

Annual report

1998

AMERICAS

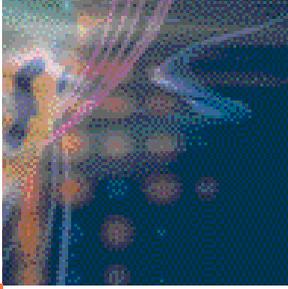
ASIA

EUROPE

AFRICA

MIDDLE EAST

TECHNIP



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ANNUAL REPORT

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TECHNIP

A limited company capitalized at FF. 315,519,980

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TECHNIP
G R O U P

Message from the Message from the



Group net profits for 1998 amount to 105.4 million euros (691.3 million French francs), representing growth of 10.2 % compared to the previous year, for a turnover of 1.846 billion euros (12.112 billion French francs).

The year was characterized by very sustained activity, which is not justly reflected by the relatively modest increase in turnover (+2 %), due to the execution of "alliance" contracts, at a ratio higher than in 1997. Turnover would have been 9 % higher with an identical contractual basis.

These results, in constant progression over the past five years, place TECHNIP far above its major international competitors in regards to profitability. TECHNIP shows a net profitability ratio, after taxes, of an average of more than 5 % (5.7 % in 1998).

The sector in which there was the greatest development in 1998 remains hydrocarbons, which represents 66 % of the turnover (compared to 54 % in 1997 and 45 % in 1996). In 1998, the TECHNIP group won major turnkey contracts, to be completed by 2001, in the field of oil refining (a naphtha reforming complex in Egypt, extra-heavy crude processing facilities for SINCOR in Venezuela) and in the field of gas processing (the OGD 2 project for ADNOC in Abu Dhabi, the Hawiyah project in Saudi Arabia for SAUDI ARAMCO). In addition, the TSKJ consortium (in which TECHNIP holds a 25 % share) has recently been awarded a turnkey contract, worth about US \$1.2 billion, for a major expansion of the LNG (liquefied natural gas) complex in Nigeria, completion of which is scheduled for 2003.

In spite of a drop in the petrochemicals/fertilizers sector compared to the previous year (from 29 % down to 18 %), the Group showed a strong presence in this field by winning a series of alliance-type contracts for the design and construction of high-capacity units in Europe (polyethylene and polypropylene units at Grangemouth in Scotland, a polypropylene unit in Germany, the revamping of an ethylene plant in the Netherlands) and by bringing into force, at the end of the year, several turnkey contracts, notably in Malaysia, Qatar, and in the field of fertilizers, in Senegal.

Chairman Chairman

The geographical breakdown of the 1998 turnover shows clear growth in Africa (23 % of the turnover, compared to 17 % in 1997). Activity is, however, concentrated on two countries: Egypt and Nigeria, where construction of the Bonny LNG complex is moving along.

The Middle East has returned to a significant level of activity (26 % of turnover) after dropping to a low point of 17 % in 1997 and should continue to grow thanks to the OGD 2 contract in Abu Dhabi (US \$1.3 billion split 50/50 with Bechtel) and contracts won more recently by TECHNIP ITALY in Qatar and Saudi Arabia.

All areas and sectors taken together, the TECHNIP group, in spite of a turbulent international context, has more than renewed its order book and had acquired a backlog (value of the uncompleted contracts in force) of about 2.8 billion euros (about US \$3 billion) as at December 31, 1998, thus beating, by 12 %, its own record established at the end of 1997 and demonstrating, at the same time, how little it is affected by the variations in the price of Brent.

The Group's constant priorities are its services to the client and its concern for safety and the environment.

Thanks to the continued strategy based on project selectivity, access to the best technologies, the formation of joint ventures with other engineering firms, the maximization of local involvement in countries where investments are made, TECHNIP has managed to establish itself among the top five world class groups working internationally, while at the same time maintaining a high level of profitability. For this reason, TECHNIP now finds itself in a unique position in a profession which, on the whole, is going through a delicate phase.

In acquiring the Refining and Petrochemicals Division (KTI) and the major part of the Energy and Environmental Division (MDEU) of MANNESMANN DEMAG AG., TECHNIP has strengthened its worldwide position and become the number one European in engineering and construction. This major external growth operation, which is effective from January 1, 1999, will allow the TECHNIP group to develop its accessible market, thanks to the strong complementarity geographically (USA, Germany, India), technologically (ethylene, hydrogen, sulfur, energy, pipelines, environment), as well as in regards to arranging financing and accessing new clients.

The TECHNIP group is thus going to enter a new growth phase with an objective of at least a 50 % increase in earnings per share within a three-year range.

I would like to express again my thanks to all of the Group's staff, whose qualities and commitment are, of course, essential to our success. I would also like to thank our clients and our shareholders for the confidence they have demonstrated in us and for their fidelity.



Pierre VAILLAUD - Chairman of the Board and Chief Executive Officer

Group Directorate Committee

Group Directorate Committee



1



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3



4

- 1 Xavier JACOB
Senior Vice President, Corporate Planning and Technology
- 2 Anne DECESSAC
Senior Vice President, Human Resources and Communication
- 3 Lucien SAJUS
Chief Executive Officer of TECHNIP FRANCE
- 4 Leonello PARI
Chief Operating Officer of TECHNIP ITALY



Georges KRAMMER
Senior Executive Vice President

Pierre VAILLAUD
Chairman and Chief Executive Officer

Daniel BURLIN
Senior Executive Vice President



5



8



7



6



9

- 5 Samson ALEV
Managing Director of West Europe
- 6 Nicola GRECO
Managing Director Africa and Central Europe, C.I.S.,
Chief Executive Officer of TECHNIP ITALY
- 7 Jean DESEILLIGNY
Managing Director of Middle-East and TECHNIP-GEOPRODUCTION
- 8 Bernard DI TULLIO
Managing Director Asia and Pacific
Chief Executive Officer of TECHNIP MALAYSIA
- 9 Maurice IDELSON
Chairman and Chief Executive Officer
of KREBS-SPEICHIM

Board of Directors

Board of Directors

on April 30, 1999

Pierre VAILLAUD

Chairman of the Board and Chief Executive Officer

Olivier BARBAROUX
Olivier APPERT

Miguel CAPARROS
Philippe JEUNET

Jean-Pierre LAMOURE
Daniel VALOT
Bruno WEYMULLER

GAZ DE FRANCE

Permanent representative:
Claude MANDIL

ISIS (IFP group)

Permanent representative:
Pierre JACQUARD

Auditors

Auditors

Cabinet Barbier Frinault & Autres represented by:

René PROGLIO

Titular Auditor

Gilles PUISSOCHET
Alternate Auditor

Claude CHARRON
Titular Auditor

Laurent LEVESQUE
Alternate Auditor

Technip group profile

Technip group profile



Business: engineering and construction

TECHNIP's business is designing and building industrial and service facilities. Its experience and flexibility allow it to handle everything from preliminary studies to turnkey delivery —for individual units as well as fully integrated complexes— in a wide range of sectors, covering both its core activity of hydrocarbons and petrochemicals as well as selected industries.

A world-class group

The TECHNIP group is the leading European engineering and construction organization.

Worldwide, with an annual turnover of around US \$2 billion and a permanent staff of 6,400 (at Dec. 31, 1998), it is one of the world's 5 leading full-service engineering and construction groups operating internationally.

Active in hydrocarbons, petrochemicals and other selected industries

The TECHNIP group's principal fields of activity have developed along three main lines:

Hydrocarbons production and processing:

- Gas and oil field development (onshore and offshore), oil refining, gas processing and liquefaction.

Petrochemicals and fertilizers:

- Aromatics, olefins, polymers.
- Ammonia, urea, nitrogenous and phosphated fertilizers.

TECHNIP

Headquarters (Parent company): Paris, France
Date of incorporation: 1958
Chairman and CEO: Pierre VAILLAUD

Shareholders (February 1999)

ISIS	33.9%
GAZ DE FRANCE	
TOTAL	
ELF GROUP	

Personnel: 3.5%

TECHNIP: 1.5%

French retail and institutional investors: 34.9%

International investors: 26.2%

TECHNIP GROUP

In-house staff: 6,400 worldwide (at Dec. 31, 1998)

Turnover: 1.846 billion euros (over US \$2 billion) in 1998 (71% outside of West Europe)

Net profit: 105.4 million euros US \$120 million in 1998

Main operational bases:
France, Italy, Abu Dhabi, Malaysia, China, Venezuela and the USA

Industries, infrastructures, service buildings and other diversified fields:

- Light industry (fine chemicals, pharmaceuticals, food processing and beverages, textiles, micro-electronics).
- Heavy industry (cement, glass and ceramics, hydrometallurgy).
- Infrastructures:
 - Power generation.
 - Water treatment and desalination.
 - Transportation systems.
- Environmental protection.
- Advanced systems engineering.
- Operation and maintenance.

Major operational bases for a worldwide presence

The TECHNIP group conducts more than 90 % of its activity outside of France, mainly in Europe, the Middle East, Africa, Asia and Latin America.

Major operational bases outside of France include TECHNIP ITALY, TECHNIP in Abu Dhabi, TECHNIP MALAYSIA, TECHNIP TIANCHEN in China, DIT-HARRIS in Venezuela and CBS ENGINEERING in the USA.

Full-range services up to lump sum turnkey contracts

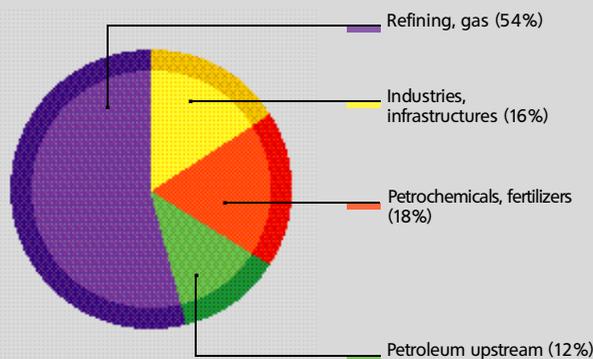
For any project, the TECHNIP group can provide all or part of the following services: design, engineering, procurement, construction and project management services, etc.

Every year, the TECHNIP group successfully carries out projects of all sizes, including hundreds of small projects, adapting its multi-disciplined project teams to the specific needs of each contract.

