# TECHNIP

## Daniel Valot
### Chairman and CEO

**CHEUVREUX OIL SERVICES CONFERENCE**
**Paris, France**

December 1, 2005

Technip

I. THE MARKET

II. TECHNIP IN THE MARKET

III. THE WAY FORWARD

# I. THE MARKET

1. The Broad Picture
2. The Short Term Trend

# 1. The Broad Picture (2002 – 2030)

## Forecasted Oil & Gas Production and CAPEX

| | Production 2002 | | Production 2030 | Capex (2002 – 2030) | of which E&P |
|---|---|---|---|---|---|
| Oil (mb/d) | 77 | +57% | 121 | $3 trillion ($111 bn/y) | 70% |
| Gas (bcm) | 2,622 | +87% | 4,900 | $2.7 trillion ($100 bn/y) | 56% |

## New Major Trends Expected to Emerge

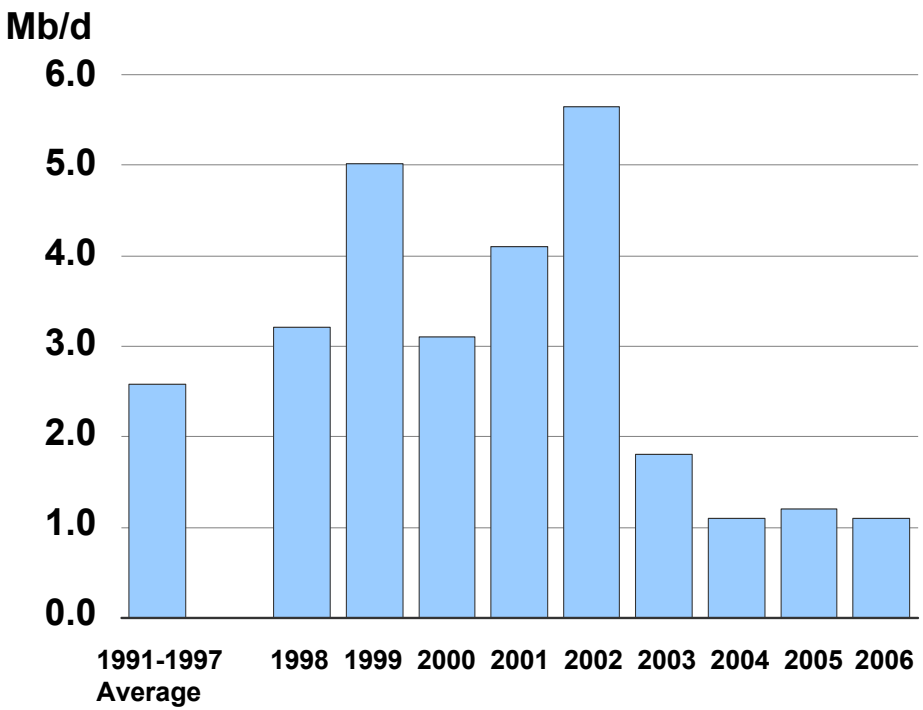
| | 2002 | 2010 | 2030 | Variation 2002 - 2030 |
|---|---|---|---|---|
| More OPEC Oil (mb/d) | 28 | 33 | 65 | + 132% |
| More LNG (bcm) | 150 | 250 | 680 | + 353% |
| More Non-Conventional Oil (mb/d) | 1.6 | 3.8 | 10.1 | + 531% |

***The era of easy oil and gas is over.***

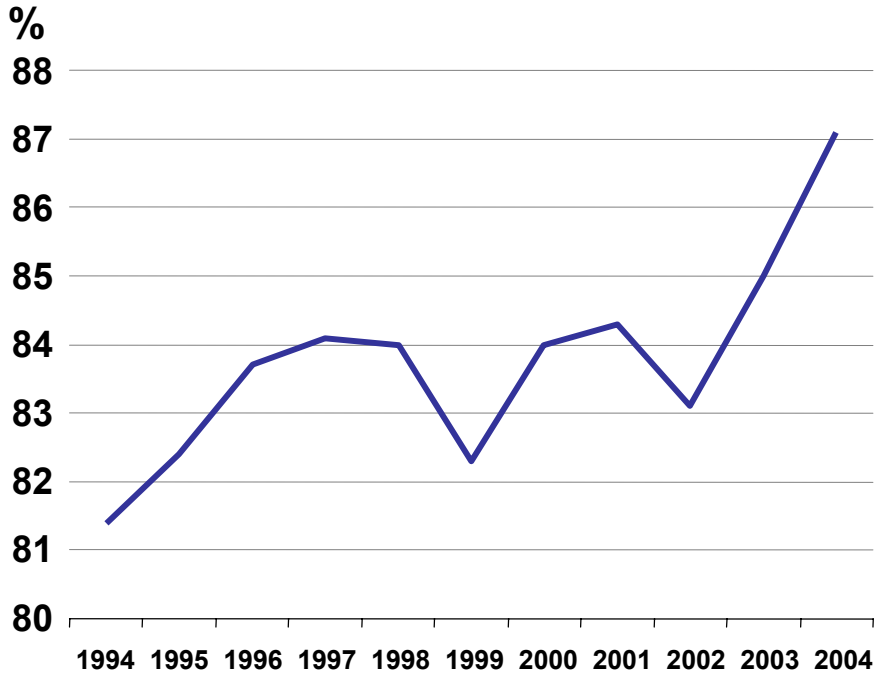
*Sources: IAE World Energy Outlook 2004*

