big ones. There'll be not as many, the big ones for the bigger, heavier flexibles. So again, it's not -- it's horses for courses basically.

I mean there are situations where you would go for that and all the contracting chain -- I say contracting chain, I mean the design manufacturer and installation kit would be homogeneous and actually unable to lay those [vesicle] pipes efficiently, and the same would apply on the carbon fiber as well. Yes?

Unidentified Audience Member

(inaudible question- microphone inaccessible)

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes.

Unidentified Audience Member

Once the vertical laying -- the new vertical laying system is developed, to what extent you will still need the SLay technology when it comes to deported developments?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Well, as it happens, we are dealing with different problems. I mean SLay, as we've highlighted in the -- in the communication and reports relative to the global industry's operation, is actually -- and I'm sure that Frederic is going to come back on that a bit later, it's a matter of fulfilling a spot where we are not active right now, which is basically SLay of larger trunk lines, longer length, going to beach.

Basically, that is not going to be solved by what we talked about here. What we talked about here is basically the infield or export riser systems around an FPSO in very, very deep water.

So, we will still need the combination of what we talked about here and the SLay capability because we are dealing with two different business models to some extent.

And the reason why we went down that road is actually simple. It's that it has come to our attention that more and more recently operators, clients, tended to package the whole thing, and we've seen numerous examples where it was a requirement to be able to gather those technologies into the same umbrella, so hence -- hence the response. So in short, it is not competing. Again, it is complementary. Yes? Sorry.

Unidentified Audience Member

With reference to the slide you showed actually during the qualification process for the --

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes?

Unidentified Audience Member

The pre-salt pipes, are your competitors currently going through that same process? And if so, do you know how far along they are relative to you? And number two, is there a similar process for the vessels that will be used to install those pipes?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

I mean the short answer will be, why don't you ask them? But, okay, I'll try to be a bit more constructive than that. No doubt that Petrobras is asking these guys to run through the same hoops. I mean that would make sense.

Where they are right now I don't really know for sure. What I do know is that all the sort of feedback we're getting from Petrobras is that we are in a good position.

And I think the simple fact is that when you look at the list of testing you can see how extensive it is, going through all the material selection qualification, put it at testing both in the mechanical behavior and fatigue behavior, long-term behavior.

Basically, it is an extensive program and we are running towards the end, and when you are near the end and that you don't have -- you haven't heard yet that your competitors have crossed the finish line, then you have to assume that if you're not in a very good position at least you're not behind. So, from our perspective I think we feel good about that. I'm sorry?

Unidentified Audience Member

(inaudible question- microphone inaccessible)

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

For the vessels, I mean the usual process that Petrobras goes through when it comes to accepting vessels on charter is basically to go through a -- an extensive series of performance testing of the equipment for pipe lay and also of the marine equipment.

And, as it happens, this is precisely what we are doing at the moment on Skandi Niteroi with Petrobras representatives aboard the vessel. We've been at it for the past 10 days, going through this very detailed testing protocol that Petrobras had developed. And again, near the end, so from our perspective it sounds good. Yes?

Unidentified Audience Member

Yes. You had mentioned in your presentation having to convince Technip -- I'm sorry, Total, to adopt one of the technologies that you've got. And I think, with that in mind, what is the -- what are the push-backs you're getting when you develop this technology and you present it to the client? What are they telling you they don't want?

And I guess help me there and link to that question. Surely, there's obviously going to be economies of scale to develop this stuff in a way where it goes global. How do you get us to that point when it seems to me the clients that are taking the soft bark are the most sophisticated clients, like Petrobras, like Total? How do you go global with it?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes. To respond to your first question I refer back to a comment, which I made earlier, which maybe has gone undetected, but I insisted on the fact that what we were looking for is not necessarily client satisfaction but client success.

And when it come to the electrical heating pipe-in-pipe I mean what we talk about here -- of course, we want to convince a client. We need to get him on board, and the idea is to demonstrate the benefit that he will have as a result of that technology.