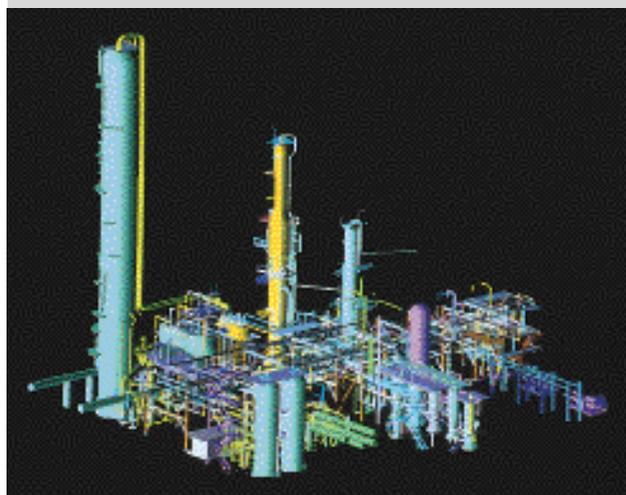
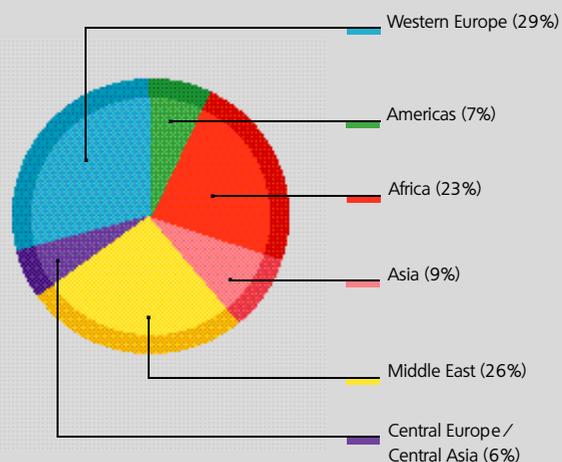
In addition, supported by its strong project management structure and its wide experience in joint ventures with foreign partners, the TECHNIP group is also capable of taking on major turnkey contracts worth several hundred million dollars and arranging the necessary international financing.

Moreover, completely independent from suppliers, the TECHNIP group is fully experienced in seeking the best available equipment at internationally competitive prices.

1998 sectorial breakdown (in turnover)



1998 geographical breakdown (in turnover)





Highlights

Highlights

Acquisition of KTI and MDEU

In acquiring the Refining and Petrochemicals Division (KTI) and the major part of the Energy and Environmental Division (MDEU) of MANNESMANN DEMAG AG., TECHNIP has strengthened its worldwide position and become the number one European in engineering and construction. This major external growth operation, which became effective on January 1, 1999, will allow the TECHNIP group to develop its accessible market, thanks to the strong complementarities geographically (USA, Germany, India) and technologically (ethylene, hydrogen, sulfur, energy, pipelines, environment) as well as in financing (USA, Germany) and access to new clients.

Record backlog

Even in a troubled international context, the Group more than renewed its order book and acquired a backlog (value of the uncompleted part of contracts in force) of 2.8 billion euros (18.3 billion francs) as at December 31, 1998, thus beating, by 12%, its own record established at the end of 1997 and demonstrating at the same time how little it is affected by the variations in the price of Brent.

The most profitable in its profession

With once again, for 1998, a double-digit growth rate in Group net profit (+10.2%), i.e. 105.4 million euros in net profit (691.3 million francs) for a consolidated turnover of 1.846 billion euros (12.112 billion francs), TECHNIP

ranks far ahead of its major international competitors in regards to net profitability, after taxes, with a rate of 5.7% in 1998.

Very sustained activity

The TECHNIP group again experienced a very sustained level of activity, which is not accurately reflected by the modest increase in turnover (+2%), due to the execution of "alliance" and service contracts, at a ratio higher than in 1997. Turnover would have been 9% higher with an identical contractual basis.

Strong development in "hydrocarbons"

The "hydrocarbons" sector continued its progress, reaching 66% of the consolidated turnover in 1998, compared to 54% in 1997 and 45% in 1996. The winning in 1998 of major turnkey contracts for completion by 2001 in the Middle East and Africa will contribute to maintaining this activity at a high level, in particular in the fields of oil refining and natural gas processing.



New success in the processing of extra-heavy crude

TECHNIP achieved a significant breakthrough in the new sector of extra-heavy crude treatment plants by winning, with its CONTRINA partners, a second project of this type. TECHNIP is thus participating in two of the three projects currently under way in this area in Venezuela: the PETROZUATA project awarded in 1997 and the SINCOR project obtained in 1998.

A series of contracts for petrochemical plants in Europe

In Western Europe, TECHNIP was entrusted with a series of contracts, generally service or "alliance" contracts, for the design and construction of high-capacity petrochemical units in Scotland, Germany and the Netherlands. These commercial successes, on top of the successful start-ups of several units (in Belgium, in particular) contribute to reinforcing the Group's positions in several of its specialities: revamping of ethylene plants and

grassroots construction of polyethylene, polypropylene, polystyrene and PTA plants.

Clear growth in Africa

The Group's activity was reinforced in Africa, growing from 17% of the consolidated turnover in 1997 to 23% in 1998. Activity is, however, concentrated on two countries: Egypt, which represents, by itself, more than one billion dollars worth of current contracts in the refining sector, and Nigeria, where the Bonny natural gas liquefaction complex is being constructed.

Definite resumption of activity in the Middle East

In April 1998, ABU DHABI NATIONAL OIL COMPANY awarded to the joint venture TECHNIP/BECHTEL a second project (OGD 2), worth about US \$1.3 billion, for the turnkey construction of new natural gas treatment facilities (one billion scfd) at the Habshan complex in Abu Dhabi (U.A.E.). The

Middle East has returned to a significant level of activity (26% of turnover in 1998, compared to 17% the previous year), which should continue to grow, thanks to this project and contracts won more recently by TECHNIP ITALY in Qatar and Saudi Arabia.

Creation of TECHNIP ITALY

TECHNIPETROL, the Italian company of the Group and one of its principal operational units (1500 people), based in Rome, changed its name and officially became TECHNIP ITALY on October 30, 1998.

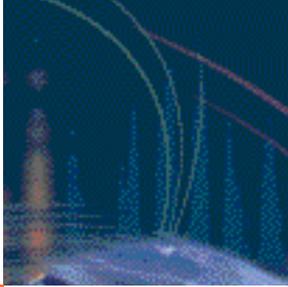
Share buy-back

Within the framework of the program to buy back 10% of the stock, authorized by the Shareholders' Annual General Meeting on October 29, 1998, TECHNIP bought and cancelled 977,876 shares, representing 5.85% of the share capital.

Transfer of SPEICHIM-PROCESSING

The TECHNIP group ceded its treatment/purification activity in the field of chemical solvents (SPEICHIM-PROCESSING) to TREDI, an affiliate of the EMC group. This activity, which was derived from the assets of SPEICHIM, acquired by TECHNIP in 1993, no longer corresponded to the core business of the Group, as developed within KREBS-SPEICHIM (created in 1997 by the merger of KREBS with SPEICHIM). ■





Financial position

Financial position

Consolidated accounts as at December 31, 1998

... Group results and activity

The year 1998 was characterized by very sustained activity.

Group net profit amounted to 105.4 million euros (691.3 million French francs) in 1998 with a 10.2% increase compared to the previous year. Expressed per fully diluted shares at December 31, 1998, (based on the integration of all subscription options or stock options allocated at that date) **the net earnings per share** of 6.51 euros (42.7 French francs) grew by 16.3%. This growth takes into account the cancellation of 5.85% of the share capital following the implementation of the share repurchase programme.

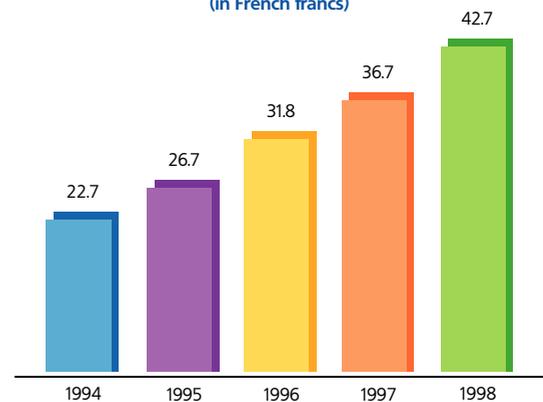
During the last four years, income grew by 57%. These results, in constant growth, place the TECHNIP group far above its major competitors in regards to profitability. In 1998, the TECHNIP group showed a net profitability of 5.7%.

Consolidated turnover, which amounted to 1,846 million euros (12,112 million French francs), increased by 2% compared to previous year. This modest growth in turnover for a very sustained level of activity is due mainly to the significant presence, in the operations of the period, of alliance contracts which do not have the same impact as turnkey contracts on Group turnover (part of the equipment and labour costs are assumed directly by the customer even though managed by the contract). Turnover would have been 9% higher with an identical contractual basis.

Throughout the year, the Group continued the implementation of various contracts (engineering together with equipment and construction), which were significant in terms of turnover, in particular the refinery for Midor near Alexandria in Egypt, the petroleum platform for Elgin-Franklin in the North Sea, the gas liquefaction plant in Bonny, Nigeria, the condensate refinery at Jebel Ali in the Emirate of Dubai, and the cement plant at Ras Al Khaima.

In addition, other contracts signed and begun in 1998, will fully contribute to the Group's activity over the next twenty four months.

Evolution of net earnings per fully diluted share
(in French francs)



Among the significant developments, we would highlight the strong activity in the Middle East which contributed 26% of the turnover against 17% in 1997, and the growth from 17% to 23% of the activity in Africa. The refining and gas segment represented an important component of the activity with a contribution of 54% of the turnover compared to 47% in 1997 and the upstream oil production represented in 1998 12% against 7% in 1997. Turnkey or similar contracts remained at 84% of turnover.

At December 31, 1998, the value of the uncompleted parts of contracts in force (**backlog**) reaching 2.8 billion euros (18.3 billion French francs), improved by 12% over the historic record of one year ago. This represents more than 18 months of turnover and demonstrates TECHNIP's ability to resist in a troubled international context.

Income before tax, which shows the Group's activity most clearly, was 1,106.4 million francs for the year.

This represented 9.1% of turnover and increased by 9.2% relative to 1997. Income before tax is made up of the following three elements, which may evolve differently depending on the type of contract (service or turnkey), and how it is accomplished:

- **Operating income**, which amounted to 937.3 million francs for the year. It progressed 10.8% compared to the previous year, which amounted to 845.8 million francs.

The turnover including the financial income generated by cash flow on contracts amounted to 107 billion francs in 1998 compared to 115 billion francs in 1997.

Operating expenses amounted to 11,174.4 million francs and represented 92.3% of the turnover. They mainly concerned equipment purchases and construction subcontracting on the one hand, for 9,403.7 million francs, and payroll expenses amounting to 1,692.3 million francs, on the other. Payroll expenses increased by 2% compared to an equal number of employees.

- **Financial income**, which amounted to 143.3 million francs in 1998 relates exclusively to cash management of the Group's own funds. It was the result of investments selected for their safety and liquidity and of dividends from the Group's non consolidated investments portfolio especially from COGEMA.