# 2. The Short Term Trend

## OIL PRODUCTION SPARE CAPACITY




## REFINERY UTILIZATION RATE



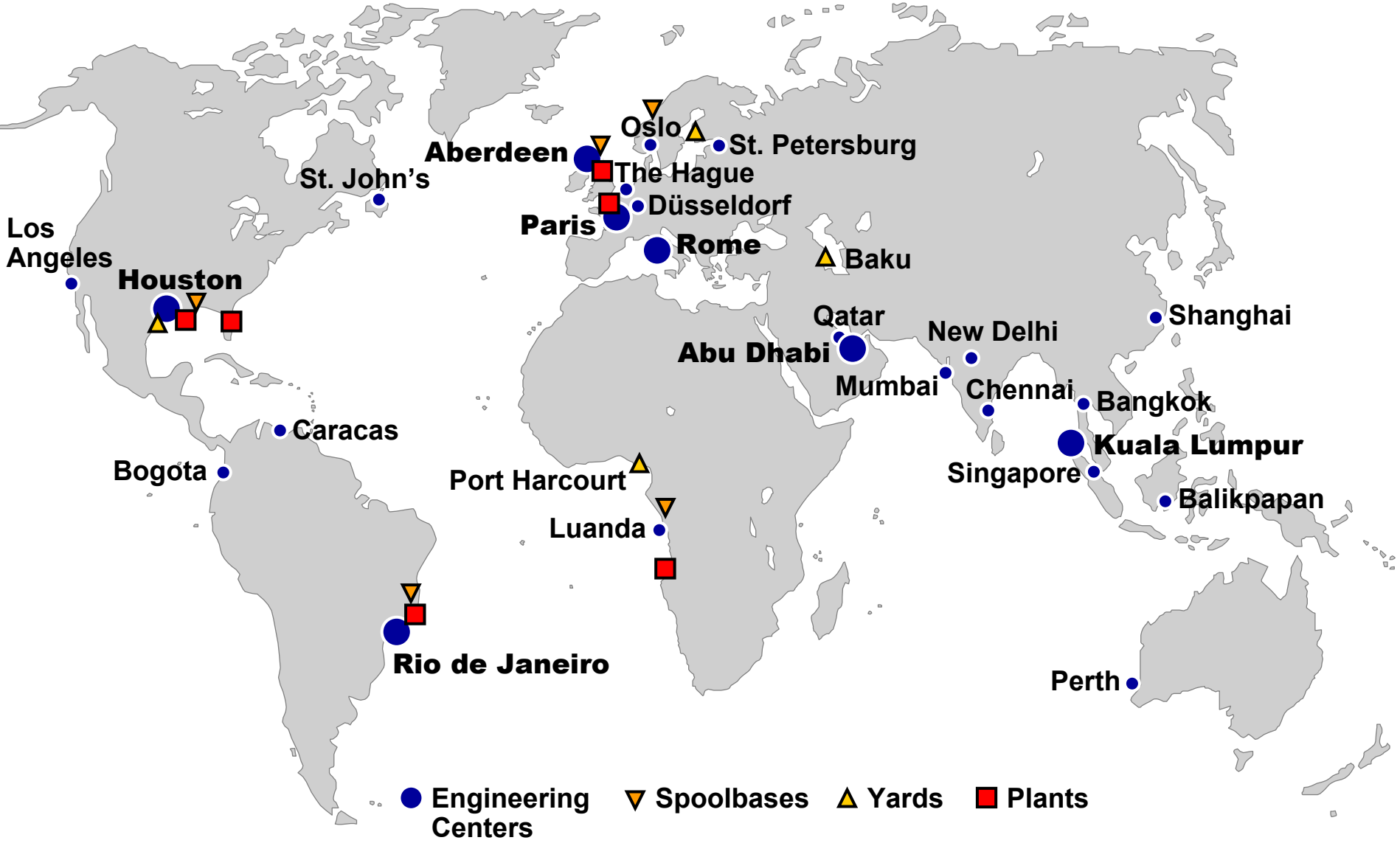

***Significant capex are required to return to a more manageable situation upstream and downstream wise***

*Sources: EIA, BP Statistical Review*

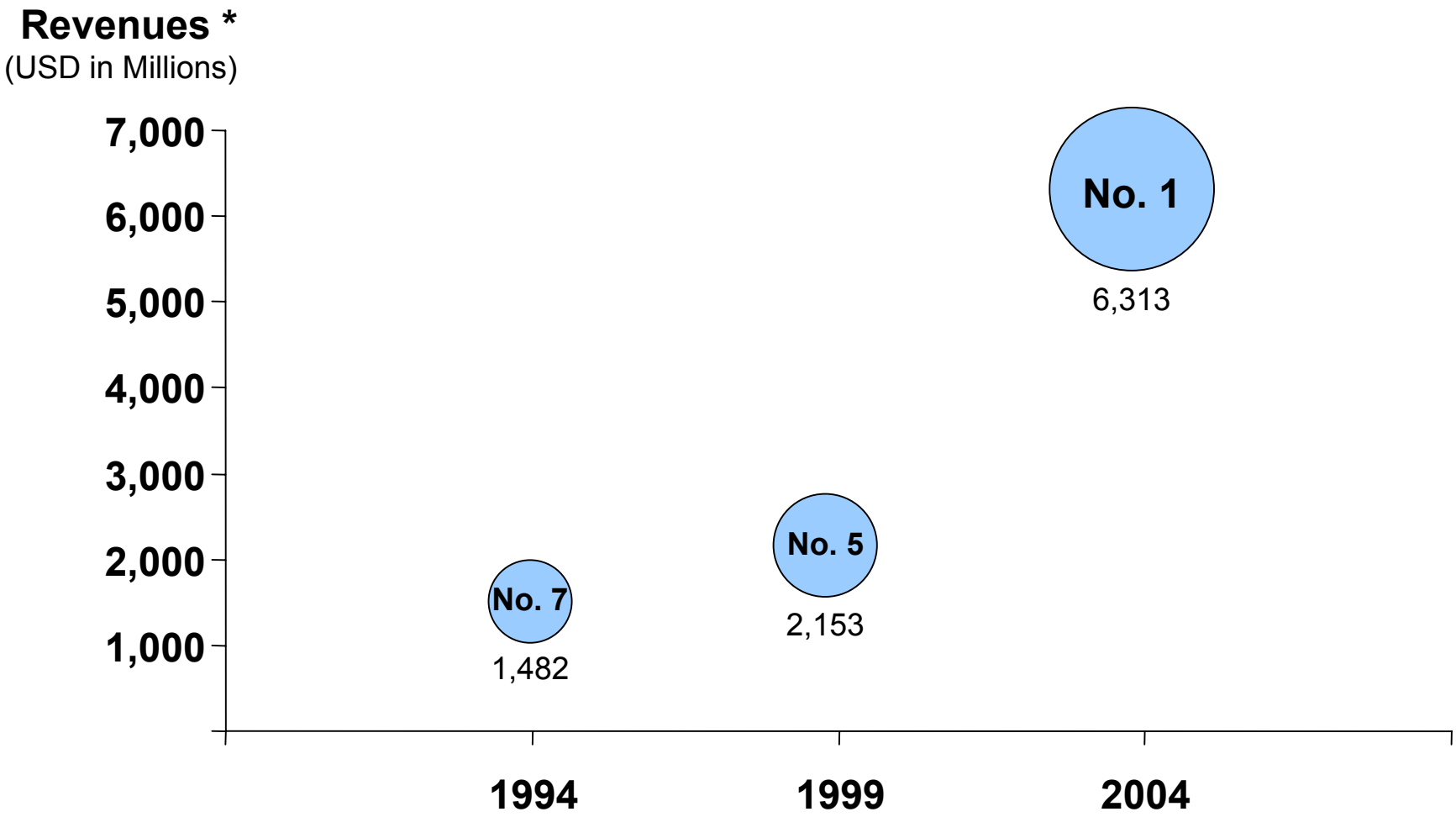
# II. TECHNIP IN THE MARKET

1. A Global Player
2. Ranking
3. Strategic Initiatives, Order Intake, Backlog
4. Net Cash Position

# 1. A Global Player: Engineering Centers, Yards & Plants



# 2. Technip's Ranking Among International Oil and Gas Contractors




* Non-domestic oil and gas revenues

Source: Engineering News Record

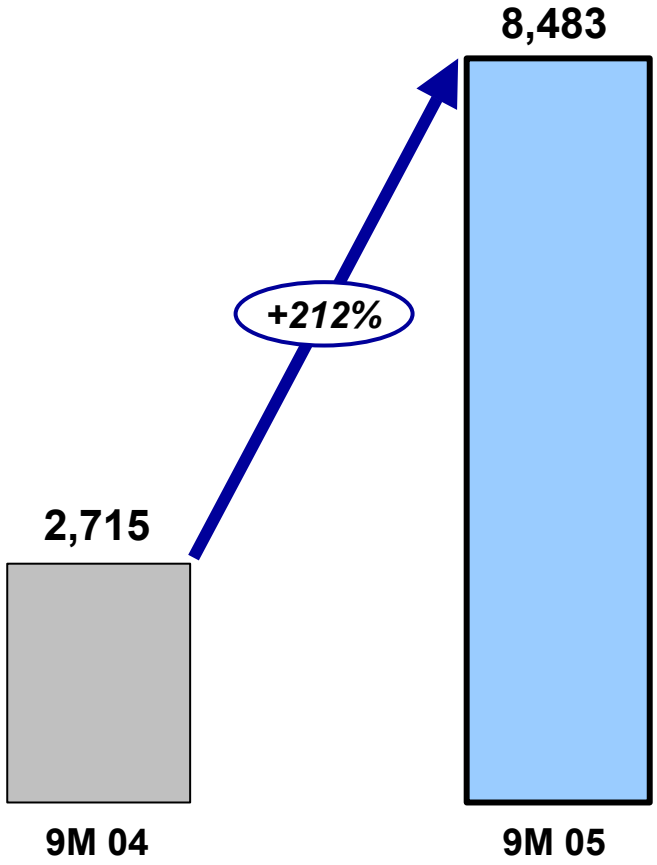
# 3.1 Strategic Initiatives…

| | INITIATIVE | | RESULT |
|---|---|---|---|
| Ethylene | Acquisition of KTI (1999) | → | 9th & 10th Comp., Iran (2001)<br>Ras Laffan, Qatar (2005)<br>Yanbu, S. Arabia (2005) |
| Deep Offshore | Acquisition of Aker Deepwater and Coflexip (2001) | → | Subsea Pipelines: Dalia, Agbami<br>FPSO's: Dalia, Akpo<br>Semi-Subs: P-51, P-52<br>Spars: 7 since Oct. 2001 |
| LNG | Alliance with Chiyoda (2002) | → | Qatargas II (2004)<br>Yemen LNG (2005)<br>RasGas III (2005) |

➢ ***2-3 year minimum time-lag between a strategic initiative & materialization of actual business***

# 3.2 ...Have Resulted in All-Time High Order Intake

€ in Millions




***Nine-month 2005 order intake of € 8.5 billion represents a book-to-bill ratio of 213%.***

# 3.3 Technip Is 2005 Market Leader in

## Deepwater

- P-52 SURF (Brazil) — $ 350 MM
- Akpo FPSO (Nigeria) — $ 540 MM
- Agbami SURF (Nigeria) — $ 840 MM
- Spar: Kikeh (Malaysia) — N.D
  Tahiti (USA) — N.D