Now, I have expressed this -- I hope I've explained the benefit or the inherent benefit of the heat-trace technology that we've put into that particular pipeline. There is a knock-on effect also because of this improved efficiency, electrical energy efficiency.

The amount of energy that you have to generate on the platform is actually much less, twice less, which actually saves cost. It saves weight. It saves space. And when we -- when you're dealing with a very congested platform top-side-wise, that appeals to the client.

Now sometimes, I think we need to think out of the box beyond the sort of technology call break that we actually are constructing and look at out of the box what are the knock-on effects that are positive and which we can actually sale or valorize in front of the client.

And I think it is this dialog that we've been able to have with Total on that particular occasion, and this is this type of dialog that we try to have with every single client on these technological bits that we are developing.

Now, as you say, not everybody is responding in the same way. Some clients are more technologically open. Others are more risk adverse, and when you think in terms of sort of roadblocks that we have I think that risk management is one of them, or fear of the unknown.

We have heard a number of times that's an interesting technological bit you have, guys, but not on my first project. Fine. I mean someone has to start, so you can't actually spend the rest of 20 years qualifying such technologies to the nth degree.

At some stage, one operator has got to jump in. I mean Total did it with the IPBs on the Dalia, for instance. They liked it so much that they had another set on Pazflor.

So, I think there is a cultural thing right here and, again, I'm not judging. I'm just expressing the fact that not all the operators are reacting the same way. But, it takes only one to actually try the first one to actually demonstrate the system at a new technology in front of the other -- of their peers. So as long as there is one or two, I'm a happy man.

Unidentified Audience Member

I have a quite naive question. Technip defines itself as a leading company for engineering and research and development, and I understand their rationale to acquire a global. Can you guys have ideas of how to make SLay much more, you know, R&D focused and ways to improve something, which is recognized as a well-proven technology so far?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

The first comment I'll make to that particular question is that a deal is not made yet, so we've got to be careful in that respect. Now, assuming subject to that -- that we are closing the operation as we plan, certainly the first thing that we would be looking at would be to see how -- whether there are any technology call interest aspect that we need to work together.

But, let's step back a minute right here and look at -- and look back at the driver for the operation. The driver was not a technological, let's say, R&D driver. It was more a complementarity of execution models between the SLay technology and what we use for real lay, flex lay for infield flow line.

So again it's a different perspective, but I can -- I mean rest assured that as I'm in charge of technology one of the first thing I'll be looking at is -- ultimately is how we can generate some further added value through the process from a tangible standpoint. Yes?

Unidentified Audience Member

I was hoping you could expand a little bit on cross-fertilizing with offshore technology and if there was any other complementary services out there. You started to talk about the intervention. And what else do you think would fit within the Technip portfolio? I'm kind of thinking outside the box on the bigger picture kind of subsea theme. There -- you know, there's --

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Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes.

Unidentified Audience Member

A lot else out there.

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes. I can expand a bit, not in many details because to some extent we are quite cautious on not revealing too much at this point in time, but I'll take an example.

If you look at the subsea development value chain, for instance, you've got oil and gas coming out of a well going through jumpers, going through manifold pipelines and then going onto an FPSO through a setup topside.

There is a belief that basically as it stands today the topside people designing topside are topside process experts and they design this stuff according to their own rules in isolation or to some degree in isolation with the subsea portion. The two are being addressed in parallel silos to some extent.

We feel that somehow, and we've got some good colleagues on the other side of the fence on the topside side, where by putting -- understanding the drivers on the other side better might actually lock some improvement in that particular area by maybe tackling some operating parameters better that can actually help to reduce the topside sizing.

I mean the examples, which I took earlier, on the Islay electrical heating pipe-in-pipe is a typical example of the synergies that you can develop between a subsea solution and a topside -- local topside design. So, that's what we talk about by matching those two. Now, this is from a hardware sort of CapEx perspective.