- **Non operating income**, which amounted to 25.8 million francs in 1998. The extraordinary items include since January 1, 1998 only, on one hand, the change in accrued liabilities for geopolitical risks and, on the other hand, the impact of sales of fixed assets and costs of restructuring.

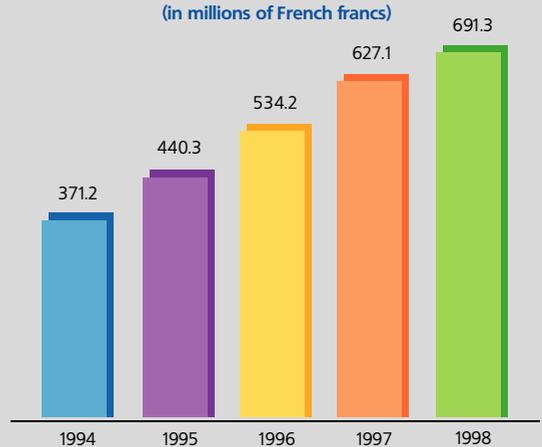
This included:

- the 20-million-franc charge provision for geopolitical risks, set aside in order to limit exposure to a brutal deterioration of environmental conditions. This increase was mainly due to a higher backlog as at December 31, 1998.
- the gross gain on sale of the shares of SPEICHIM-PROCESSING.
- the gross gain on sales of fixed assets.
- the costs of restructuring occurred in 1998.

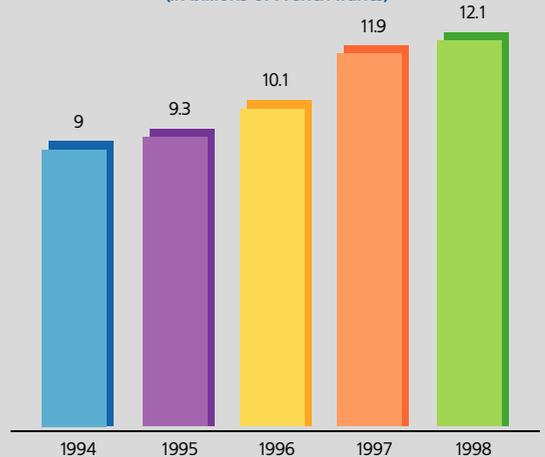
Taxes paid by the Group, either for each of its subsidiaries, or for contracts, in application of the fiscal laws of the country in which the contract was carried out, amounted to 372.3 million francs. This represented a nominal tax rate for the Group of around 36%, which is slightly lower than that of 1997. This rate includes the temporary additional French corporate tax burden.

The income from entities consolidated under equity method mainly resulted from IPEDEX's contribution. ■ ■ ■

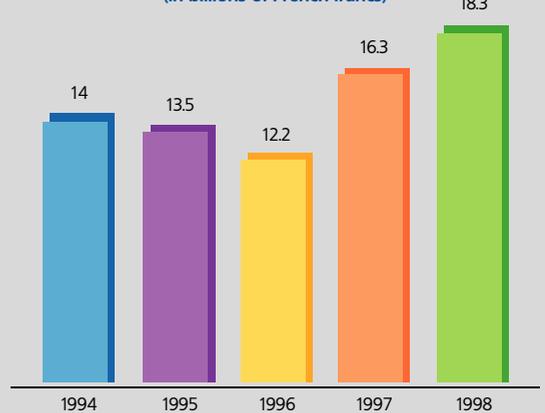
Evolution of Group consolidated profit
(in millions of French francs)



Evolution of consolidated turnover
(in billions of French francs)



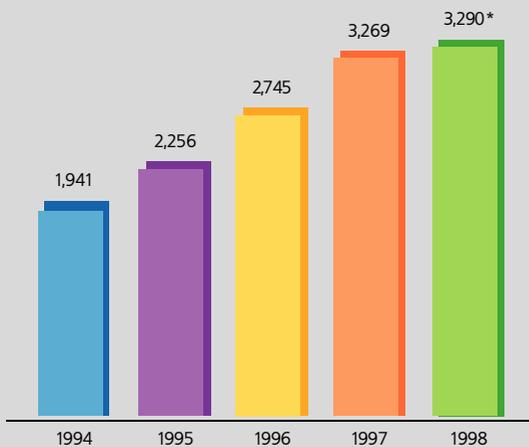
Evolution of backlog
(in billions of French francs)



Financial position

Financial position

Evolution of the Group's shareholders' equity before distribution
(in millions of French francs)



* after the cancellation of 5.85% of the shares with an impact of 494.6 million francs.



... The consolidated balance sheet and its financial structure

Shareholders' equity at December 31, 1998, before allocation of the profit for the year, amounted to 3,290 million francs compared to 3,269 million in 1997. The growth includes the decrease in capital following the cancellation of 5.85% of the shares with an impact of 494.6 million francs. Globally, shareholders' equity finances largely the fixed assets and shows the strong financial position of the Group.

Cash flow generated in the year amounted to 754 million francs, compared to 683 million francs the previous year.

Fixed assets amounted to 1,732 million francs this year. They mainly concerned the value of the buildings and the investment in COGEMA. The 1998 acquisitions were balanced by the year's amortizations and by the decrease of assets linked to the transfer of SPEICHIM PROCESSING.

Work in progress, which represents the aggregate cost incurred on all contracts under implementation, amounted to 19,023 million francs as at December 31, 1998. For the previous year, it amounted to 20,191 million francs. Evaluated at cost, the work in progress concerns mainly turnkey contracts, FOB or other similar contracts. These contracts are financed by progressive payments from clients. As at December 31, 1998, those payments amounted to 21,167 million francs.

Total provisions for contingencies expenses represented 1,552 million francs, decreasing by 413 million francs compared to the previous year. They mainly cover contract contingencies, expenses to complete contracts that are awaiting provisional acceptance, miscellaneous expenses, and the evaluation of geopolitical risks.

Indeed, carrying out lumpsum turnkey contracts for export leaves the Group open to more than the usual contractual industrial, commercial and financial risks.

The provision for geopolitical risk is calculated each year based on various risk appraisal criteria. It is based on the work still to be completed for contracts under way (backlog). As at December 31, 1998, after a 20-million-franc supplementary allowance, the reserve amounted to 590 million francs.

Financial debt, which represented 602 million francs at the end of 1997 decreased to 450 million francs, as at December 31, 1998. Taken out primarily with financial institutions in the form of pre-financing deals or credit lines, these funds are mainly used to finance long-term contracts.

Corporate financial statement as at December 31, 1998

Turnover represented 2,909 million francs, with a profit of 491.1 million francs in 1998.

The significant evolution of the different elements constituting the working capital mainly resulted from the completion of major contracts (for example the polystyrene unit in Tabriz in Iran, the hydrocarbon processing plants in Abqaiq, Saudi Arabia, for Saudi Aramco, the alkylation unit in Omsk in Russia, the debottlenecking unit in Qatar, the Port-la-Nouvelle Lafarge cement plant), as well as sustained activity for the contracts in progress: the Ras Al Khaimah cement plant in the U.A.E., the refinery in Turkmenistan, the polypropylene and polyethylene plants in Grangemouth in Scotland and the Sibline cement plant in Lebanon.

Shareholders' equity amounted to 2,511 million francs as at December 31, 1998, before distribution. This amount includes capital reduction resulting from the cancellation of 977,876 shares during the year.

Stock options

It is to be noted that the Board of Directors, during the meetings held on March 25, 1993, March 30, 1994, February 13, 1995, March 14, 1996 and March 13, 1997, according to the authorizations granted by the Extraordinary General Meetings of February 11, 1993 and May 16, 1995, have granted TECHNIP stock options.

Throughout the year, 55 options were exercised, for 128,190 shares at 20 francs, which corresponded to an increase in nominal capital of 2,563,800 francs.

The Board of Directors, on April 30, 1998, again calling upon the authority granted them by the Extraordinary General Meeting of this day decided a new allocation

of stock options to 160 beneficiaries. This offer concerned a total of 138,711 shares at 20 francs each.

The subscription price was fixed at 701.34 francs per share.

Throughout the year, no options were exercised concerning this plan.

Internal organization and external growth operations

These operations are made in order to reorganize the Group structure:

- Merger of TECHNIP - GEOPRODUCTION with TECHNIP:
 - The merger draft of TECHNIP - GEOPRODUCTION with Technip will be prepared by both Boards of Directors and will be submitted to both Shareholders' General Meetings for approval.
 - Subject to approval of the Boards, the merger will become effective on May 1, 1999, and backdated to January 1, 1999.
- Transfer of the assets corresponding to the complete TECHNIP engineering activity to TECHNIP FRANCE:
 - The draft of Technip activity's transfer will be prepared by the Board of Directors and will be submitted to the Shareholders' General Meeting on April 30, 1999 for approval.
 - Subject to this approval, the transfer will be considered as effective on May 1, 1999, backdated to January 1, 1999.
- Acquisition of KTI and MDEU:
 - Acquisition closing of KTI and MDEU, at the beginning of March 1999, confirms the ownership transfer of these companies backdated to January 1, 1999. The KTI and MDEU transfer, with the strong synergy generated by this operation (geographical, technical, project financing but also towards the customers), is expected to provide a substantial growth to TECHNIP net income.

SHAREHOLDERS' LOG

	1996		1997		1998	
	FRF	EURO	FRF	EURO	FRF	EURO
Share capital at the end of the year	325,406,480	49,607,898	330,650,980	50,407,417	315,519,980	48,100,711
Number of shares in issue (on 31 December)	16,270,324		16,532,549		15,775,999	
Potential number of shares (on 31 December)	16,783,431		17,077,169		16,191,829	
Share price:						
highest	508	77.44	809	123.33	875	133
lowest	336	51.22	462	70.43	390	59
on December 31	487	74.24	635	96.81	526	80
Consolidated operating income diluted per share	47.36	7.22	59.31	9.04	68.33	10.42
Net consolidated result diluted per share	31.83	4.85	36.72	5.60	42.70	6.51
Dividend per share (proposal in 1998)	10.50	1.60	14.50	2.21	16.07	2.45
Dividend / net consolidated result ratio	32%		38.2%		36.1%	
Total revenue per share (net dividend + tax credit)	15.75	2.40	21.75	3.32	24.11	3.68
Gross yield per share (price December 31)	3.2%		3.4%		4.6%	



The year in review

The year in review



January

Dubai (U.A.E)

Coming into force of the contract, and its addendum, signed with ENOC PROCESSING COMPANY to double the capacity of its refinery to 120,000 barrels a day. The turnkey project awarded to TECHNIP ITALY is now valued at more than US \$183 million.

February

Cosmetics

SHISEIDO awards TECHNIP the engineering and project management services for construction of a cosmetics and perfumes plant at Ormes, **France**.



Architect: J.G. FARNOUX.