## LNG

- Yemen LNG — $ 670 MM
- RasGas III (Qatar) — $ 1,600 MM

## Refining / Extra Heavy Oils

- Horizon Oil Sands (Canada) — $ 900 MM
- Dung Quat (Vietnam) — N.D

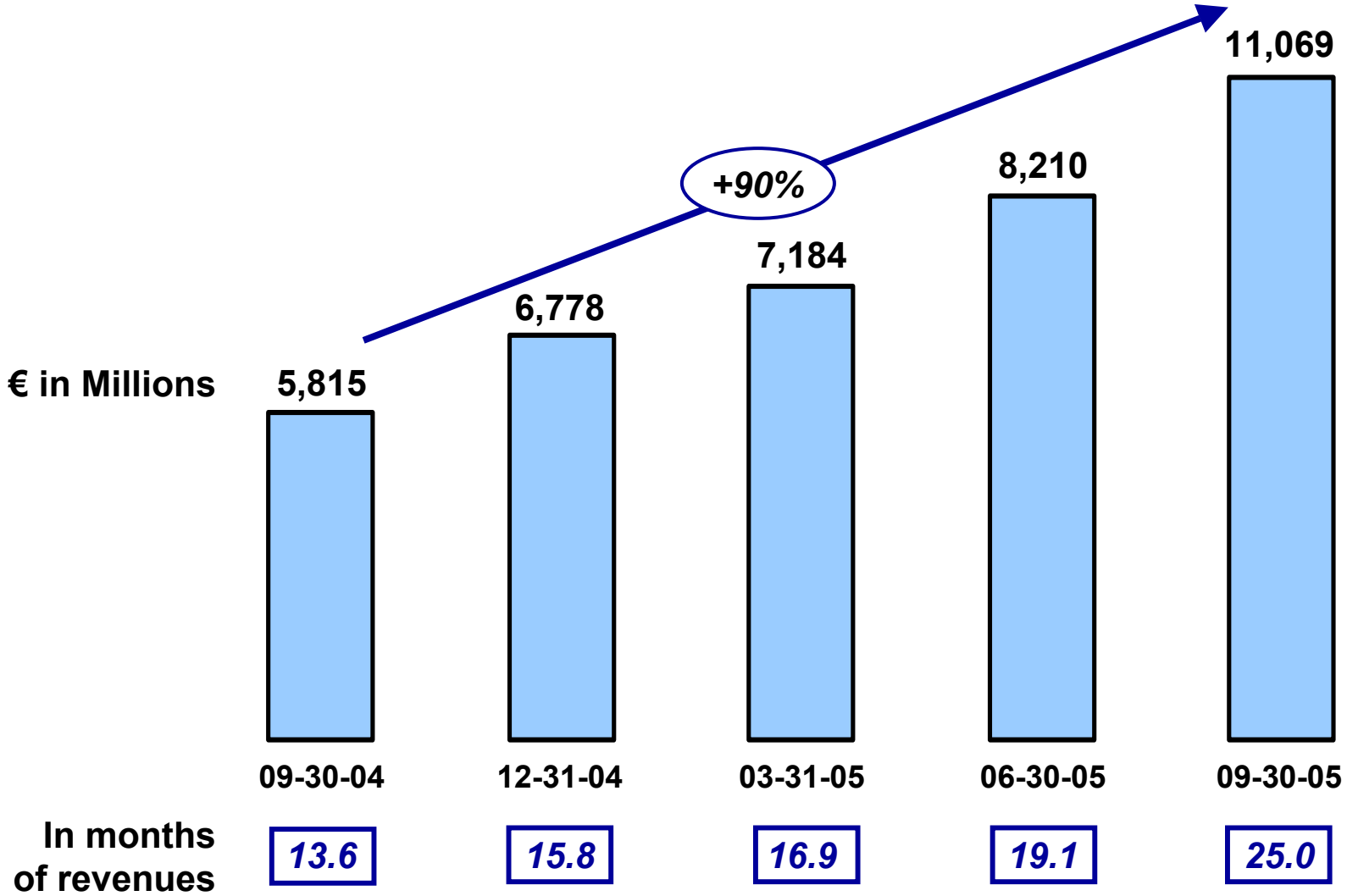
## Petrochemicals

- Ras Laffan Ethylene (Qatar) — $800 MM
- Yanbu Ethylene (S. Arabia) — N.D

***2005 order intake reflects market-leading positions in deep water, LNG, refining/heavy oils and petrochemicals.***

*N.D: Not Disclosed*

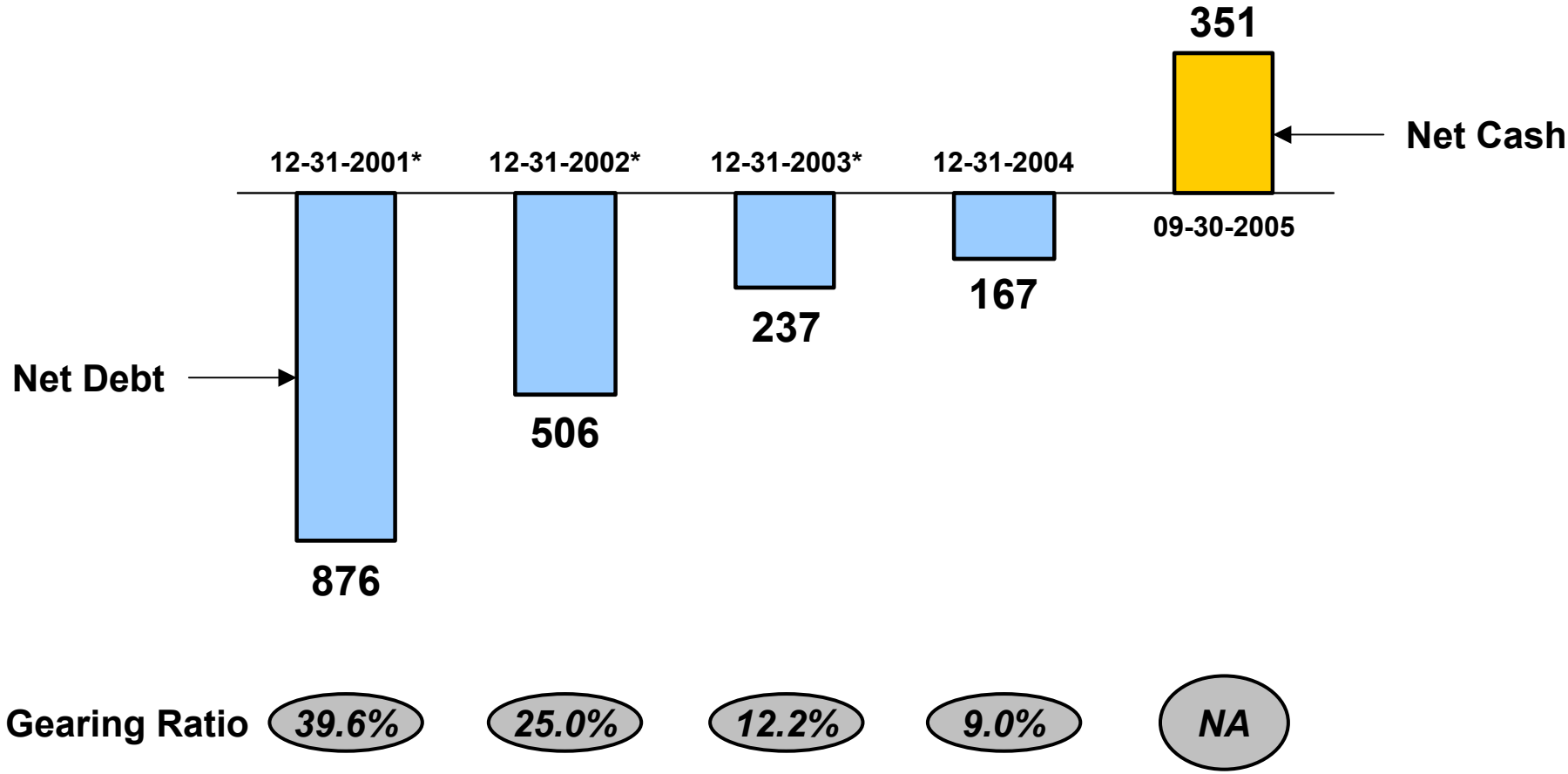
# 3.4 Backlog Hits a Record Level




***Record backlog at September 30, 2005***

# 4. Net Cash Position

IFRS
€ in Millions



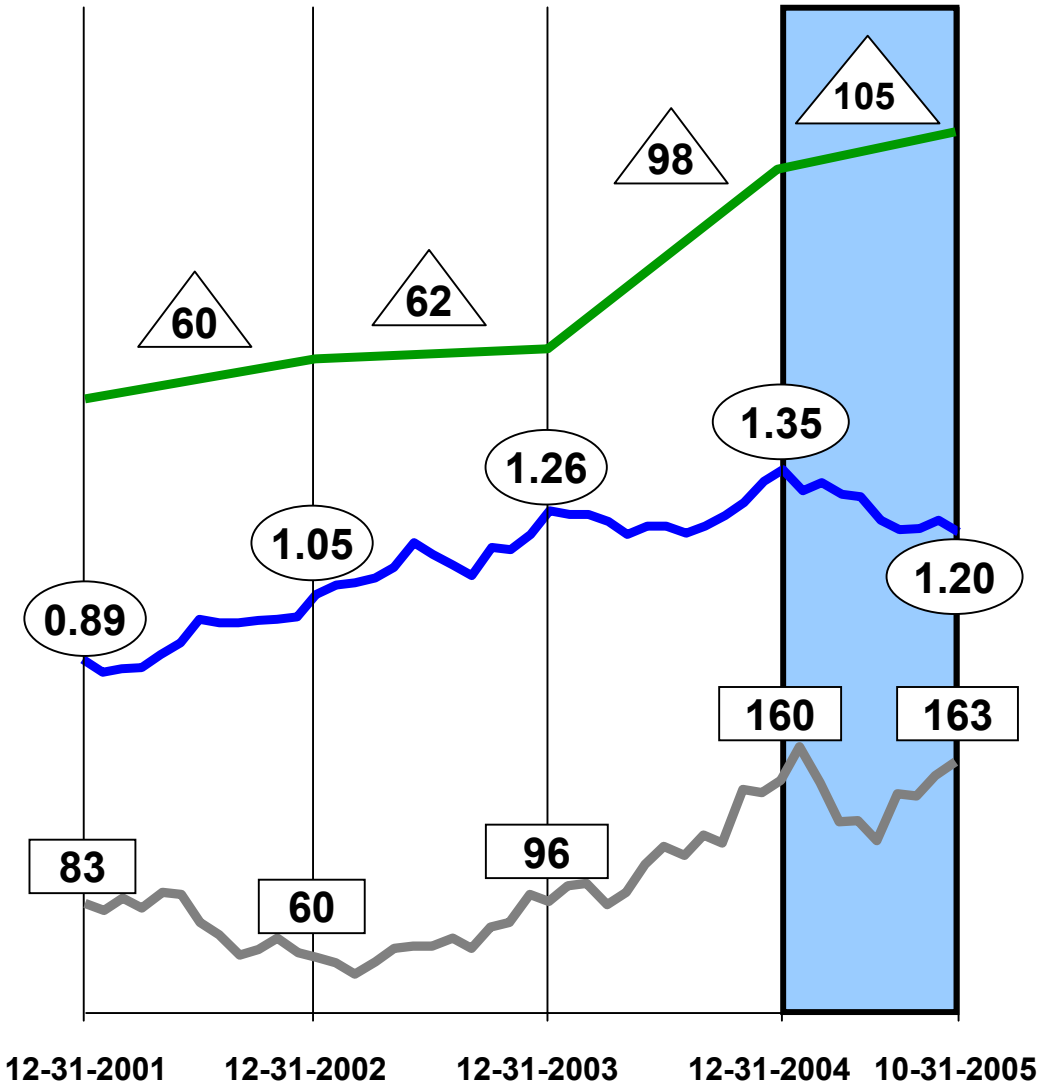

***De-leveraged balance sheet: a key factor for winning large contracts***

**French GAAP*

# III. THE WAY FORWARD

1. **Market Conditions Continue to Improve**
2. **Technip Business Strategy Going Forward**
3. **Full Year 2005 Updated Financial Targets**

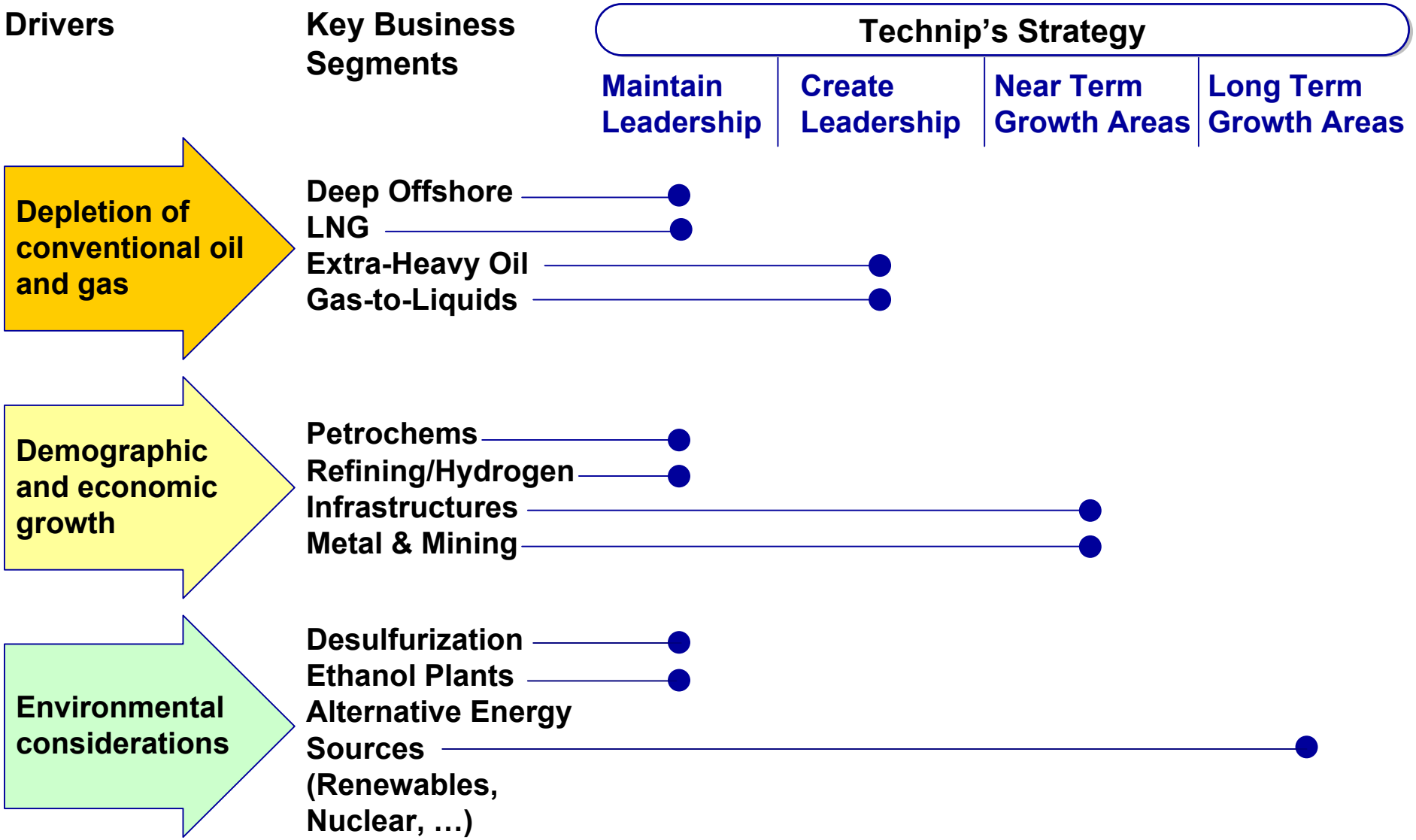
# 1. Market Conditions Continue to Improve




- Integrated Oil Companies CAPEX (US$ in bn):
  - A growing trend
- US Dollar versus Euro:
  - Retrenching after several years of appreciation
- DJ US Total Market Steel Index (100 as of January 1st, 1992):
  - A more manageable price environment after the 2003-2004 turmoil

*Sources : Bloomberg, Wall Street Research*

# 2. Technip Business Strategy Going Forward



# 3. Full Year 2005 Updated Financial Targets (IFRS)

| | Sept. 2005 | Nov. 2005 |
|---|---|---|
| Revenues: | ~ € 5.2 billion | ~ € 5.4 billion |
| Operating Margin: | > 4.8% | > 4.8% |
| Net Income: | > € 112.4 million | > € 112.4 million |

➢ ***Record YTD order intake and stronger dollar should result in higher than expected FY2005 revenues.***

**For more information, please contact:**

## INVESTOR RELATIONS


- **G. Christopher Welton**
  Tel. +33 (0) 1 47 48 66 74
  e-mail: cwelton@technip.com

- **Xavier d'Ouince**
  Tel. +33 (0) 1 47 78 25 75
  e-mail: xdouince@technip.com

# Trading Technip

**ISIN**
**FR0000131708**

# Cautionary Note Regarding Forward-looking Statements

*This presentation contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, or statements of future expectations; within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended. These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events and generally may be identified by the use of forward-looking words such as "believe", "aim", "expect", anticipate", "intend", "foresee", "likely", "should", "planned", "may", "estimates", "potential" or other similar words. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Risks that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other things: our ability to successfully continue to originate and execute large integrated services contracts, and construction and project risks generally; the level of production-related capital expenditure in the oil and gas industry as well as other industries; currency fluctuations; interest rate fluctuations; raw material, especially steel, price fluctuations; the timing of development of energy resources; armed conflict or political instability in the Arabic-Persian Gulf, Africa or other regions; the strength of competition; control of costs and expenses; the reduced availability of government-sponsored export financing; the timing and success of anticipated integration synergies; and the evolution, interpretation and uniform application and enforcement of International Financial Reporting Standards (IFRS), according to which we prepare our financial statements as from January 1, 2005.*