Now, if you look at it from another angle, which is the OpEx or the asset integrity, now the asset integrity is actually an entire system with an FPSO topside, then a riser interface and flow lines and so forth.

And really, when an operator is actually thinking to improve asset integrity, do you think he's actually looking at the riser and forget about the rest, or the topside and forget about the rest? No, he doesn't. He's got one big asset, and he's trying to find the best asset integrity method that he can possibly find.

And again, this is an area where we think there are some avenues to explore, and we are putting some resources. So, I hope we'd be sort of too generating examples. I've highlighted what we're talking about. Yes? Here?

Unidentified Audience Member

(inaudible question- microphone inaccessible)

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

I think you're talking about another side of -- I mean your question has another dimension, which is basically how big can an operator live in front of him somehow.

Now, is it a complete contractor that does everything? So far, they haven't gone that way. I think if you look at a big, multi-billion dollar West African development project you've got big lumps.

I mean if I put the [draying] on the side you've got usually the FPSO on the topside. You've got the subsea production systems, trees and manifolds, the preserve is a bit big, and then you've got the pipelines.

Now so far, we haven't seen any trend in trying to make all these into one single package. Now, as Technip, we will certainly be well placed to provide basically the FPSO bit and the subsea riser bit.

But, I think what we are pursuing right here is not so much the size issue or the scale. What we talk about is -- by anything would be better, those interface issues where we can probably come up with some smart solutions and that's where the focus is not so much size, preferably to be small in size. So that's it, but size not too bad either. Yes?

Unidentified Audience Member

Could you talk a little bit about using flexible and rigids for Brazil specifically? I was just wondering if there's -- if there might be a characteristic of the field that might favor a rigid production riser in particular or if that's a decision for the oil company, do I want to diversify my supplier? Or, isn't -- or, is it there isn't enough vessels that are capable of laying a rigid production riser?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes.

Unidentified Audience Member

Or, how hard are companies thinking in that regard?

Alain Marion - *Technip SA - SVP - Subsea Assets & Technologies*

Yes. I'm sure -- I mean maybe Frederic will come back on that a bit later, but I'll -- maybe I'll kick up -- kick off the discussion and that way you'll pick it up during your presentation afterwards.

I think if you look back at the history, the reason why the flexible had a -- such a success in the Petrobras environment was not so much that it was a better solution, per se. I mean it's -- it was simply that it was used differently and used better.

At the beginning, basically it enabled the installation of risers and flow lines, put into production a single well somewhere. And after 7 years, 5, 7 years of production, when the well dried up we were able to actually recover the flow line and relay it elsewhere. This is what we called at the time the progressive field development strategy.

Now, things have moved on since then, of course, and now we're in a situation where Petrobras has -- have built their economical model on the basis of flexible pipe plans producing -- supplying flexible pipes and a series of long-term charters that they manage themselves or that they manage today that they are -- operationally run themselves to actually optimize their laying sequences on their fields. So they have -- this is, as they feel, the best competitive model that they've been able to come up with.

Now, there are instances where a rigid pipeline are going to have a role to play. I mean, no doubt. I think we've said already in the various presentation this morning that even if you consider the buoyancy submerged riser systems that are being look at for [Gualula] for the time being, for instance, well it still have an awful lot of flexibles, an awful lot.

So, to some extent, I think it's -- flexible pipes in Brazil are by no way, no way losing the trend, absolutely not. I think -- I think that they're here. Now there may be a rigid pipeline, or rigid was a solutions. I mean we have installed some of them ourselves on the -- on the [PDT] on the export system. We did it on the hybrid riser system, for instance.

So -- so, yes, it will have its role to play. It will also have its role to play when it comes to the large export pipelines also. So, again, many solutions but I think the business model that Petrobras have come up here with right here is actually benefiting fully from the properties of the flexible pipe technology, and I think that's good news for that technology.

