

# Letter to Shareholders

December 2010

## Technip

### THIRD QUARTER 2010

€ million  
(except Earnings per share)

#### Revenue:

**1,512.1**

-11.6% <sup>(1)</sup>

#### Operating Margin:

**10.3%**

21bp <sup>(1)</sup>

#### Net Income:

**103.4**

-4.0% <sup>(1)</sup>

#### Earnings per share:

**€0.95**

-5.3% <sup>(1)</sup>

(1) Compared to third quarter 2009

---

**Refining:  
maintaining our  
leadership**

---

**Shareholders' Log**

---

**Technip and  
Sustainable  
Development**

---

### Dear Valued Shareholder,

In the third quarter, Technip continued to execute well on both its ongoing operations and strategy. Accordingly we are able to raise our 2010 operating margin outlook. We now expect a Subsea operating margin around 16.5% and close to 6% for Onshore/Offshore combined.

We delivered Qatargas 3&4 LNG Train 6 in Qatar (and Train 7 subsequently in October) and continued to progress on other key projects in Onshore/Offshore. In Subsea we progressed on large projects such as Jubilee in Ghana and started offshore operations on Block 31 in Angola.

We continued to grow a well-diversified backlog across our business segments, geographies, technologies and clients. Order intake included high-end projects in Subsea, in particular in the North Sea and Brazil. We gained numerous projects in Onshore/Offshore such as KJO in the Middle East and two hydrogen plants in North America. In Malaysia, we signed a strategic agreement with MISC, a subsidiary of PETRONAS, establishing a long-term collaboration through an investment in its subsidiary MHB.

Looking ahead, new project momentum for the oil and gas services industry has grown during 2010, even if many projects have slipped into 2011. Although uncertainties in timing persist and competition remains intense in all our markets, the relative oil price stability plus the importance for our clients to sustain their strategic investments are both positive drivers.

For 2011, our €8.5 billion backlog gives us fair visibility and means we can look to start growing our revenue.

Finally, I would like to express my sincere appreciation to you for your continued confidence in us. I thank you for your trust,

“ For 2011, our  
€8.5 billion backlog  
gives us fair  
visibility ”

Thierry Pilenko  
Chairman & Chief Executive Officer





# Refining: maintaining our leadership in a changing market

With the design and construction of 30 grassroots refineries and 170 major expansion or revamp projects in 75 countries, Technip is a long-standing leader in refining. Our position in this market is based on vast and successful experience in the design and construction of refining units and a high capacity to manage large complex projects. The Group has made a name for itself through the use of the most up-to-date technologies and continues to invest in Research & Development in order to maintain this competitive advantage in a challenging environment. The delivery of Dung Quat refinery in Vietnam and the on-going Jubail project in Saudi Arabia are recent examples that illustrate our leadership in this sector.

Horizon Oil Sands upgrader, Canada

## A RAPID EVOLUTION IN THE REFINING MARKET

Originally, refinery activity was split almost equally between requirements from heavy industry and the production of transportation fuels. Today, with the competition from nuclear, natural gas, coal and renewable energies in the power sector, the activity tends to concentrate on products for the transportation sector and the petrochemical industry. Simultaneously, environmental concerns have pushed to upgrade transportation fuel quality, a requirement that adds complexity to the refining scheme. From very simple refining schemes a few decades ago, we have now moved to extremely sophisticated plants. A modern refinery like Jubail, the huge grassroots refinery project currently being executed by Technip in Saudi Arabia, comprises close to 30 units while a refinery in the 1970s typically had less than 10.