*Some of these risk factors are set forth and discussed in more detail in our Annual Report on Form 20-F as filed with the SEC on June 30, 2005, and as updated from time to time in our SEC filings. Should one of these known or unknown risks materialize, or should our underlying assumptions prove incorrect, our future results could be adversely affected, causing these results to differ materially from those expressed in our forward-looking statements. These factors are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could have material adverse effects on our future results. The forward-looking statements included in this release are made only as of the date of this release. We cannot assure you that projected results or events will be achieved. We do not intend, and do not assume any obligation to update any industry information or forward looking information set forth in this release to reflect subsequent events or circumstances. Except as otherwise indicated, the financial information contained in this document has been prepared in accordance with IFRS, and certain elements would differ materially upon reconciliation to US GAAP.*

# IV. ANNEXES

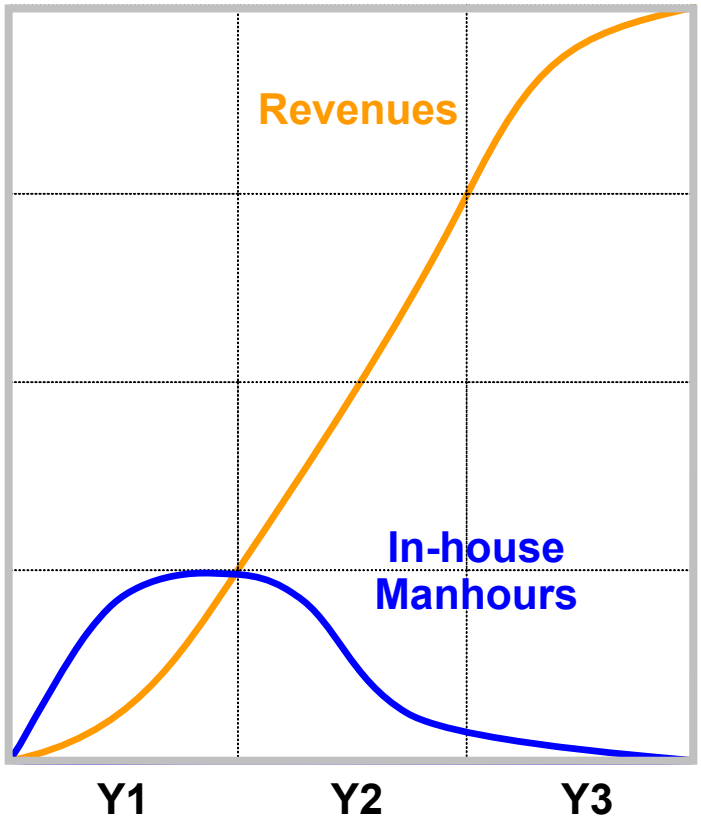
1. The Workforce Leverage
2. Workforce Leverage and Economies of Scale
3. Zoom on Backlog
4. Technip Margin Recognition Policy

# 1. The Workforce Leverage

- On lump-sum turnkey (LSTK) contracts, in-house workforce costs account for 10% to 15% of the total contract value

- In-house workforce mobilization is sustained during a relatively short period of time during project execution

TYPICAL LSTK CONTRACT




***With more than 85% of revenues coming from LSTK contracts, manhour backlog is 2 to 3 times shorter than revenue backlog.***

# 2. Workforce Leverage and Economies of Scale

**Estimated In-house Staff Needed to Generate $ 1 Billion Revenue from:**

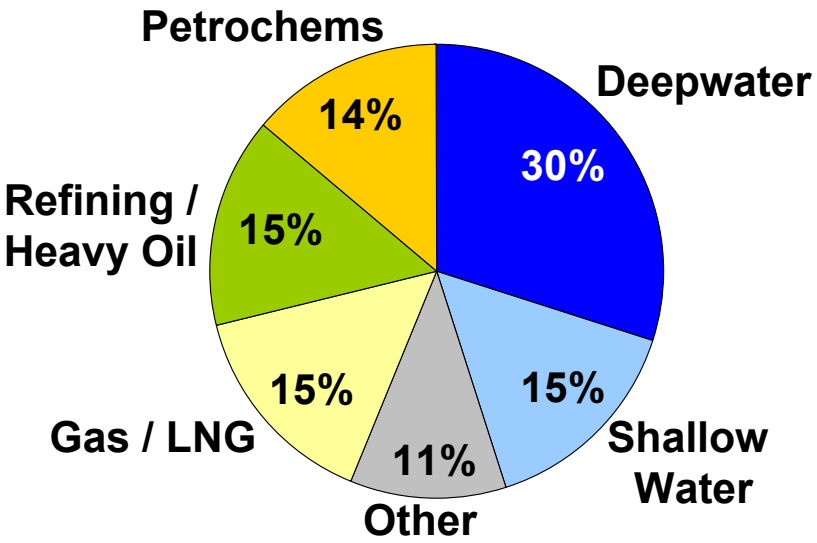
- **50 service contracts worth $ 20 million each: ~ 2,500**
- **10 LSTK contracts worth $ 100 million each: ~ 850**
- **1 LSTK contract worth $ 1,000 million: ~ 550**

➢ ***Built-in flexibility to adapt capacities as the focus moves towards more and larger LSTK contracts***