Over to you, Frederic. Thank you.

PRESENTATION

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

So, good afternoon. My name is Frederic Delormel. I'm the Chief Operating Officer for the Subsea business of Technip. I hope you have had a good day. Did you have a good visit?

Did you enjoy it?

You start to understand all that we are doing here. So, since we put you for a tour of Brazil, now I'm going to try to take you for a tour on the worldwide level.

So it's my pleasure to talk about the extension, how does it work? We are like all the engineers, you know, in the -- which one? Okay.

So it's my pleasure to talk about the expansion of the subsea business of Technip in the world. So I guess that all of you guys know fairly well that the trend is upward to indicators, the projection of the length of the pipelines of the years to come, out to 2015, its upwards.

When it comes to the subsea three orders, also led up. You look at the order book of the manufacturer of the subsea threes, the trend is definitively positive for the years to come.

The trend of this market is also towards more integrated and complex projects in the subsea market. Worldwide it's true for Australia, it's true for North Sea Canada, especially with the development of the Arctic piece. Now we are starting to see very complex projects also in Venezuela, in Africa, and therefore, this requires us to have integrated capabilities and world-class assets in order to be able to tackle those big projects.

We have competitors in this market. So you guys know that there is an ongoing trend for consolidation, which called for generating a scale economy, a global footprint for most of the contenders of this market, product line expansion and also we have to acknowledge the fact that every other two weeks, you have new contenders in the subsea market.

So these slides tend to show you both the consolidation ongoing and the fact that around the circle -- or the square, you have a lot of newcomers, which is a good signal of the fact that the subsea industry is developing.

Why are we unique? Because we have the unique portfolio of products. When it comes to flexible, when it comes to rigid pipeline, when it comes to umbilicals, when it comes to traps, we dare to say that we are the kind of unique player with the state-of-the-art technology for flexibles, for rigid, because at the demonstration, for those of you that understood all of the technology about the [eated] pipe-in-pipe, it gave you a good flavor that we are not only a flexible specialist, but we have also some pretty good concept when it comes to rigid.

As far as the umbilicals is concerned, also, we are among the first tier of the industry and the drops. It's a fairly good business in itself.

So we have a product. We have also the manufacturing capabilities in order to be able to manufacture those products. We have increased, over the last year, substantially, our footprint in terms of manufacturing capabilities, going to Asia with a plant, which is a mixed plant, able to manufacture both umbilicals and flexibles.

We have upgraded our plant in the UK. We have also upgraded our plant in Brazil, in Angola, and so we have the means to manufacture our product. So we need also the means to install our product. And this is why we have also invested heavily over the last five years, in our fleet. It's not only flexible installation vessels in which Technip has been invested.

We have also invested in rigid installation vessels. The dip in energy is going to be the state-of-the-art when it comes to real pipe technology. We have also invested in the new Apache. We didn't dare to change the name because the Apache I was so successful that we all thought that it was better to name it the number two in order to make sure that we will keep on the trend of success.

We have also invested into a diving, very sophisticated diving, vessel. Some of you can have access to YouTube, you call on Discovery Channel, we have had a fantastic film on the people on board the Skandi Arctic, which is the most sophisticated diving vessel existing in the world. And we are obviously investing heavily, also, in the flex-lay pipeline vessels.

So over the last five years, we have invested EUR1.4 billion.

We have a product. We have the means to manufacture the product. We have the means to install the product and in order to promote our solution capability, we have also the people. We dare to say that our engineering people are probably the best of the industry when it comes to advising our clients on the where to go, the type of solution to adopt, knowing that they are very knowledgeable about our products, our technology and our assets.

So, why we did acquire Global Industries? Because as Alain explained to you, when it comes to rigid pipe lay, you have the three methodologies of installing those rigid pipelines.

The historical one is the relay, which started in the '70s, with Apache, which consists of welding the bits and pieces onshore and then after, drilling in those rigid pipelines onto the real, on the laying vessels.