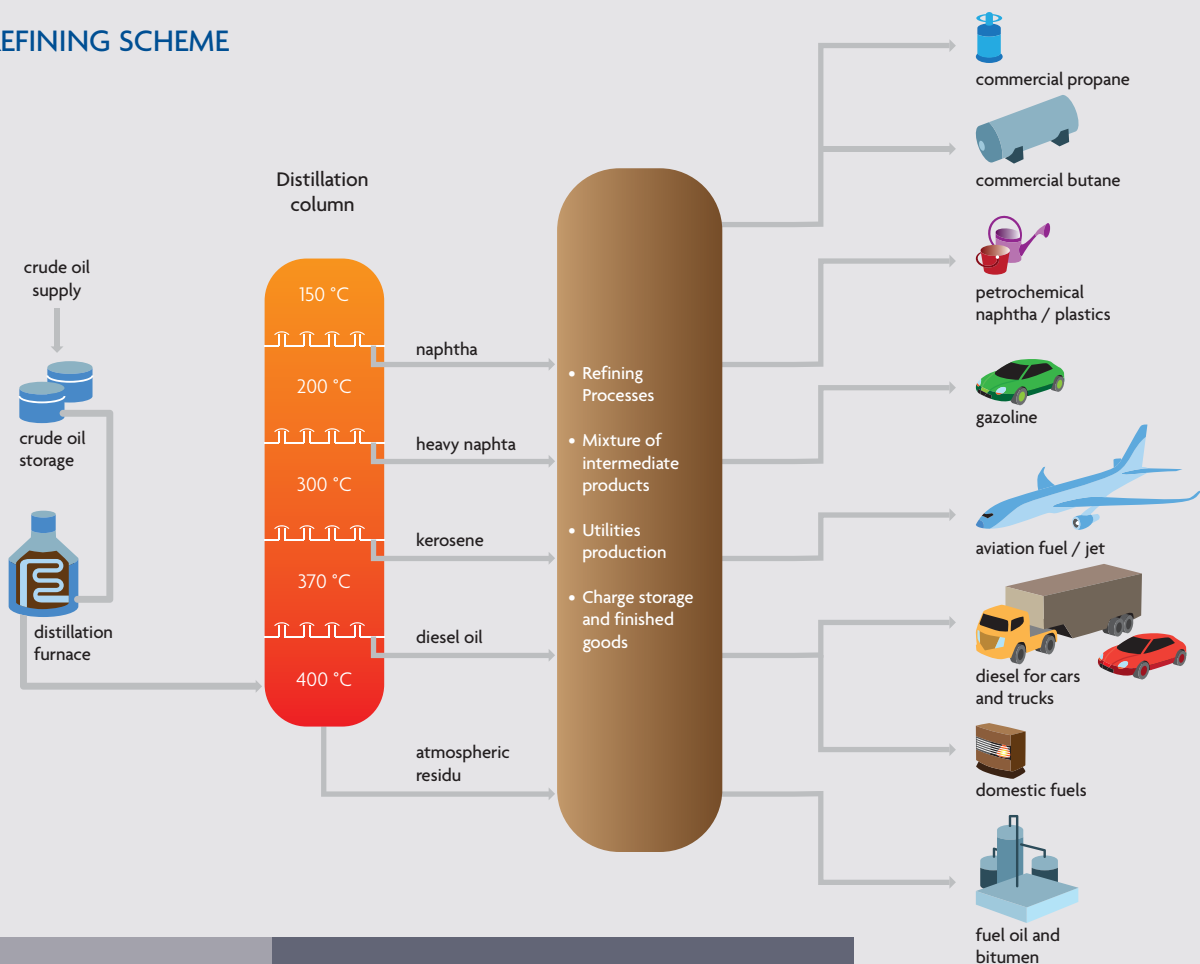
Consumption and production patterns have also changed. Most refinery products are liquids and relatively easy to transport, therefore, over time refineries have appeared either close to the crude oil production sites or close to the end consumers. As the economic picture is changing, so is the demand for oil products and the related production pattern. The biggest potential for growth lies in Asia Pacific and, to a lesser extent, in South America and Africa. Driven by astonishing economic growth rates, since the late 1990s, Asia Pacific has become the region with the largest installed processing capacity and the region where most new investment has taken place. For example, Technip built the Dung Quat refinery in Vietnam, a grassroots refinery started in 2009. The situation is also changing in the Middle East. Previously companies in this region exported crude oil, but they are now building new refineries both to answer to growing domestic demand and also to export finished products. The Jubail grassroots plant is a perfect illustration of this trend.

Finally, a different kind of refinery, the upgrader, has appeared in connection with the need to process unconventional crude oils that are too viscous to transport. The grassroots Horizon Oil Sands complex in Canada, built by Technip and started up in 2008 is an example of this new type of refinery.

## CHARACTERISTICS OF REFINING

Refining is a complex activity through which crude oil is transformed into a large variety of products such as high added-value intermediates for the petrochemical industry, transportation fuels, heating fuels and bitumen for road construction. In our everyday lives we use so many products coming from refineries that we could not live without them! A refinery is an industrial plant comprised of several processing units. It costs billions of euros to engineer and build, and millions more to run and upgrade.





Dung Quat refinery, Vietnam

### A HIGHLY TECHNOLOGICAL AND COMPETITIVE ENVIRONMENT

Refining is a technological challenge because it is a complex puzzle of interconnected units that have to be efficiently linked together. These units are extremely different one from the other and use pressures that range from vacuum to over 200 bar, and temperatures from ambient to over 700°C, with a range of different materials used to withstand the corrosion of the processed fluids. A refinery also produces a wide range of products and subsequently the associated storage facilities are complex to optimize and this is another field where an engineering company like Technip brings added value. The very large number of competitors on the market, all having access to technology provided by specialized licensors, makes refining a highly competitive business.

Only the major engineering companies, such as Technip, have enough expertise not only to improve the licensor's design but also to assist the customer in the selection of the most appropriate technology to achieve their business objective and optimize the efficiency of the refineries. Technip has a truly worldwide footprint and network of expertise in refining that constitutes a real advantage over its competitors. The winning factors for Technip are technological skills and expertise integrated with our references as an EPC\* contractor.

*\*EPC: Engineering, Procurement and Construction*

### PROMISING OPPORTUNITIES FOR TECHNIP

In order to differentiate from competitors and to optimize our clients' projects, we have to reinforce our role and presence in the early project phases. It is essential that Technip promote and undertake more conceptual and feasibility studies, because this is where we can be creative and demonstrate our intellectual added value. Technip is more frequently involved in projects right from the feasibility stage where our experience can be used to define the optimum refinery configuration, to correctly estimate the level of investment required and to optimize utilities (power, steam,...), off-sites (ex: storage areas) and all open-art units (not protected by a license). It is important to bear in mind that at the scale of a refinery, utilities, off-sites and open-art units are typically worth more than 60% of the overall investment and are responsible for roughly 40% of the overall energy requirements.