March

Two projects for the DSM group

TECHNIP is awarded:

- the revamping and major expansion of the "NAK 3" ethylene cracker at Geleen in the **Netherlands**.
- the design and construction of a 250,000-ton-a-year polypropylene plant, using AMOCO CHEMICAL's technology, at Gelsenkirchen, **Germany**.

Cement

After a major transformation of the facilities, and only five weeks after relighting the kiln, TECHNIP CLE receives provisional acceptance from LAFARGE CIMENTS of the cement plant in Port-La-Nouvelle, **France**.

April

Great Britain

TECHNIP, in association with AMEC Processing & Energy, is awarded two alliance contracts to undertake the design and construction of two petrochemical plants at Grangemouth:

- a 250,000-ton-a-year polypropylene unit for APPRYL.
- a 300,000-ton-a-year polyethylene unit for BP CHEMICALS.

Abu Dhabi (U.A.E)

ABU DHABI NATIONAL OIL COMPANY awards TECHNIP/BECHTEL a US \$1.3 billion project for turnkey design and construction of gas treatment facilities at Habshan. The new units will produce 1 billion scfd of gas, starting in 2001.



May

Belgium

The new 500,000-ton-a-year PTA plant built at Geel by TECHNIP ITALY for AMOCO CHEMICAL starts up and reaches full production capacity.

June

Egypt

TECHNIP ITALY signs a contract with ALEXANDRIA PETROLEUM CO. for a turnkey project worth about US \$170 million to design and construct a 700,000-ton-a-year naphtha reformer complex at Alexandria.



July

Indonesia

The new 200,000-ton-a-year polyethylene production line built at Merak for PT PENI starts up. This facility, whose engineering and equipment supply were carried out by TECHNIP (Lyon)/ TECHNIP MALAYSIA, uses BP Innovene technology.

August

Egypt

Earthworks begin on the site of the future 5-million-ton-a-year MIDOR/ MIDTAP refinery at Ameriya. TECHNIP ITALY/ TECHNIP are building the turnkey facility, which will come on stream in 2001.

September

Venezuela

SINCOR (TOTAL-PDVSA-STATOIL) awards TECHNIP and its CONTRINA partners a project worth about US \$750 million for the turnkey design and construction of a facility for upgrading extra-heavy crudes, as well as associated utilities and off-sites, at Jose.

October

Malaysia

The contract awarded to TECHNIP MALAYSIA by TITAN POLYETHYLENE (MALAYSIA) for construction of a 100,000-ton-a-year polyethylene unit at Tanjung Langsat comes into force.

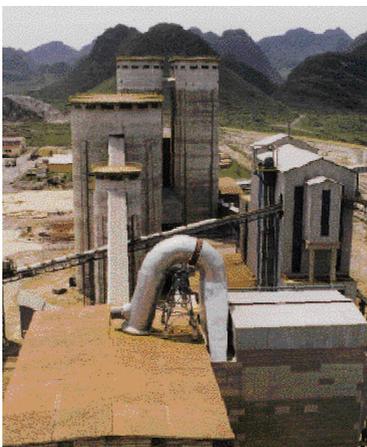
China

Coming into force of the contracts, awarded to KREBS-SPEICHIM and to LPFEC by SANLONG NYLON COMPANY, for the revamping and expansion of a nylon 6-6 unit and the construction of a nylon salt polymerization unit at Liao Yang.

November

Vietnam

Start-up of a cement plant producing 4,000 tons per day of clinker, designed and constructed by TECHNIP CLE for VINACIMEX at But Son near Hanoi.



Brazil

KREBS-SPEICHIM receives provisional acceptance of the expansion of a sulfuric and phosphoric acid complex constructed for FOSFERTIL at Uberaba.

December

Contracts in the Middle East come into force:

- the contracts awarded to TECHNIP ITALY by SAUDI ARAMCO and its affiliate TPL ARABIA for the construction of a sulfur recovery plant and utilities associated with the Hawiyah Gas Development Program in **Saudi Arabia**.
- the contract, worth about US \$430 million, signed by TECHNIP ITALY and KRUPP UHDE with QATAR VINYL COMPANY for the construction of a petrochemical complex at Umm Said in **Qatar**.

Senegal

LES INDUSTRIES CHIMIQUES DU SENEGAL awards KREBS-SPEICHIM a turnkey project worth about US \$150 million for the construction of a phosphoric and sulfuric acid complex at Darou-Koudoss.

Malaysia

TECHNIP MALAYSIA brings into force the turnkey contract awarded by VINYL CHLORIDE (Malaysia) for the design and construction of a 150,000-ton-a-year PVC unit at Kerteh.

Acquisition of KTI and MDEU

TECHNIP acquires the Refining and Petrochemicals Division (KTI) and the major share of the Energy and Environmental Division (MDEU) of MANNESMANN DEMAG AG. The transaction will be effective January 1, 1999.

**TECHNIP
THUS BECOMES
THE LEADING ENGINEERING
AND
CONSTRUCTION COMPANY
IN EUROPE** ■

Lines of business

Hydrocarbons

The hydrocarbons sector (oil refining, gas treatment/liquefaction and oil and gas upstream) continued its progress in 1998, representing 66% of the consolidated turnover, compared to 54% in 1997 and 45% in 1996. Activity in the refining sector was particularly sustained (especially in Egypt and the Middle East). The gas sector maintained a satisfactory level, thanks to the natural gas liquefaction project in Nigeria. In both sectors the Group more than renewed its order book, with significant turnkey contracts to be carried out by 2001 (refineries in Egypt, facilities for upgrading extra-heavy crudes in Venezuela, gas treatment plants in Abu Dhabi and Saudi Arabia) and, just recently, a major project to expand the LNG complex in Nigeria, scheduled for completion in 2003. The petroleum upstream sector (exploration/production) met with an unfavorable environment due to the decrease in the price of Brent, but nevertheless rose (from 7 to 12% of turnover) due to the Elgin-Franklin platform project in the North Sea.

Oil refining



«D 2000» unit at Leuna, Germany - MIDER.

Europe

After start-up during the last quarter of 1997, the Leuna refinery in **Germany**, the only grassroots refinery built in Europe during the last decade, passed all its performance tests between January and March, 1998. Provisional acceptance of the refinery was issued in April 1998 by MIDER (ELF group) to the TLT (TECHNIP-LURGI-THYSSEN) joint venture, which designed and constructed the facilities. With a capacity of 8.7 million tons per year, the Leuna refinery incorporates approximately 20 processing units, including a progressive distillation unit which uses the "D 2000" technology patented and developed by TECHNIP, in partnership with ELF.

Expansions and Revampings

In **Sweden**, the new hydrotreater (3200 barrels a day) and amine treatment unit, built on the site of the Nynas Hamn refinery near Stockholm, were brought on stream in October 1998. Designed and constructed by TECHNIP ITALY, these facilities were delivered to NYNAS AB six weeks ahead of schedule and successfully underwent the performance tests.



FCC revamp at Plock - Poland.

TECHNIP ITALY developed its activities in **Poland**. In June 1998 the Italian company of the Group was awarded a new project worth about 30 million euros (US \$33 million): the design and construction of a 600,000-ton-a-year isomerization unit and a 460,000-ton-a-year light naphtha hydrotreating unit at the Plock refinery. The revamping of the FCC (fluid-bed catalytic cracker) unit, which had earlier been awarded to TECHNIP ITALY by the same client, PETROCHEMIA PLOCK SA, is now being completed. TECHNIP ITALY is also constructing a new 384,000-ton-a-year isomerization unit at Gdansk and modernizing an FCC for RAFINERIA GDANSK SA.

The revamping by TECHNIP ITALY of the FCC at the Corinth refinery in **Greece** for MOTOR OIL HELLAS is being completed; the unit should resume operation in April 1999.

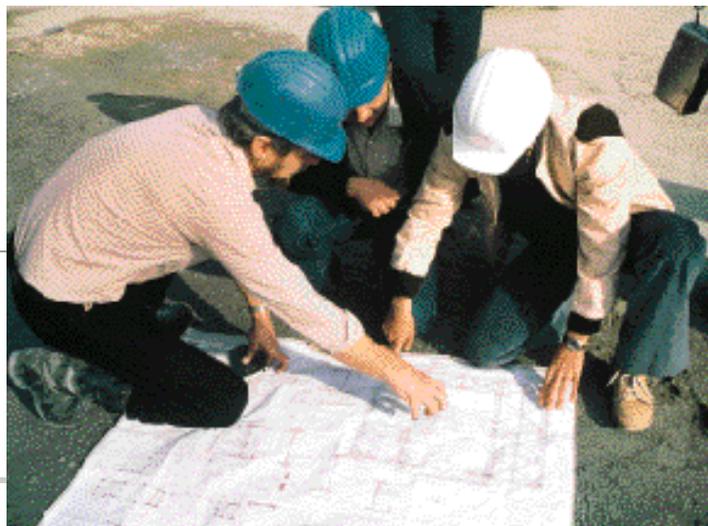
The TECHNIP group has been asked to carry out studies and modifications of facilities in order to meet European standards (effective January 1, 2000), aiming to reduce the benzene level in gasoline to less than 1%. As a result of detailed draft projects made at the beginning of 1998, TECHNIP FRANCE won two contracts from ELF ANTAR FRANCE for "Essences 2000" projects (addition of a new fractionation column) for the refineries at Donges and Grandpuits in **France**. TECHNIP ITALY was awarded two similar projects at Göteborg and Lysekil in **Sweden** in association with RINTEKNO OY (a joint subsidiary of NESTE OY and TECHNIP). TECPLANT-INGEST is providing the same kind of services to REPSOL for the refinery at Cartagena in **Spain**. Lastly, in December 1998, SHELL awarded TECHNIP (Lyon) the detailed design and construction of a platformate splitter with a capacity of 1,800 tons a day for its refinery at Cressier in **Switzerland**.

Africa

Egypt by itself represents more than one billion dollars worth of current contracts for TECHNIP in the refining sector.

In June 1998, TECHNIP ITALY brought into force a turnkey contract worth about US \$170 million awarded by ALEXANDRIA PETROLEUM COMPANY for the design and construction of a naphtha reforming complex at Alexandria.

...



Lines of business

Hydrocarbons

- ■ ■ The complex includes a hydrotreater, a 700,000-ton-a-year naphtha splitter, a 460,000-ton-a-year Penex isomerization unit, a 495,000-ton-a-year catalytic cracker, a regeneration section using UOP technology, an LPG recovery unit, a sour water stripper, utilities and off-sites. Start-up of the facilities, which are designed to produce lead-free gasoline, is scheduled for June 2000.



Refinery jobsite at Ameryia, Egypt - MIDOR/MIDTAP.