This technology was developed for the very famous date, the sixth of June, 1944.

It started in 1941.

It was at the end of this technology was to make sure that the US and English troops would be able to have access to fresh water when they were coming to France.

So it's a very old technology.

Then after, with deep water frontier, the industry has developed a new technology named as [g-lay], due to the shape of the laying and Technip is good at that. We have developed, in the early 2000s, the deep blue, which have -- has a fairly good track record over the last 10 years.

So, why we went to VSLay technology? As Alain already explained, VSLay is a complementary technology to both the real and the g-lay technology. Why?

You will understand VSLay -- easily that we have some limitations when it comes to diameters. WE have also some limitations when it comes to the concrete that some of the trench lines have around themselves, to -- for stabilization purposes.

There is no way you can g-lay or relay the concrete trunk lines. You need an SLay vessel.

You need, also, an SLay vessel when it comes to getting close to the beach. The particularity and the beauty of the assets of Global Industries is that both vessels are capable of switching from a DP-mode into a more mode, allowing us to be -- to come very close to the shore.

Is it clear?

Yes?

Excellent.

So, when it comes to a full field development, with the capability of Global, Technip would be able to execute the most integrated and complex project, like the one we have seen in Australia recently, I'm referring to [Itifs] where you need basically umbilicals, flexibles, trunk lines, heavy lift, heavy lift for the mooring, and it is -- you have two packages of mooring line, within one 12,000 tons and the other one 20,000 tons. So with the tools and the people who, hopefully, will join us once the deal is closed, we will be able to tackle this type of big projects.

The one we have just been awarded in Venezuela is another project where with the assets of Global, Technip will become a full player on those very sophisticated, integrated, complex projects.

So Technip is able, today, to support our customers from the concept of how to develop a field, which we call this business the ULTRA-FRONT-END engineering, feed, ultra-feed, which leads after to a capability of execution, which is quite unique, thanks to our project management capabilities, but also to our engineering capabilities, both for the project, but also for the products. And we are one of the very few players who can claim to be vertically integrated.

Meaning that when you are a customer, you are scared of one thing, the bits you're going to order through Paul will not match with the bit you will order to Jack. And then after, you have to assume the risk of interfaces.

Dealing with Technip, it means that you drastically reduce the risk of interfaces between the different components of the project, at the construction phase, but also at the installation phase. And this is why we claim that we are quite unique, because we have -- we dare to say that we are one of the most integrated players of the subsea industry.

The installation with the acquisition of Global Industries, you will all appreciate the fact that we are complementing our toolbox and as Alain just said, if you take all those capabilities, which is supported by the AV investment of Technip in R&D, we think that we are becoming an even more unique player of the subsea market.

You have appreciated today all the assets we have developed in this country, in Brazil. This is the case in most of the region. As Thierry started his presentation this morning, we could have invited you, and I hope that minute function in the future, we have the pleasure to welcome you in Malaysia, in Africa or in Europe, to show you the assets footprint of Technip.

So this slide is aimed to show you that we have not only assets in the North Sea and Canada region, but we have also assets in Asia Pacific, we have also assets in Africa, we have also assets in the Gulf of Mexico and we have, also, one of the best performing fleets of the industry.

So with these sets of quite unique combinations of technology, product, project management capability, installation capabilities, we hope that we have convinced you of the strong potential of Technip for our future and that we will be able to satisfy your expectations.

This would be certainly true if we didn't have the magic asset. The magic asset, which allows us to deliver, thanks to all these combinations of sets, is definitively our people. We dare to say that we have the diversity when it comes to Technip HR, but Brazil is one of the cases. You have only 3% of foreigners in this country. We have more Brazilians outside Brazil than foreigner inside Brazil.

And that is the case in most of the countries where we are performing. We are very proud of this diversity. It's not only the diversity of nationality, it's also the diversity of gender. And I thank you to come at the right time, to show that, in Brazil for instance, most of our engineers are women.