# 3.1 Backlog: Market Split

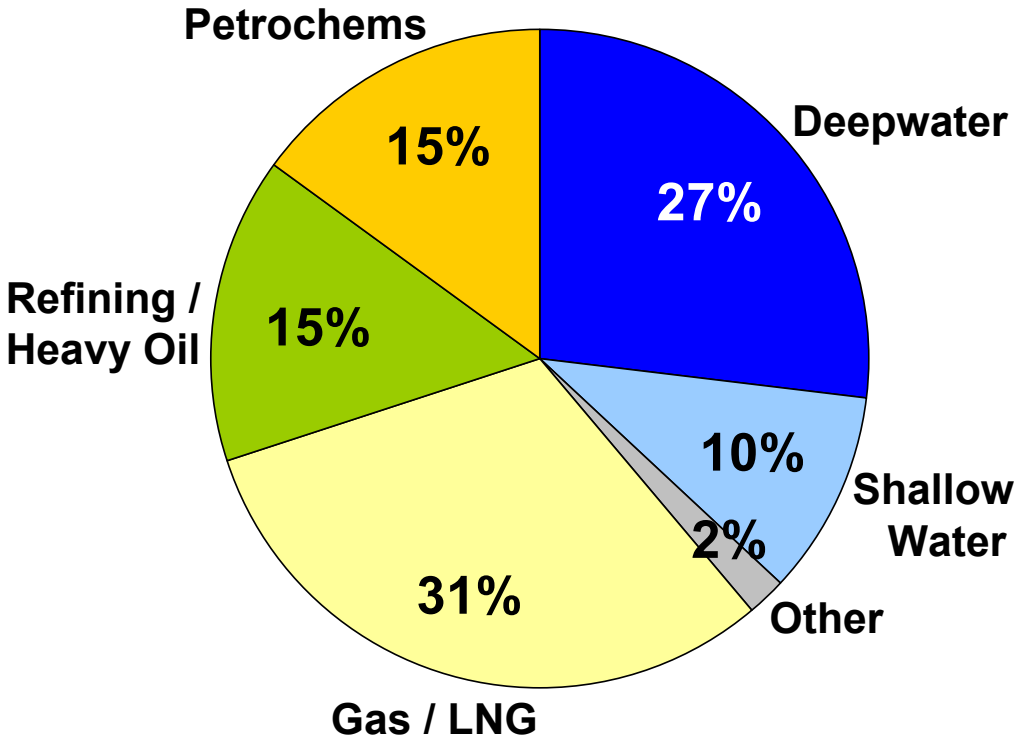
**As of September 30, 2004:**

**€ 5,815 M**




**As of September 30, 2005:**

**€ 11,069 M**




***Backlog growth mainly driven by:***
***LNG, deepwater, refining, heavy oil and petrochemicals***

# 3.2 Main Additions to Backlog During 3rd Quarter 2005

| Project | Country | Market |
|---|---|---|
| RasGas III | Qatar | LNG |
| Yemen LNG | Yemen | LNG |
| Agbami SURF | Nigeria | Deepwater |
| PDET SURF | Brazil | Deepwater |
| Tahiti Spar | USA | Deepwater |
| Ras Laffan Ethylene | Qatar | Petrochemicals |

➢ ***Aggregate value: more than € 3.4 billion***

# RasGas III

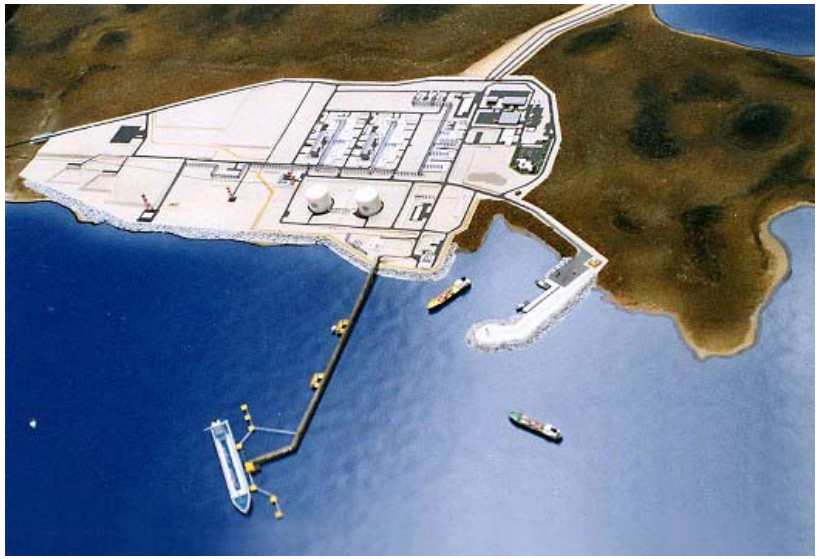
- **Client:** Qatar Petroleum & ExxonMobil
- **Capacity:** 2 x 7.8 MT/D
- **Value:** $1.6 Bn (Technip share)
- **Execution:** JV Technip & Chiyoda

Ras Laffan LNG site

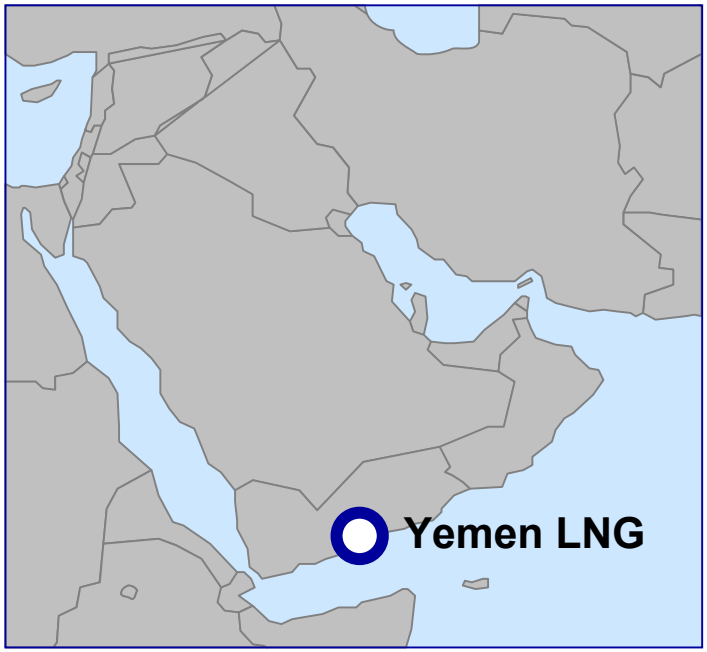
***RasGas III is the third LNG project won in Qatar by the Technip – Chiyoda alliance.***

# Yemen LNG

- **Client:** Total, Yemen Gas & partners
- **Capacity:** 2 x 3.6 MT/Y
- **Execution:** JV Technip, JGC, KBR
- **Value:** $670 Mn



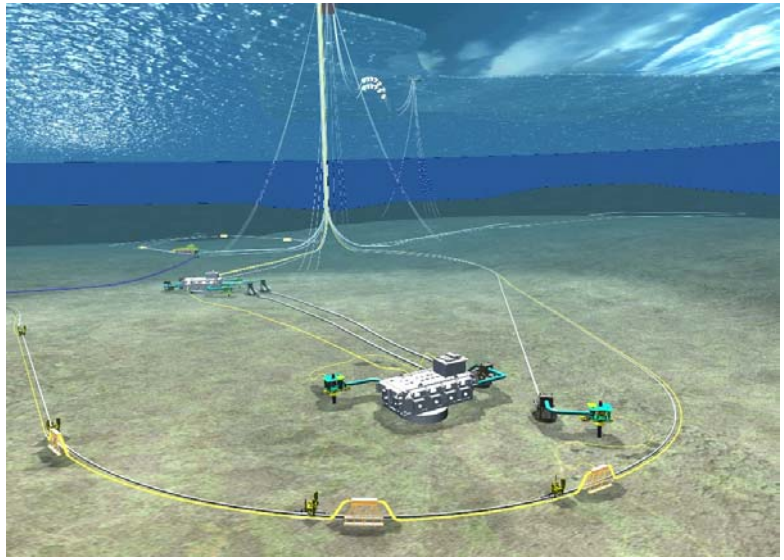
Yemen LNG plant, 3D view




***Technip capitalizes on its LNG expertise and presence in the Middle East by leading the consortium which is building the first LNG plant ever installed in Yemen.***