TECHNIP ITALY and TECHNIP are continuing the turnkey design and construction of a 5-million-ton-a-year (100,000 barrels a day) grassroots refinery, worth more than US \$1 billion, at the neighboring site of Ameryia in the free zone of Alexandria. The project, which was awarded by MIDOR/MIDTAP in June 1997, is now in the construction phase. In February 1999, design was 70% completed and

almost all equipment and materials purchase orders had been issued. During peak periods at the end of 1999, more than 5000 people will be working on the site in order to complete the construction in October 2000. The design of the refinery is based on a high conversion scheme including a hydrotreater and a delayed coker for converting heavy products into desulfurized distillates and for producing a limited amount of coke. The refinery, which will be operational in 2001, will use the most advanced technologies and will meet the most stringent international standards for protection of the environment, in particular the European standards foreseen for 2005.

Middle East

Construction of the condensate refinery at Jebel Ali in the Emirate of **Dubai** is almost complete. This turnkey project worth about US \$180 million, awarded to TECHNIP ITALY by ENOC PROCESSING COMPANY, had two phases due to the addendum to the contract which came into force in January 1998. The addendum called for a doubling of the original distillation capacity to 120,000 barrels a day and the addition of a second MEROX kerosene sweetening unit with a capacity of 17,000 barrels a day. Mechanical acceptance of the facilities should be issued for the two phases of the work in March and April 1999.



*Condensate refinery at Jebel Ali,
Dubai (U.A.E.) -
ENOC PROCESSING CO.*



Spheroids - Abqaiq, Saudi Arabia - SAUDI ARAMCO.

TECHNIP and TECHNIP SAUDI ARABIA have practically completed the processing facilities for crude oil from Shaybah at Abqaiq in **Saudi Arabia**. Designed to treat extra-light crude from the Shaybah field, located about 600 kilometers southwest of Abqaiq, the new facilities, which were delivered in June 1998, include facilities for reception, storage, pumping of crude oil, electrical substations, a distributed control system, as well as all interconnections with the existing facility.

The project also covers the design and construction of grass-roots processing units: a crude oil stabilization unit (750,000 barrels a day), an NGL compression unit in two stages (100 MMSCFD), an NGL compression and stripping unit and a water treatment unit. The processing units began operation at the end of 1998 and the beginning of 1999. The water treatment unit is slated to begin operation in April 1999.

The TECHNIP group also completed several refinery automation and control projects, in particular in **Kuwait** for the KNPC refinery at Mina Ahmadi.

Central Asia

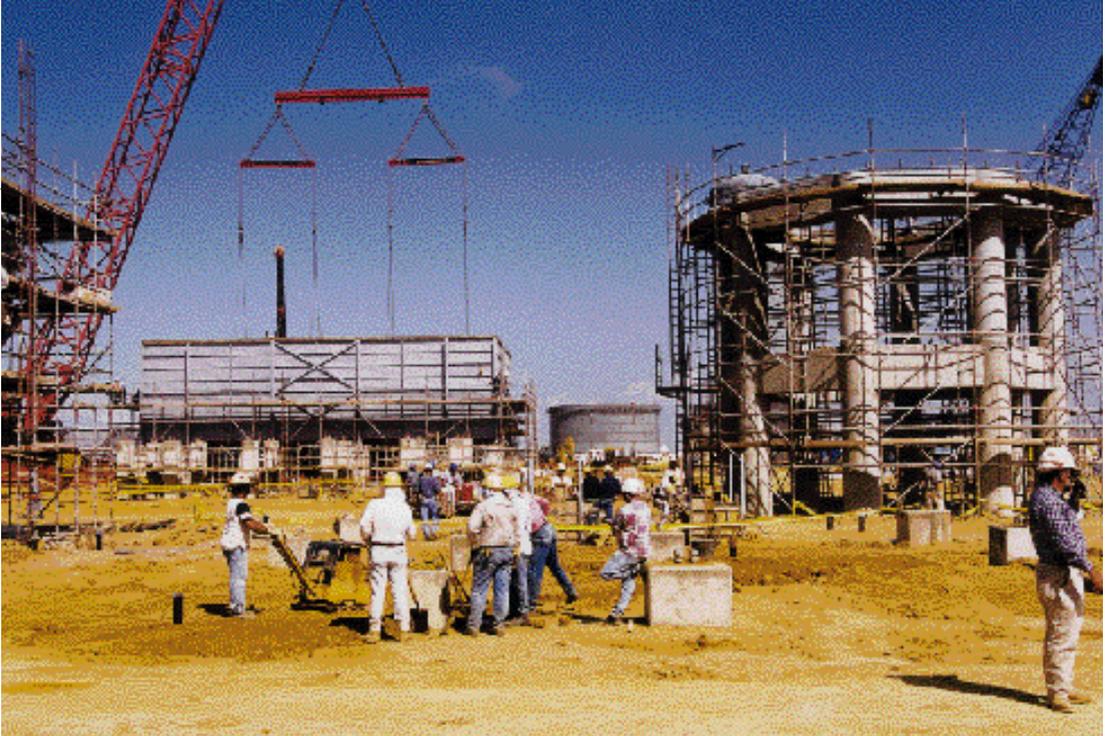
Work started on the site of the 1.8 million-ton-a-year MSCC catalytic cracking unit for the Turkmenbashi refinery in **Turkmenistan** during the summer of 1998. By the end of January 1999, construction was 85% complete. All purchase orders for equipment had been issued; on-site deliveries will take place starting in the spring of 1999, and TECHNIP will bring the unit on stream the following year. ■ ■ ■



MSCC product separation area - Turkmenistan.

Lines of business

Hydrocarbons



PETROZUATA's jobsite - Venezuela.

Latin America

TECHNIP is participating, with its CONTRINA partners, in two major projects to build facilities for processing extra-heavy crude in **Venezuela**.

The SINCOR Project

In September 1998, SINCOR C.A., a joint venture company composed of TOTAL, PETROLEOS DE VENEZUELA (PdVSA) and STATOIL, awarded CONTRINA a turnkey contract worth about US \$750 million for the design and construction of distillation and processing facilities for upgrading extra-heavy crude and for construction of associated utilities and off-sites at Jose, near Puerto La Cruz in Anzoategui State. The facilities are designed to treat extra-heavy crude (API degree less than 10) extracted from the Zuata region in the Orinoco Belt. The pre-diluted crude will be treated to produce a high-quality synthetic light crude (API 32 degrees) with low sulfur content and no "bottom of the barrel".

CONTRINA is a permanent joint venture company created in 1997 by TECHNIP (France), KELLOGG BROWN & ROOT and PARSONS (USA), DIT-HARRIS and PROYECTA (Venezuela). CONTRINA's activity is entirely devoted to projects connected with the Venezuelan program to upgrade heavy crudes from the Orinoco Belt.

Under the terms of the contract, CONTRINA is mainly constructing: a vacuum distillation unit to treat 284,000 barrels a day, a mild hydrocracker to treat 68,500 barrels a day, a naphtha hydrotreater (92,750 barrels a day) using the IFP process, utilities and off-sites, a distributed control and security system, and facilities for treating and transporting sulfur. The complex will also have a delayed coker, a sulfur recovery unit and a hydrogen unit whose construction has been awarded to other engineering companies. CONTRINA is responsible for assuring proper interface and coordination among the various participants. The facilities should be delivered "ready for start-up" in September 2001.

The PETROZUATA Project

In parallel, CONTRINA is carrying out the 600-million-dollar contract awarded by PETROZUATA (CONOCO/PdVSA) in June 1997 for the design, supply of equipment and materials and construction of extra-heavy crude treatment units, utilities and offsites, on a site neighboring Jose. The 120,000-barrel-a-day facility, which will begin operation in 2000, includes in particular a desalter/vacuum distillation unit, a delayed coker, a gas recovery plant, a naphtha hydrotreater and a sulfur recovery unit. The facility will convert extra-heavy crude from the Zuata region into API 20 degrees synthetic crude, which will then be treated in refineries belonging to CONOCO in the USA and PdVSA in Venezuela.



CONTRINA is currently the leader in the design and construction of extra-heavy crude treatment facilities since in less than a year it won two projects of the same type (although each had different technical specifications) out of the three such projects so far under way in Venezuela. It should be remembered that heavy and extra-heavy crude from the Orinoco Belt represents about 270 billion barrels of recoverable reserves, i.e. the equivalent of the proven reserves of Saudi Arabia.



Signing ceremony for the SINCOR contract.

In December 1998, TECHNIP ITALY and its Colombian affiliate TIPIEL SA received provisional acceptance from ECOPETROL of an FCC (fluid-bed catalytic cracker) using the UOP process at the Barrancabermeja refinery in **Colombia**, for which they had carried out the revamping and capacity expansion (from 3,600 to 4,500 tons a day) in association with DISTRAL and CMD. ■

Lines of business

Hydrocarbons

Gas



Liquefied natural gas (LNG) complex at Bonny, Nigeria.

Africa

The two-billion-dollar project awarded to TSKJ (TECHNIP-SNAMPROGETTI-KELLOGG-JGC) in December 1995 for the turnkey construction of a liquefied natural gas (LNG) complex at Bonny in **Nigeria** is in its completion stage. At the end of December 1998, the total project was 95% complete and construction was more than 88% complete. The two liquefaction trains will become operational in July and December 1999, respectively.

After having completed the Front End Engineering Design for expansion of the complex in 1998 at the request of NIGERIA LNG Ltd., TSKJ was awarded a turnkey contract worth 1.2 billion dollars on March 6, 1999 for the construction of a third liquefaction train, an LPG unit and associated facilities, which will increase the annual LNG production from 5.9 to 8.8 million tons a year. The expansion work will be completed in 2003.

Middle East

In April 1998, ABU DHABI NATIONAL OIL COMPANY (ADNOC) awarded the TECHNIP/BECHTEL (50/50) joint venture a turnkey project valued at approximately US \$1.3 billion for the construction of new gas treatment facilities at the Habshah complex in **Abu Dhabi**, U.A.E. The new units will produce 1 billion scfd of gas, almost doubling the capacity of the complex, as well as 300 to 500 tons per day of NGL, between 45,000 and 55,000 barrels a day of condensates and 2100 tons a day of sulfur. TECHNIP had already completed in 1997 all the basic engineering for this project, called OGD 2 (Onshore Gas Development project phase 2) under a separate contract. The current project follows the turnkey project OGD 1 undertaken by TECHNIP/BECHTEL between 1993 and 1996. Two months later, TECHNIP (Abu Dhabi) was awarded a turnkey contract worth about US \$30 million by GASCO for revamping the control system at its NGL fractionation plant and its terminal at Ruwais.