And in the very near future, it's probably Thierry and I, intention, to promote one of these women in the executive committee. So we will have fulfilled not only the Board diversity objectives of Technip, but also the executive commitment that we have for the future.

I thank you very much for this and I'm willing and will be glad to answer to your questions.

Yes?

QUESTIONS AND ANSWERS

Unidentified Audience Member

Yes. A couple of questions, if I may.

Firstly, a bit to technology, if I look at your peers over the last four or five years, they've invested quite heavily in [J-lay] rigid and that's one area that you haven't particularly done it, invested in.

And just looking at the SLay vessels you've bought, and obviously those [stingers] can get quite sharp angles, do you think for ultra-deep water, that J-lay rigid Apache can be replaced with SLay rigid?

And secondly, your final map then was a map of the world and we're going into deep waters in other areas, geographically. And you look back in history, the first winners in Nigeria and Angola were guys who had big local content. So do you think there's a requirement for you to go out on the land grab around East Africa, around northern areas around here, to try to be a winner in the subsea business over the coming years?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

Okay. First -- the first question about the SLay capabilities, that depends on the project scope. The SLay is a fantastic methodology of installing rigid pipelines, but it cannot afford big subsea structure. Because you have to go through the finger, and meaning it's a limitation.

We know that with the joint venture with Allseas, okay? We came up with some limitations installing the big [platten] plan, okay? Which is a valve assembly.

When you are thinking about the trench line, you try to think about the future development. Therefore, you want to make sure that you will be able to connect all the fields to these trunk lines and that's called for heavy subsea structure. That's one of the limitations of the SLay.

Now when it comes to the water depth, it's just a matter of diameter. Today, the global 1200 and the global 1201 are fitted with 500-ton [pensioners] against which we obviously upgrade them. And then afterwards, it's a matter of being more efficient with the SLay or g-lay methodology of laying.

I hope I have answered your question.

When it comes to Africa and the local content in some countries, you mentioned, as a matter of fact, Global Industries was pretty successful in Nigeria for years, enjoying healthy margins. So it is our intention to go back to those countries, okay? And it's too early to say, because the deal is not yet completed, but I can already tell you that that is our intention, to go back in Africa.

Satisfied?

Excellent.

Unidentified Audience Member

I have two questions.

Firstly on the CapEx, when you go back pre-2007, you weren't spending that much on CapEx. I know you had a big step-up in 2007. You then had another step-up in 2008. And it's remained relatively flat, at around EUR400 million a year. So exactly when do you expect Technip to stop spending at that level of CapEx on an annual basis?

And then moving on to margins, when do you expect all the CapEx you've been spending over the last four years to actually start paying off in your margin? So when can we see your margins going back up to the 2008 levels? And can you see it going above that?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

So when it comes to the CapEx for 2012, 2013, 2014, I don't want to escape from the answer, but Thierry told me that we will communicate in February, okay?

But, yes, we will continue to expand both onshore and offshore when it comes to our floating assets.

So the next question is when margin will start to materialize. Well, I guess the heater oil is about to start the operation today or the day after tomorrow. Okay?

So I guess that we will have the benefit of it starting 2012. When it comes to the CapEx, we have been doing in the North Sea, actually it has already started to materialize. Okay? The Skandi Arctic, with the unique capability, is delivering quite healthy margin. The Apache II also, when the deep energy will start the operations, I guess we'll be able, also, to deliver. So we are quite confident on our ability to deliver margin when it comes to the new CapEx in which we have invested.

Unidentified Audience Member

(inaudible question - microphone inaccessible).

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

Well, that's a tricky one. Okay? Our pricing power depends on a number of factors.

The price of oil, first. Okay? If we assume the price of oil in the North Sea, in the range of $100, you can make sure that a lot of folks want to tie back, even small reservoirs. Okay? Because even though we are selling the tie-back, the reasonable price for those guys have a return, which is just huge. Okay?