The capability to design these systems effectively entails a lot of R&D concentrating on two areas: first, energy savings to reduce the impact on the environment by rendering Technip designs as efficient as possible, recuperating the hydrogen and minimizing CO<sub>2</sub> produced by the refinery, and second, developing technologies in areas that are not covered by traditional licensors.

Technip's objective is to continue to build new refineries or increase the capacity of existing ones or modernize others in order to reinforce its leadership.

# Shareholders' Log

## STOCK MARKET DATA AS OF OCTOBER 31, 2010

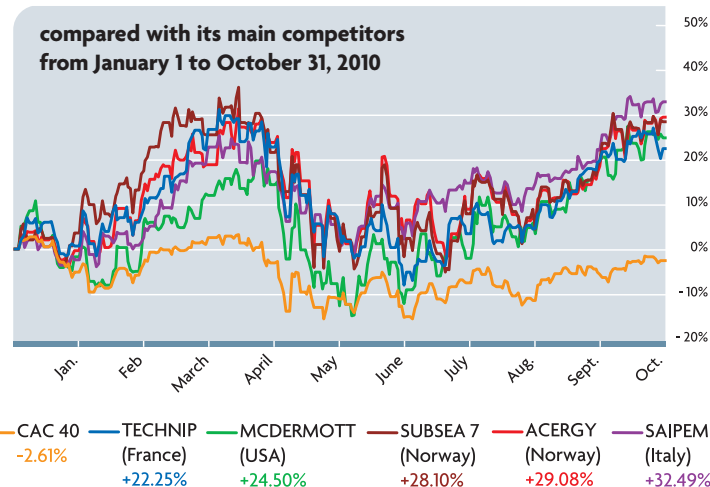
As at the close of trade:

- Share Price: €60.39
- Number of outstanding shares: 109,755,641
- Market Capitalization: €6,628 million

Since January 1, 2010:

Change	+22.25%
Highest Share Price (€)	64.85
Lowest Share Price (€)	45.14
Average Daily Volume	732,083

## TECHNIP STOCK PERFORMANCE



## SHAREHOLDERS DISCOVER FLEXIBLE PIPES

On October 11, 23 Technip shareholders were invited to the site of Flexi France, a Technip plant manufacturing flexible pipes in Le Trait in Normandy. They firstly attended a conference presenting the group's technological advantages. They then had a guided tour of the plant enabling them to learn about the entire manufacturing process for flexible pipes. The shareholders particularly welcomed the direct contact with local teams and Group managers.

A shareholder commented: *"Your workshops contain so much expertise and knowledge and everyone, at their workstation, has an important responsibility. For us, these visits demonstrate knowledge and technical skills we couldn't imagine."*

Françoise Sabatier



# Technip and sustainable development

## Technip reselected for Dow Jones Sustainability Indexes (DJSI)



For the ninth consecutive year, the Technip share was selected as a component of the Dow Jones Sustainability World Index and the Dow Jones Sustainability Europe Index. Launched in 1999, this index is one of the most widely recognized international benchmarks for assessing sustainable development performance; it includes sustainability leaders from each industry on a global and regional level respectively. The annual review of the DJSI family is based on a thorough analysis of corporate economic, environmental and social performance, assessing issues such as corporate governance, risk management, climate change mitigation, supply chain standards etc. This new selection proves again that Technip has made sustainable development a core element in its activities.

## MARIE-ANGE DEBON APPOINTED MEMBER OF THE BOARD OF DIRECTORS OF TECHNIP



On July 20, 2010, Ms. Marie-Ange Debon was appointed member of the Board of Directors of Technip. Ms. Debon's appointment follows the recommendation of the Fonds Stratégique d'Investissement (FSI). Marie-Ange Debon is General Secretary of the Suez Environnement Group and is a member of the College de l'Autorité des Marchés Financiers (the French Financial Market Authority). Prior to joining Suez Environnement in 2008, Ms. Debon has served in various positions in both the public and private sectors. In November 1998, Ms. Debon joined Thomson as Deputy Chief Financial Officer and later served as General Secretary responsible for Legal, Insurance, Real Estate, Shareholders and Corporate Communications from 2003-2008. She is a graduate of HEC and ENA.

- Thursday, February 17, 2011:**  
2010 Full Year Results
- Thursday, April 28, 2011:**  
2011 First Quarter Results  
Technip Annual Shareholders Meeting
- Thursday, July 28, 2011:**  
2011 Second Quarter Results
- Thursday, October 27, 2011:**  
2011 Third Quarter Results

2011 Calendar\*

\* Provisional calendar

## Shareholders Information **Technip**

89, avenue de la Grande Armée 75116 Paris - France  
Tel.: +33 (0)1 47 78 66 75 - e-mail: investor-relations@technip.com

Find the latest Group news on  
**www.technip.com**