At the end of 1998, SAUDI ARABIAN COMPANY (SAUDI ARAMCO) awarded TECHNIP ITALY and its affiliate TPL ARABIA Ltd. two contracts for the construction of major facilities associated with the Hawiyah Gas Development Program in **Saudi Arabia**. The project consists of three 350-ton-a-day sulfur processing units, facilities for loading sulfur and all utilities for a new plant, which will be located 280 kilometers south of Dharhan and will allow deliveries of gas to the Saudi distribution network to increase by 1.6 billion scfd. TECHNIP ITALY is responsible for management of the project, detailed engineering and



Signing ceremony for the OGD 2 contract - Abu Dhabi.

equipment supply. TPL ARABIA is responsible for construction, pre-start-up and assistance with start-up. The facilities will come on stream during the first quarter of 2002.

TECHNIP ITALY was also awarded a contract by QAPCO in February 1999 for the expansion of an ethane recovery unit at Umm Said in **Qatar**.

Finally, within the framework of the development (phases 2 and 3) of the South Pars field in **Iran**, TECHNIP completed in 1998 the Front End Engineering Design for onshore gas treatment facilities (2 billion scfd) awarded by TOTAL SOUTH PARS at the beginning of the year. ■

*OGD 1 - Abu Dhabi
ADNOC.*



Oil and gas upstream



Elgin-Franklin platform under construction - British sector of North Sea - ELF EXPLORATION UK.

Europe

The project concerning the construction of an offshore platform for the development by ELF EXPLORATION UK of the Elgin-Franklin fields in the **British North Sea** progressed significantly in 1998. This alliance contract, awarded in 1997 to TPG UK (TECHNIP group) in a joint venture with MC DERMOTT MARINE CONSTRUCTION and BARMAC, covers the engineering, equipment supply, construction, installation, hook-up and start-up preparation of a TPG 500 platform designed to process 14.6 million cubic meters a day of gas and to produce 150,000 barrels a day of condensates. At the end of 1998, detailed engineering as well as delivery of the major portion of the equipment and the dry dock assembly of the hull

had been completed. Assembly of the superstructure's subcomponents and equipment on the hull was more than half completed. Activity today is mainly at the BARMAC yard near Inverness in **Scotland**. Towing to the site at sea is slated for the beginning of 2000, with start-up scheduled for the spring of the same year.

Besides this major turnkey construction activity, TECHNIP-GEOPRODUCTION has carried out several studies requiring its technological expertise. COFLEXIP STENA OFFSHORE awarded TECHNIP-GEOPRODUCTION a contract to provide basic design of equipment for a ship to lay pipelines. STATOIL awarded TECHNIP-GEOPRODUCTION a contract for a study on the capacity expansion of a production platform in the Sleipner Vest

complex in **Norway**. In connection with an underground storage project for gas from the Amposta field in **Spain**, INITEC awarded TECHNIP-GEOPRODUCTION a contract for the process and conceptual design of a well-head platform. TECHNIP-GEOPRODUCTION also carried out case studies for major European oil companies on the use of the TPG 500 self-installing platform and the TPG 3300 deep-water platform.

Africa

In 1998, TECHNIP-GEOPRODUCTION was awarded a major engineering contract by the BOUYGUES OFFSHORE/ETPM partnership in connection with the Girassol project undertaken in **Angola** for ELF EXPLORATION ANGOLA. Under the terms of the contract, TECHNIP-GEOPRODUCTION is carrying out a significant portion of the engineering, in particular process studies, for the design of a floating unit with a capacity of 200,000 barrels a day for the production, storage and loading of crude oil.

TECHNIP-GEOPRODUCTION is also participating in the conceptual design for the Cawthorne Channel Gas Injection/Supply project to increase gas production capacity at five stations in **Nigeria**, for SHELL Petroleum Development Company of Nigeria Ltd.

Asia

The major contract awarded to TECHNIP MALAYSIA by ELF PETROLEUM ASIA B.V. for the engineering, equipment supply and construction of a gas terminal at Lumut is practically complete. This project is part of the development of the Maharaja Lela/Jamalulaman gas field in **Brunei**, for which TECHNIP MALAYSIA also carried out an



Platform on Maharaja Lela/Jamalulaman field - Brunei - ELF PETROLEUM ASIA B.V.



3-D representation of a TPG 3300 platform.

engineering contract for offshore facilities on behalf of BOUYGUES OFFSHORE. Operation and maintenance of these facilities were awarded by ELF BRUNEI to IPEDEX.

TECHNIP MALAYSIA was also very active in the offshore sector in Malaysia, where it completed major studies for PETRONAS CARIGALI, in particular for the development of the Angsi field off Terengganu. In addition, TECHNIP MALAYSIA won new contracts for engineering or technical assistance from major local operators, such as SHELL Sarawak, ESSO Production Malaysia and LLOYD'S Register Technical Services. As an example, the Angsi project alone represented in 1998 about 130,000 hours of basic and detailed engineering for the design of two platforms: ANDR-A (drilling /production) and ANPG-A (treatment) and associated facilities. ■



Lines of business

Petrochemicals

Activity in petrochemicals/chemicals and fertilizers sagged in comparison with the previous year (from 29% to 18% of turnover) due to the low impact on turnover of many alliance projects, which furthermore were in either their launch or completion phases. The Group nevertheless remained very active in this sector, winning major service contracts for construction of high capacity units in Western Europe (Scotland, the Netherlands, Germany) and, at the end of the year, turnkey contracts in Asia, the Middle East and Africa. These commercial successes, together with the fast-track deliveries and smooth start-ups of several facilities (in Belgium, Indonesia, China, Brazil) contributed to the strengthening of the Group's position as a leader in certain specialized areas (revamping of ethylene units, construction of grassroots polyethylene, polypropylene, polystyrene, PTA, polyester, chlorinated polymer plants and phosphoric and sulfuric acid units).

Petrochemicals - Chemicals

Europe and U.S.A.

In April 1998, under alliance contracts, TECHNIP was entrusted with the construction of two large petrochemical plants at Grangemouth in Scotland: a 300,000-ton-a-year polyethylene plant (PEX) for BP CHEMICALS and a 250,000-ton-a-year polypropylene plant (PP3) for APPRYL, a joint venture between ELF ATOCHEM and BP CHEMICALS. In association with AMEC Processing and Energy and in a close relationship with the clients through integrated project teams, TECHNIP (Lyon) is executing the detailed engineering, equipment supply and construction of all the facilities. The two plants, which are being constructed on neighboring sites, will have common offsites. At the end of 1998, the detailed engineering of the "PP3" project had achieved 75% completion, while that of "PEX" was 62% complete. The basic engineering for the two plants had already been carried out by the alliance partners under a previous contract. All the equipment has already been ordered, as well as a significant part of the non-itemized materials. Activities on the job site began last May. More than 800 people will work on the site during peak periods in 1999. Delivery of the facilities "ready for start-up" is scheduled for February 2000 for "PP3" and June 2000 for "PEX".



Grangemouth jobsite in Scotland -
BP CHEMICALS - APPRYL.

- Chemicals - Fertilizers



Polystyrene plant at Mons, Belgium - GABRIEL TECHNOLOGIE.

In 1998 the Group delivered two plants in **Belgium**. TECHNIP ITALY delivered "ready for start-up" the Number 3 PTA unit (500,000 tons a year of purified terephthalic acid) constructed at Geel for AMOCO CHEMICAL BELGIUM. TECHNIP successfully carried out the engineering and project management services contract awarded by GABRIEL TECHNOLOGIE for the construction of a 40,000-ton-a-year expandable polystyrene plant near Mons.

In March 1998, the DSM group awarded TECHNIP the revamping of the "NAK 3" steam cracker within its complex at Geleen in the **Netherlands**. The contract covers the detailed engineering, equipment supply and the construction work necessary to increase propylene and ethylene production capacity significantly.



In **Italy**, TECHNIP ITALY is continuing the revamping and expansion of the Brindisi ethylene complex for POLIMERI EUROPA (ENICHEM/UNION CARBIDE). Mechanical acceptance of the facilities is expected in the summer of 1999.

DSM POLYOLEFINS GmbH awarded TECHNIP the design and construction of a 250,000-ton-a-year polypropylene plant at Gelsenkirchen in **Germany**. The facility, which represents an investment estimated at 180 million dollars, will use AMOCO CHEMICAL's gas-phase technology and will be operational at the beginning of 2000.

Based on the same technology and using a single reactor, the 250,000-ton-a-year polypropylene plant at Chocolate Bayou in Texas, **U.S.A.**, which was designed and constructed by TECHNIP in association with FLUOR DANIEL, is coming on stream.



Structure of the reactor at Chocolate Bayou, U.S.A AMOCO CHEMICAL.

Middle East

QATAR VINYL COMPANY (QVC) and the consortium formed by KRUPP UHDE and TECHNIP ITALY signed and brought into force at the end of the year a contract worth about US \$430 million for the engineering, equipment supply and construction of a petrochemical complex at Umm Said in **Qatar**.

Designed to produce 175,000 tons a year of EDC (ethylene dichloride), 230,000 tons a year of VCM (vinyl chloride monomer), and 290,000 tons a year of caustic soda, the QVC complex, which is a joint venture of QGPC, QAPCO, NORSK HYDRO and ELF ATOCHEM, will also comprise offsites and utilities, including a 160 MW power plant. Work will be completed during the summer of 2001. The complex will use as feedstock the ethylene produced in the neighboring QAPCO plant, which was constructed, and later renovated in 1996, by TECHNIP.

Using KTI technology developed by the Group, KTI and TECHNIP SAUDI ARABIA are designing and constructing eight furnaces for the 800,000-ton-a-year No. 3 ethylene cracker at Al Jubail in **Saudi Arabia**. ■ ■ ■



Lines of business

Petrochemicals



Asia

At the end of 1998, TECHNIP MALAYSIA was awarded two significant contracts for polymer plants in **Malaysia** which will be completed during the second half of 2000. TITAN POLYETHYLENE (Malaysia) entrusted TECHNIP MALAYSIA with the detailed engineering, equipment supply and construction of a unit to produce 100,000 tons a year of high-density polyethylene, using technology from MITSUI CHEMICALS, at Tanjung Langsat, in Johor State. In addition, VINYL CHLORIDE (Malaysia) awarded TECHNIP MALAYSIA the turnkey construction of a 150,000-ton-a-year PVC plant using EVC technology at Kerteh.

In March 1998, TECHNIP MALAYSIA was also entrusted with a contract, by OPTIMAL CHEMICALS (PETRONAS/ UNION CARBIDE) for the design and construction of offsites and infrastructures outside battery limits of the Kerteh petrochemical complex.

Furthermore, TECHNIP MALAYSIA completed in 1998 the turnkey contract awarded by CABOT MALAYSIA for the construction of the 40,000-ton-a-year No.3 unit of its carbon black plant at Port Dickson.