So that's address the North Sea market.

When it comes to full-field development, it depends on the number of factors. The price of oil is one of them. The local content requirement is another one. And therefore, it's quite difficult to commit, at this stage, delivering higher margin. I think that we are already delivering quite healthy margin, huh? Between 6.5% to 17% year-on-year. So it's reasonable to believe that we can keep on this trend with all our technology. Okay?

Because the lower end, will try to be captured by newcomers.

Yes?

Unidentified Audience Member

You mentioned seeing the market turning towards more integrated packages. And I just wondered, is that something you're seeing globally? Or more regions than others? And specifically, are you seeing that in the Gulf of Mexico?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

So, in the Gulf of Mexico, for historical reasons, the operators have a tendency to split everything, okay? Therefore, our business in the Gulf of Mexico is more the T&I type of business than an EPCI type of business.

The big package tends to materialize in Africa, namely in Nigeria, Angola, now in India, east coast and in Australia. Okay?

So it's too early to say. I've got a view, which is if the subsea market tends to become hotter and hotter, the fact that our operators have -- are struggling when it comes to resources, okay? Because at the end of the day, for an operator, slicing everything means more resources.

And you guys know that we lack one generation in our industry. Okay? It is four years. A lot of operators, a lot of contractors also, refrain hiring and training people and therefore if you take a stance of the 10 years to come, I think we will struggle with one bottleneck, which is going to be people.

Meaning that we're probably going to see the tendency from the operators to go towards more integrated package in order to reduce their own engineering and project management resources.

I meet you in 2015.

Okay?

Yes, mister?

Unidentified Audience Member

I have one question on [HTs]. Did you mention HTs just for, I would say, a global comment on the kind of project or with the integration of the future integration of Global Industries, you could beat for the years -- for this giant pipeline, 850 kilometer pipeline, in the future?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

Yes, it is -- there is several projects, okay? You have one big trunk line and you have also the in-field part, which is also for trunk lines, I mean, it's a very comprehensive project. We could have been in a front-running position for the second package, one in the range of $1.5 billion, whereby you had all the in-fill insulation.

We were -- it's too early to say whether we have been able to ramp for the big trunk line.

Unidentified Audience Member

(inaudible question - microphone inaccessible).

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

Yes.

Yes, Christian?

Unidentified Audience Member

Yes. On the list of different types of vessels that you have and will have with Global Industries, the one stove real piping, it's a sort of very large diameter and also very deep insulation, that's basically a trunk line vessel. Do you intend to start investing in what is sort of the last hole within your portfolio of vessels. Because so far, you've talked about rigid and you've talked about rigid within an in-field context or shallow water, but you've not talked about rigid or trunk line within the deep water context.

So is there a sort of debate going on at the moment internally, pointing towards investing in that, given there's quite a few projects in the world, large scale, very large diameter and very long, that are being tendered right now?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

This is a very good question.

Yes, we acknowledge the fact that we need to think about how to address and tackle this very high end, okay? We are talking there about 1,000 tons and more of laying tension capabilities. We are -- we have started to think about it. We have several options, obviously. At the present time, we have the joint venture with Allseas, which when it comes only to Brazil, allows us to think that we are all set because as I explained to you during the break, we were quite happy to discover that on this big trunk line project, the value of the installation has evolved to a value of all the relay, survey, commissioning and dewatering and testing and so on and so forth. And at the key of the success of the structure is the onshore logistics.

The TUPI project was 80,000 tons, okay? Without the port of [Angra]. We could not have executed this project. Because at one point in time, we had to store pipelines coming from the UK, because [Chorus] was only manufacturer able to develop the very thick pipeline for the ultra-deep water part, okay? And we had to gather the supply coming from the UK and the supply coming from Brazil.