# Agbami SURF

- **Client:** Chevron
- **Water depth:** 1,550 m
- **Supply:** Flexible Pipes, Risers, Umbilicals
- **Value:** $840 Mn
- **Completion:** 2008



Dalia SURF

***This deepwater contract, the largest ever awarded to Technip, consolidates the Group's market-leading SURF position in West Africa.***

# PDET SURF

- **Client:** Petrobras
- **Water depth:** 100 m - 1,800 m
- **Supply:** 56 km of 18” rigid pipes
- **Value:** $210 Mn
- **Completion:** 2007

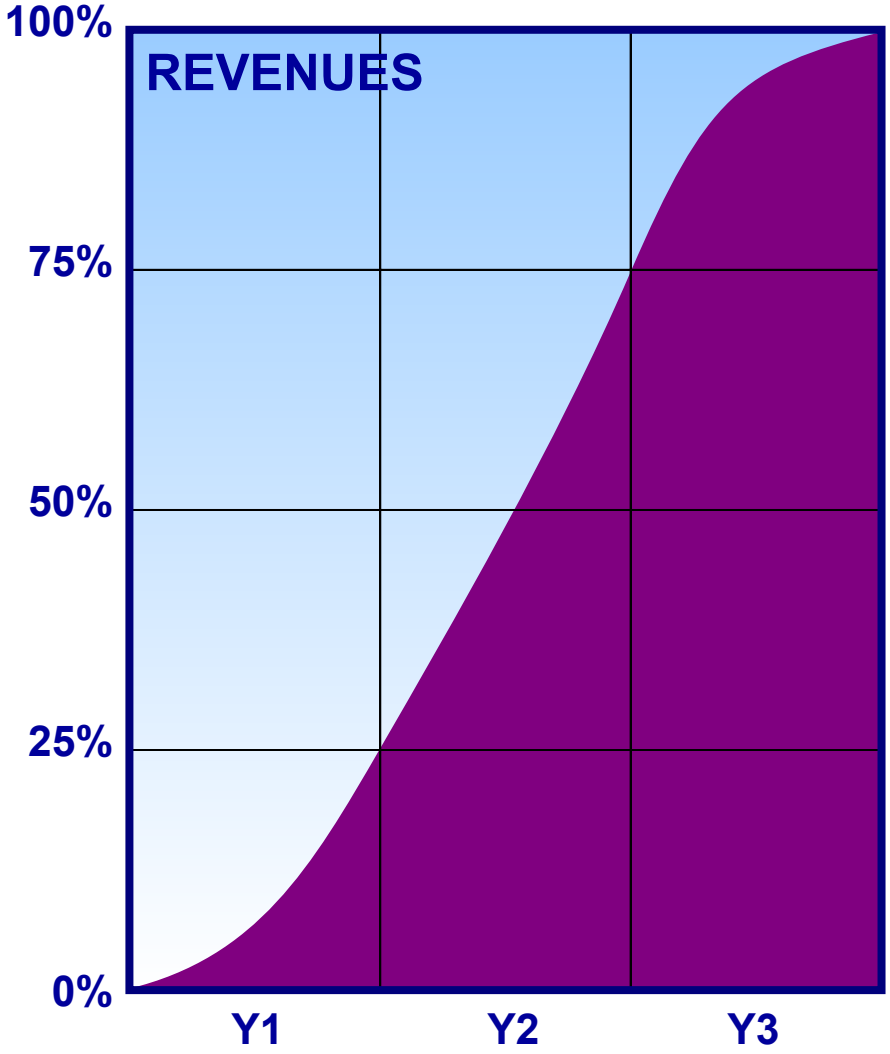
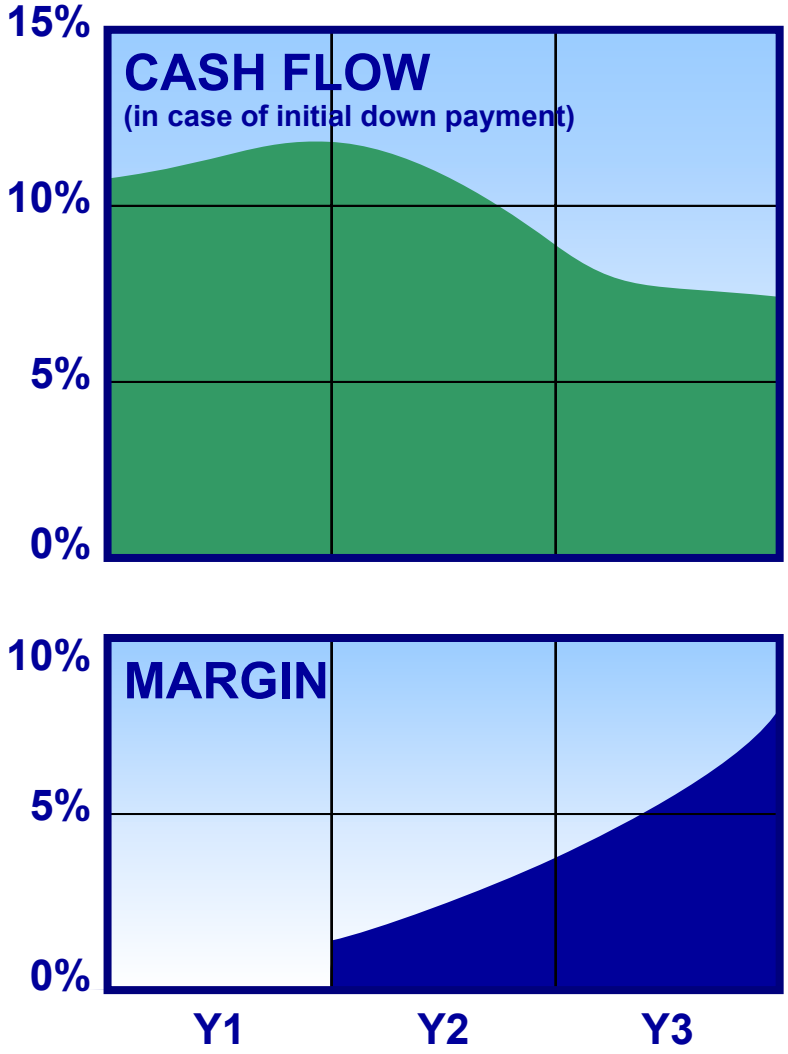
Deep Blue J-lay installation

***This new oil export system completes the piping architecture around the future P-52 semi-submersible platform.***

# Tahiti Spar

- **Client:** Chevron
- **Water depth:** 1,280 m
- **Hull:** 170 m x 39 m(dia)
- **Topsides:** 18,950 T
- **Completion:** mid-2007

Nansen SPAR

***After Murphy Oil chooses Technip's Spar for its Kikeh field in Malaysia, Chevron is the second operator this year to select this technology to develop its Tahiti field in the Gulf of Mexico.***

# 4. Financial Profile of a Large Typical LSTK Contract