The Asian crisis did not allow any new projects to take shape during 1998 in Indonesia, but it did not prevent the continuation of projects already under way, since two large plants came on stream. The new 200,000-ton-a-year polyethylene line at Merak (West Java) was started up during the third quarter and successfully passed its performance tests, after a delay of several months at the request of the client, PT PENI, in order to give priority to production and commercialization. This project is another example of an alliance project which succeeded, thanks to the joint expertise of several partners: TECHNIP MALAYSIA was responsible for the detailed engineering and equipment supply; JGC (Japan) handled the construction; PT PENI was in charge of start-up; not forgetting TECHNIP (Lyon), which had previously carried out the basic engineering for the project. The plant uses BP Innovene technology. BP CHEMICALS is the main shareholder of PT PENI

Polyethylene line at Merak, Indonesia.



Chemicals - Fertilizers

(PETROKIMIA NUSANTARA INTERENDO) along with SUMITOMO, MITSUI and private Indonesian investors.

In September 1998 at a site neighboring Merak, the 100,000-ton-a-year VCM (vinyl chloride monomer) plant which was designed and constructed by KREBS-SPEICHIM for PT SIM also started production.

In **China**, SANLONG NYLON COMPANY signed two contracts, worth about 60 million euros (US \$65 million), with KREBS-SPEICHIM and LIAO YANG PETROCHEMICAL FIBER ENGINEERING CORPORATION for the revamping and expansion (from 45,000 to 97,500 tons a year) of a nylon 6-6 unit based on the RHÔNE-POULENC process, and for the construction of a new 35,000-ton-a-year nylon salt polymerization unit based on the DU PONT DE NEMOURS process, at Liao Yang in Liao Ning Province.

Moreover, the TECHNIP group delivered at the end of the year two high capacity polymer plants, whose design and construction had been awarded by SINOPEC in 1996. The polyethylene unit for QILU PETROCHEMICAL COMPANY came on stream in mid-November. With a capacity of 140,000 tons a year, this unit, which was constructed at Linzi, Zibo, in Shandong Province, was designed and constructed by TECHNIP (Lyon) and TECHNIP ITALY and is based on the STAMICARBON/DSM process.



Sulzer hypercompressor, polyethylene unit at Qilu - China.



Reactor structure at Yanshan - China.

Under the joint supervision of teams from AMOCO and TECHNIP, the polypropylene unit at Yanshan, near Beijing, successfully came on stream in December 1998, less than 24 months after the contract came into force. This 200,000-ton-a-year single line plant is the largest unit of this type ever constructed in China and the only one there based on AMOCO CHEMICAL's gas-phase technology.

Latin America

The construction of a 120,000-ton-a-year PVC plant at El Tablazo in **Venezuela** was completed in January 1999. The facility, whose turnkey design and construction had been entrusted by PEQUIVEN to the TECHNIP ITALY/JANTESA consortium, is currently being started up. ■

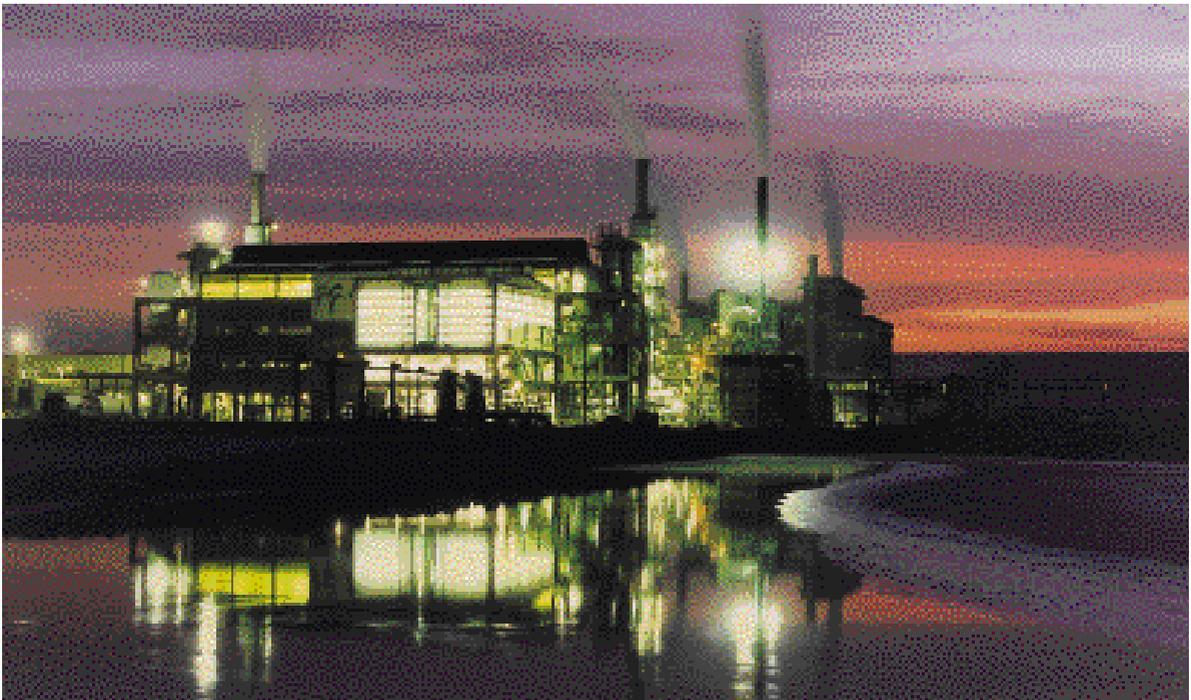


Engrais

Africa

KREBS-SPEICHIM, a jointly owned subsidiary of TECHNIP and SGN, was awarded by LES INDUSTRIES CHIMIQUES DU SENEGAL (I.C.S.) a turnkey contract worth about 130 million euros (US \$150 million) for the design and construction of a 1,015-ton-a-day phosphoric acid unit, a 3000-ton-a-day sulfuric acid unit and associated utilities and storage facilities at Darou-Koudoss, 100 kilometers from Dakar, **Senegal**. This project will in particular allow the phosphoric acid production capacity of the complex to double, to 650,000 tons a year, starting in 2001.

Fertilizer plant at Uberaba, Brazil - FOSFERTIL.



- Chemicals - Fertilizers

*Fertilizer complex at Eshidiya, Jordan -
Designed and built by KREBS-SPEICHIM.*



Latin America

KREBS-SPEICHIM, in close collaboration with its Brazilian affiliate KREBS ENGENHARIA, completed, in a very short time frame, a turnkey project involving the design and construction of an 1800-ton-a-day sulfuric acid unit as well as the expansion of a phosphoric acid unit (from 470 to 1,020 tons a day) and adjacent utilities at the Uberaba site in Minas Gerais State, **Brazil**. The two units began production in September 1998, only sixteen months after the coming into force of the contract, and FERTILIZANTES FOSFATADOS SA (FOSFERTIL) issued provisional acceptance of the facilities at the beginning of November. The phosphoric acid unit, which had been constructed by KREBS at the end of the 1970s, uses the KREBS-SPEICHIM Diplo process, as well as some of its proprietary equipment such as the UCEGO® vacuum filter. The sulfuric acid unit is based on MONSANTO ENVIROCHEM technology (double catalysis, double absorption).

the framework of a consortium including KLÖCKNER and two Pakistani partners, DESCON and HABIB RAFIK.

TECHNIP ITALY is constructing a 650-ton-a-day ammonia plant at Kwinana, near Perth in **Australia**. Construction had been 40% completed at the end of January 1999 and will be finished in September. The plant, which is being built for WESFARMERS CSBP Ltd., will use TOPSOE process technology. ■

Asia & Australia

The fertilizer complex at Bin Qasim in **Pakistan** is being completed. The DAP (diammonium phosphate) unit, with a capacity of 1,350 tons a day, came on stream at the end of 1998. The 1,650-ton-a-day urea unit, whose engineering was executed jointly by KREBS-SPEICHIM and its Czech affiliate CHEMOPROJEKT, came on stream in February 1999. KREBS-SPEICHIM designed and constructed the two main units of the complex as a turnkey project in

Fertilizer complex at Bin Qasim - Pakistan.



Cement

Europe and U.S.A.

The capacity of the Port-La-Nouvelle cement plant near Narbonne in **France** has been increased to 2,200 tons per day, after optimization design and construction work carried out by TECHNIP CLE under a contract worth about 18 million euros (US \$20 million) awarded by LAFARGE CEMENTS in July 1996. Using the most advanced technologies for environmental protection and energy

Cement plant at Port-La-Nouvelle, France - LAFARGE CEMENTS.



savings, TECHNIP CLE supplied, in particular, equipment based on its proprietary technologies (a low pressure drop preheater and a Minox[®] precalciner). Provisional acceptance of the facilities was issued in March 1998.

The drying line for the cement plant in Lebec, California, **U.S.A.**, will be fully operational in mid-March 1999, after its complete remodelling and production capacity expansion (from 1,900 to 3,100 tons/day of clinker).

The unit will use TECHNIP CLE's own Minox[®] precalciner process, which reduces nitrogenous oxides. This contract for engineering and equipment supply had been entrusted to TECHNIP CLE in June 1997 by NATIONAL CEMENT (USA), a fully-owned subsidiary of CEMENTS VICAT.

Buildings

Africa

TECHNIP CLE was awarded two new contracts for the modernization and expansion of cement plants in **Morocco**. In June, ASMAR awarded TECHNIP CLE the increase in capacity of clinker grinder No. 2 in the M'Zoudia cement plant near Marrakech through the addition of a CKP 180 pregrinder. The capacity of the facility will thus be increased from 100 to 165 tons per hour. In November, ASMENT DE TEMERA (CIMPOR group) awarded TECHNIP CLE the first phase of the expansion and optimization of the Temara cement plant near Rabat. This work will allow an increase in the production of clinker from 1,550 to 2,000 tons per day.

TECHNIP CLE continued construction work on two other projects for the LAFARGE group in Morocco: the now completed modernization of the cement plant at Bouskoura near Casablanca and the modernization of the cement plant at Meknes, which is scheduled for start-up in mid-April 1999. The two units will operate on petroleum coke.

