

## Letter to Shareholders



### SECOND QUARTER 2007

€ in Millions  
(except EPS)

**Revenues:**  
**1,844.6**  
**+ 16.1 %\***

**Operating Income from  
Recurring Activities:**  
**128.1**  
**+ 61.9 %\***

**Net Income:**  
**79.6**  
**+ 54.6 %\***

**Earnings per share:**  
**0.75€**  
**+ 61.8 %\***

\* Compared to Second Quarter 2006

Dear Valued Shareholder,

Second quarter results were driven by sustained growth in subsea activities with a high utilization rate for our vessels. In onshore activities, where many projects are currently in the construction phase, operating margin remained stable compared to the previous quarter.

At June 30th, 2007 our backlog remained high at a total of 9.7 billion euros, covering all of our activities. Major projects awards have moved into the end of the year or early 2008.

To meet the demand in the subsea installation market, we have increased the capacity of our flexible pipe production plants in France and Brazil. At the same time, we are pursuing the expansion of our fleet.

As previously announced, Technip's growth strategy will be presented on October 17th in Paris and on October 19th in New York.

Finally, Technip will be present at the Actionaria exhibition to be held at the Palais des Congrès in Paris on November 16 and 17. I hope to meet many of you at the Technip stand and at the presentation I will be making on November 17th at 11:30 am (room 241).

Y would like to thank you for your trust,

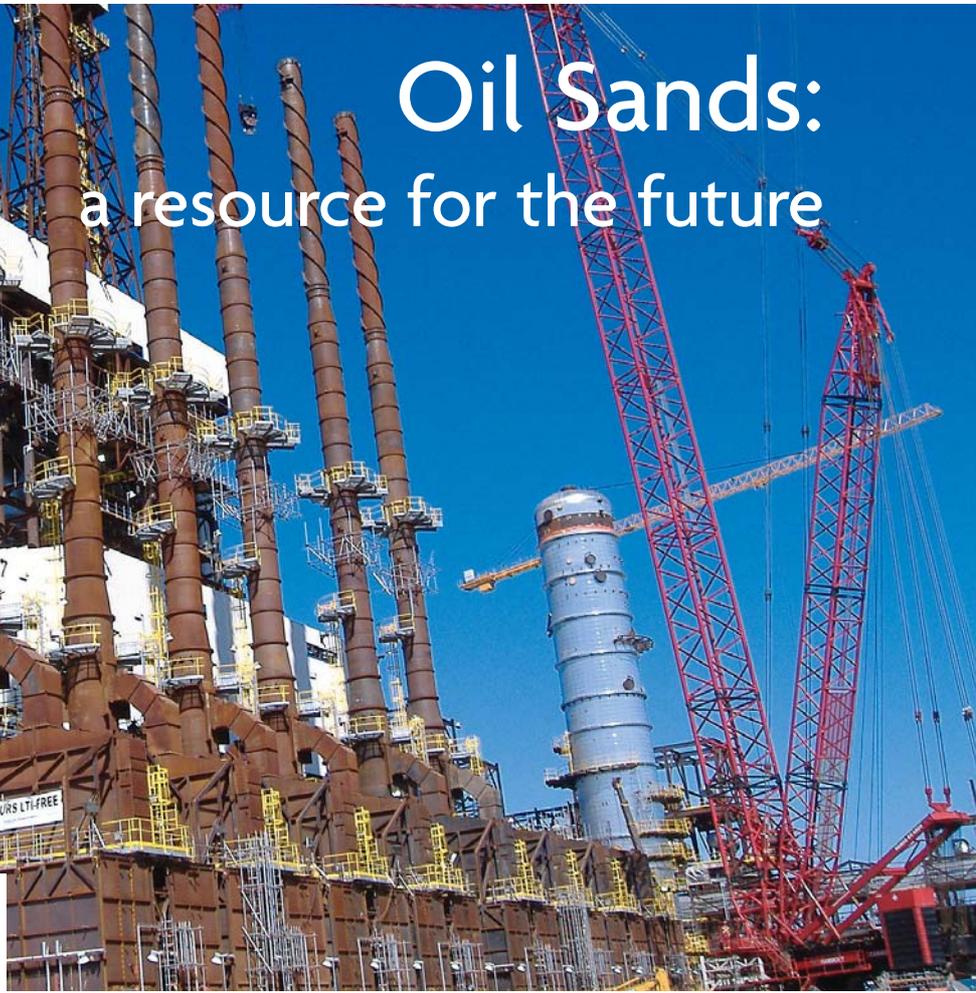
**Oil sands**

**Shareholders' Log**

**Technip and  
Sustainable  
Development**

Thierry Pilenko  
Chairman & Chief Executive Officer

# Oil Sands: a resource for the future



Delayed Cocker Unit

Developing innovative solutions for the exploitation of oil and gas in increasingly extreme conditions: this is the mission of the men and women of Technip.

## A HIGH-POTENTIAL MARKET

Over the last 10 years, in a context of increasingly strained conventional oil and gas reserves, global oil consumption has seen uninterrupted growth, driven, in particular, by China and the United States. To meet this growing demand, one answer is the exploitation of non-conventional resources such as oil sands. The International Energy Agency (IEA) estimates these reserves as equivalent to those of conventional resources and forecasts a ramp-up of non-conventional oil, with its production doubling by 2010 and increasing six-fold by 2030.