We are working, at the present time, on [Cabunas], which is a big trunk line, 400 kilometers of 24-inch in ultra-deep water. And I can tell you that the challenge is not the installation. The challenge is the logistics. 200,000 tons of steel, okay? And therefore, we see, as we see Technip, as a valuable partner for Allseas in this present prospect, okay? But I should not hide the fact that we have already started to think about whether we should go for our own assets or we should think about turning in a more definitive manner, one of the existing partners.

Did I answer your question, Christian?

Or you are half satisfied?

Unidentified Audience Member

Yes. I mean, when you talked about the vessels, you talked about the infrastructure logistics. And I guess you made the point that if you're going to go and buy these really big fat vessels, you're going to also need the lower content logistics, which is exactly what you've done on the logistics side in Brazil.

But if you were to go global -- elsewhere in the world, would the investment plan, hypothetically, be vessel plus tied into the infrastructural load content as well? Because then you wouldn't just buy a big vessel. You would invest in the vessel. You'd actually invest in all the surrounding logistics as well? And would that be where the investment plan sits on both infrastructure and vessels?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

Yes. Absolutely. I mean, we -- you have to come up with the sets of the combination of assets, which means that you are winning seats.

Yes?

Unidentified Audience Member

Yes. If I follow your reasoning about the shortage of staff, i.e. I want a global offer, if I'm a major from providers of services, like yourself, where is the -- and you had a very interesting slide, but you don't really define what they're doing on the competitive landscape.

And when I see most of them, they're not very big. Neither are you approaching Schlumberger. So, where should I expect you to move post emerging the deal will go through in the first quarter 2002 -- 12, you still have a good balance sheet. So what is the use for you in order to be more ready for a global offer to -- of your customer -- to your customer?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

I would say that first we have come to a satisfactory conclusion of the existing acquisition process, okay?

We have also to work on the integration. And after, we can give you a flavor on where we want to go. We want to go into the high-end market with a lot of technology. Because we believe that, again, and I hope that Alain, in the very good presentation he delivered to you, he have given you the full flavor of the fact that it's the combination of technology, people and assets, which will give us the successful and winning combination, okay?

It's not the asset itself, itself. We see some of the contenders. We are a first-class asset. We are struggling to have access to this EPC high market. Because you need to have project management capabilities, engineering capabilities, procurement capabilities, logistic capabilities, diving capabilities in order to deliver to your customer a full integrated solution.

So there is a lot of consideration around all of this. I will not tell you more because, first, we have to be very reasonable and we go for integration, successful integration, of Global. And then after, we'll keep on moving again.

Next question?

Yes?

Unidentified Audience Member

For the contract in Venezuela, you mentioned that you plan to use Global assets. If by that time the deal not complete, what is your Plan B?

Frederic Delormel - *Technip SA - EVP, COO - Subsea*

Well, the Plan A, the -- we bidded with the Blue. Okay? Since it's in shallow water, we may think, assuming we have a satisfactory conclusion of the deal of Global, we may think about swapping the asset.

But the Plan A is we believe Blue is within the parameters of the existing assets of Technip.

Any more questions?

You are all, I hope, you have been spending a good day with us. We have been delighted and I can speak in the names of my Brazilian colleagues, because we know that you guys are investors or analysts, we owe you a lot, okay? Because to a certain extent all the good things we have been doing in this country was thanks to the trust and the confidence of the shareholders of Technip. So we thank you for that.

We hope you will continue your journey with us.

And so on behalf of my 3,200 Brazilian colleagues, I thank you again for having me -- made this trip up to Brazil. I'm sorry. We did order the sun, but it didn't show up. So this was in fact, in order to make sure that you guys will keep a focus on our presentation.

Thank you very much.

Kimberly Stewart - *Technip SA - VP - IR*

Thank you, everyone.

If you would please find us in the lobby at seven o'clock for the bus for the dinner.

So until then, I hope you enjoy a little bit of free time.

Thank you.