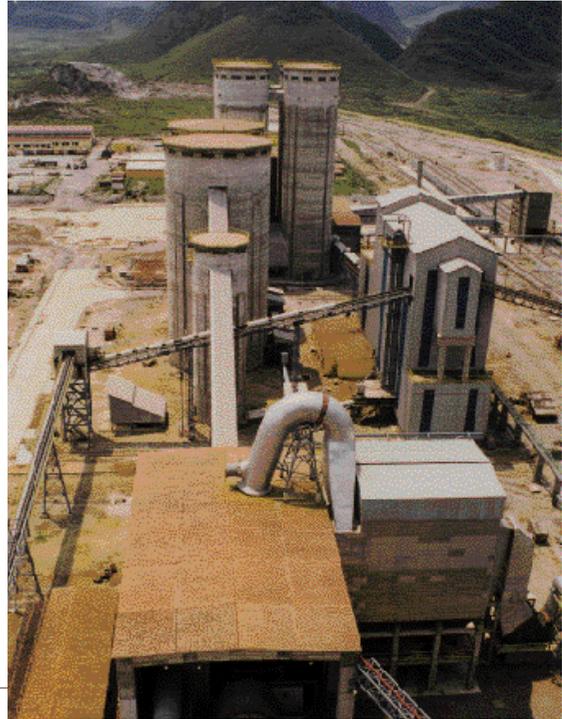
Middle East

The project, which began in July 1997, for the turnkey construction of a grassroots cement plant in the **Emirate of Ras Al Khaimah** (U.A.E.) progressed in 1998 at a very steady pace. The utilities will come on stream in March 1999; the first test runs are scheduled for July, so that performance tests will be able to take place before the date specified in the contract. This cement plant, with a capacity of 1,000,000 tons a year of Portland cement, built at Khor Khwair for RAS AL KHAIMAH CEMENT COMPANY, will be based on TECHNIP CLE technologies, in particular in the areas of precalcination, grinding and environmental protection. It will be operated by LAFARGE, which is also serving as consultant to the client and which has signed a buy-back agreement for part of the final products. This major turnkey project is being undertaken by TECHNIP CLE in the framework of a lump-sum contract worth about 137 million euros (US \$150 million).

In **Lebanon**, TECHNIP CLE, in association with CCIC for the construction, delivered turnkey to CIMENTS DE SIBLINE a grassroots line producing 2,400 tons of cement a day. The facility,



Kiln and five-stage preheater, RAK - U.A.E.



Ciment plant at But Son - Vietnam.

which started up in November 1998, incorporates TECHNIP CLE's proprietary precalcination and pregrinding technologies.

Asia

The But Son cement plant near Hanoi in **Vietnam** began producing clinker in September and cement in October 1998. Performance tests were practically completed in February 1999. The facility, which has a capacity of 4,000 tons a day, uses local anthracite with low volatile content for the furnace and for precalcination. In the framework of the contract awarded by VINACIMEX on behalf of BUT SON CEMENT COMPANY (the user), TECHNIP CLE carried out the engineering, supply of equipment and imported materials, supervision of construction and start-up, as well as supervision of the manufacture of materials of Vietnamese origin.

Following this project, TECHNIP CLE was awarded an order by FCB in 1998 for a grinding unit similar to the one at But Son for a cement plant located at Hoang Mai, 200 kilometers south of Hanoi. Production capacity is 240 tons per hour in a single line. The unit contains a ball mill and the eleventh CKP pregrinder manufactured by TECHNIP CLE. ■

Pharmaceuticals, biotechnology and cosmetics

In 1998 the Group continued to develop its pharmaceutical and biotechnology activities in **France**. Among the most significant new projects were:

- the turnkey project awarded to TECHNIP by INTERVET, an affiliate of AKZO NOBEL, for the design and construction of research and development laboratories for veterinary pharmacology at Angers;
- a contract awarded to TECHNIP by GIST-BROCADES, an affiliate of DSM, for engineering and project management



High-ceilinged warehouse at Amboise, France - PFIZER.

services for a packaging line and the modernization of an enzymatic protein production unit at Seclin in the North.

In addition, several other important projects were carried out by TECHNIP in 1998. The production unit for dry forms constructed at Amboise was delivered to PFIZER. The doubling of the capacity of the La Vallée plant near Le Puy en Velay, which is designed to produce the active ingredient in an anti-hypertension drug (Losartan), was completed ahead of schedule, to the satisfaction

of MSD (MERCK SHARP & DOHM). Lastly, TECHNIP (Lyon) successfully completed the engineering and project



Filling and labelling area for solutions.

management services (design, construction, start-up, qualification) covering logistical/transfer and computerized equipment as well as utilities for the BIOMERIEUX International Distribution Center, located near Lyon.

In the cosmetics sector, SHISEIDO entrusted TECHNIP with the engineering and project management services for the construction of a 20,000-square-meter cosmetics and perfumes plant at Ormes.

TECHNIP is undertaking for KOSMEPOL, an affiliate of L'OREAL, the engineering and project management for the first phase of the expansion of a plant to produce shampoos and other hair products near Warsaw in **Poland**. ■

Agrochemicals

In April 1998, KAZPISCHEPROM Ltd. awarded KREBS-SPEICHIM the design and construction of a distillation unit at Aktubinsk in **Kazakhstan**. With a capacity of 80,000 hl/year of ethanol and 8,000 tons/year of protein-enriched feed for livestock, this unit will transform wheat, using KREBS-SPEICHIM technology.

SEDAMYL, an affiliate of the Belgian group AMYLUM, issued provisional acceptance of a 1,200-hl/day ethanol distillation/rectification unit built at Nesle in **France**, within the framework of a turnkey project awarded to KREBS-SPEICHIM. ■

Buildings

Diversified industries

In April 1998, TECHNIP (Lyon) was entrusted with two contracts for engineering and project management services in Savoie, **France**, in the metallurgical sector: the doubling of the capacity of a sodium production unit at Plombières for METAUX SPECIAUX SA and the construction of a new graphite plant at La Léchère for UCAR SA.

TECHNIP ITALY was awarded a turnkey contract by CARTIERE BURGO Spa for the construction at Mantua, Italy, of a waste incineration unit consisting of a 100,000-ton-per-year fluidized bed incinerator designed to produce energy (steam and electricity). ■

Cogeneration

In November 1998, the group AIR LIQUIDE and FINERGAZ (an affiliate of GAZ DE FRANCE) entrusted TECHNIP with the turnkey design and construction of a cogeneration unit at Fos-sur-Mer, **France**. Equipped with a 40 MW gas

turbine and an associated boiler, the unit will produce, in addition to electricity for EDF, 60 tons/hour of steam for LYONDELL, the owner of the site. ■

Buildings

In April, TECHNIP TPS particularly developed its activities in three sectors: the renovation of public buildings (notably as a specialist in the engineering and project management for asbestos removal), hospital facilities and exhibition parks.

At the beginning of 1998, the AZUR ASSURANCES group entrusted TECHNIP TPS with the engineering and project management for asbestos removal at its headquarters in Chartres (35,000 square meters). In June, RENAULT awarded TECHNIP TPS two technical management projects on the "Trapeze" site at Boulogne-Billancourt: the partial demolition, including asbestos removal, of 200,000 square meters of industrial buildings and the complete revamping of an office building.

In addition, TECHNIP TPS continued to carry out the engineering and project management contract for asbestos removal, introduction of necessary security standards and the restoration of the Jussieu University in Paris and the revamping of the European Commission headquarters (the Berlaymont building) in Brussels.

In the hospital engineering sector, TECHNIP TPS, in association with the architect Jean-Philippe PARCADE, was entrusted with all technical engineering for the construction of a biology center on the site of the Croix Rousse hospital in Lyon. This building of about 10,000 square meters will house together a large number of the



Architect: Guy Autran - TECHNIP TPS.
Saint-Jean d'Angely University at Nice - France

hospital biology activities which are currently scattered among several different buildings in Lyon. Studies began in December 1998 and the Center will be delivered during the third quarter of 2002.

TECHNIP TPS, in association with the architect Bernard TSCHUMI, was also awarded the restructuring of the exhibition park and the construction of a 7,000-seat theater/auditorium in Rouen.

In addition, at the end of the year RENAULT entrusted TECHNIP TPS with the technical engineering of the new building "La Colline" (about 45,000 square meters), located in the Technocentre of Guyancourt (Architect: VALODE and PISTRE). ■

A basic principal: design “clean plants” from the start

At every step in the design of a facility, TECHNIP integrates the necessary elements which contribute to the respect of the environment.

During basic engineering, the objectives to be attained are defined in collaboration with the client in accordance with applicable regulations.

Throughout the other design phases, potential sources of pollution are identified and studied, and appropriate measures are decided on to reduce their effects:

- atmospheric gaseous discharges are limited to the minimum technically necessary for the operation of the facilities,
- no industrial waste water or liquids are discharged into the environment without prior treatment and control of their characteristics,
- as for noise, acoustic studies are developed for all facilities in order to ensure that noise levels are acceptable.



Architect: J.G. FARNOUX

At the client's request, the companies of the TECHNIP group perform in-depth environmental impact studies integrating both the analysis of national and international regulatory constraints as well as specific demands by the authorities. These environmental impact studies are essential for clients in obtaining operating permits for their facilities.

TECHNIP also carries out environmental audits on existing plants to assist in improving their performance in the field of environmental protection.



Priority objectives: hygiene, safety and environment (HSE)

As with environmental protection measures, norms to ensure safety and hygiene are taken into account and integrated at every stage of project development (design, construction, operation and maintenance).

The implementation of this principal is based on a code of practice which includes the following commitments:

- **During the design phase:** performance of plant design with the objective of supplying the client with a plant that is safe to operate and maintain, and respectful of the environment
- **During the construction phase:**
 - provide employees with regulatory safe and healthy workplaces,
 - foster an accident prevention philosophy,
 - provide adequate training and instruction for personnel so that work can be carried out safely,
 - monitor conformity with HSE policy objectives throughout the life of the project and, if necessary, implement remedial actions.

Project and jobsite teams are particularly aware of these HSE objectives and receive specialized training in these fields. ■

Human resources

Human resources

The flexibility and ability to react of the 6,400 men and women who make up the TECHNIP Group are one of its main strengths. In 1998, significant progress was made in the diffusion and harmonization of working methods among different entities of the Group. Exchanges were multiplied, and the international culture of the TECHNIP Group developed further.

Recruitment

In 1998 many young managers, engineers and technicians joined the Group, as well as a new generation of young technicians being trained for engineering professions. The goal is to renew the teams and to increase the technological and managerial potential of the Group.

In addition, TECHNIP continued its policy of training programs and of placing young people performing voluntary military service in companies overseas (CSNE), either with affiliates or on the main job sites.

Professional training

In order to permit each employee to adapt to evolutions in his or her areas and to acquire new skills, TECHNIP continued to introduce training programs linked to its various areas of expertise, giving particular priority to interfaces among its services and among the different companies in the Group.



In keeping with technological developments and the evolution in data processing, the Group continued the installation of shared new tools to facilitate electronic communication and the pooling of document and knowledge bases. Training in the use of these new tools was also organized.

Contractual policy

TECHNIP continued its contractual policy, which was particularly exemplified in France with the signing of agreements concerning salary policy, employee profit sharing and the functioning of the TECHNIP group's Employees' Committee.

A new increase in capital limited to employees of the Group in France in June 1998 gave more than two thirds of TECHNIP's employees a chance to demonstrate their confidence in the future of the Group by acquiring shares in the company through the Group's savings plan. ■

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