## WHAT ARE "OIL SANDS"?

The term "Oil sands" refers to a mixture of extra-heavy crude oil, sand, mineral clay and water. Given its high viscosity, this type of crude cannot flow from a well. Among the various techniques for extracting this type of crude, the Steam Assisted Gravity Draining (SAGD) method is the most appropriate. Two parallel horizontal wells are drilled in the reservoir. In the upper well, high-pressure and high-temperature water steam is injected, which heats the bitumen and liquefies it. The liquefied crude then flows into the lower well from which it can be pumped to the surface. This method allows up to 60% of the crude contained in the reservoir to be retrieved, compared to a global average rate of 35 to 45%. Once extracted, this crude, which has particular characteristics, cannot be refined as-is and requires additional treatment. Oil sands contain quantities of contaminants such as heavy metals, nitrogen and sulphur. In order to obtain a quality of oil that can be refined for commercial use, it first must be transformed into so-called "synthetic crude," which is lighter and contains less pollutants.





Hauling of bitumen tower

## CANADA: THE NEW EL DORADO?

The largest reserves of non-conventional oil are located in the West Canada - specifically in the Athabasca region of Alberta. According to the IEA, this region holds 36% of the world's non-conventional crude reserves, putting it in second place behind Saudi Arabia for total oil reserves. At a time when national oil companies in many countries are taking control of their country's reserves and reducing the playing field of the major international oil companies, the potential of the Canadian oil sands has spurred unprecedented interest. Like the American West's "yellow" gold rush of the 19th century, we may well see a "black" gold rush in the Canadian West.



Delayed Cocker Unit - Main Fractionator



Diluent Recovery Unit

## TECHNIP: WELL-POSITIONED ON THIS HIGH-POTENTIAL SEGMENT

In this booming context, Technip is currently executing two contracts of the Horizon Oil Sands project, awarded in 2005 by Canadian Natural Resources Limited and worth approximately €700 million.

- The first contract covers the Primary Upgrading Unit which will lighten and liquefy the bitumen.

- The second covers a hydrogen unit which capacity will be the world's second largest. The hydrogen unit plays an important role in obtaining quality synthetic crude which can be processed in refineries. Adding hydrogen reduces the sulphur content of the hydrocarbons to obtain a higher-quality, less polluting crude.

Last July, Fort Hills Energy L.P. awarded Technip a services contract for a Primary Upgrader to transform heavy bitumen into lighter synthetic oil. This facility will be located near Edmonton, Alberta (Canada).

Other major projects of unprecedented capacities should be decided in the coming years.

### THE "HORIZON" PROJECT IN NUMBERS:

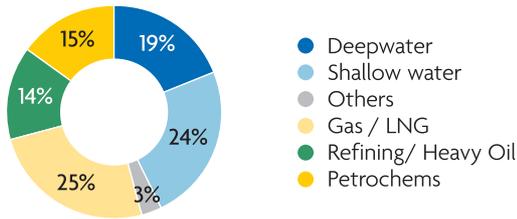
- Air temperature can reach -40°C during winter
- 10,200 tons of equipment
- 7,600 tons of steel structures
- 4,700 tons of pipe
- Treatment capacity: 145,200 barrels per day.

The combination of complex extraction techniques and additional processes raise the technical cost of bitumen sands production between 20 and 25 USD per barrel, compared to a few dollars for traditional crude oil in the Middle East. However, with the price of oil over 60 USD per barrel, the exploitation of oil sands has become economically viable. This rapidly expanding market should thus be a source of opportunity for Technip, which prides itself in improving the profitability of its clients' projects through the implementation of high technological-value processes.

# Shareholders' Log

## REVENUES

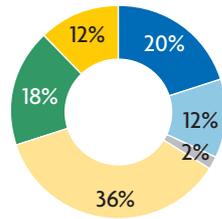
Second Quarter 2007



€1,845 million

## BACKLOG

as of June 30, 2007



€9,670 million

2007 CALENDAR\*

- **July 26:**  
2007 First Half Results
- **October 3<sup>rd</sup>:**  
Lyon Individual Shareholders' Meeting
- **November 15:**  
2007 Third Quarter Results
- **November 16 & 17:**  
Paris, Salon Actionaria Exhibition dedicated to Shareholders

\* Provisional calendar subject to change

## STOCK MARKET DATA AT AUGUST 31, 2007

- **Number of outstanding shares (in millions): 106.6**
- **Market Capitalization (in millions): \$ 8,246.76**
- **Share Price: \$ 77.34**

Since January 1<sup>st</sup>, 2007

	Paris	New York
Change	+ 10 %	+ 14 %
Highest Share Price	€ 59.75	\$ 80.86
Lowest Share Price	€ 47.68	\$ 61.84
Average Daily Volume	718,605	41,622

## TECHNIP STOCK PERFORMANCE OVER 12 MONTHS



# Technip and Sustainable Development



HELPING TO PROTECT MAORI HERITAGE IN NEW ZEALAND



**Technip, in alliance with the field operator Origin Energy Resources Limited, is currently outfitting an oil field, offshore the west coast of New Zealand and installing the onshore gas treatment facilities.**

The name for the "Kupe" gas project is that of the famous Polynesian navigator who is supposed to have discovered New Zealand.

From the outset of the project, Technip and Origin engaged the services of an archaeologist and preliminary works (ground preparation and excavations) did not get started until after consulting with and receiving the go-ahead from local authorities.

The ground contains archaeological treasures dating back to the 18<sup>th</sup> and 19<sup>th</sup> century. Among the findings, there are fire pits areas (see photo above) where combustibles were stored and a canon ball which is believed to have been shot by the Royal Navy in the 1830's.

Preserving the local heritage and the environment is key for the success of the project. To this end, all employees and visitors to the site attend training sessions to heighten their awareness of these stakes.

Technip and Origin are taking care to respect these historically and culturally rich sites since, according to Maori tradition, the land is sacred ; it is the source of life!

## Shareholders Information **Technip**

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