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CORPORATE PARTICIPANTS

Thierry Pilenko *Technip - Chairman and CEO*

Kimberly Stewart *Technip - VP-IR*

Julian Waldron *Technip - CFO*

CONFERENCE CALL PARTICIPANTS

Geoffroy Stern *Kepler Cheuvreux - Analyst*

Phillip Lindsay *HSBC Global Research - Analyst*

Bertrand Hodee *Raymond James Euro Equities - Analyst*

Alex Brooks *Canaccord Genuity - Analyst*

Guillaume Delaby *Societe Generale - Analyst*

Christyan Malek *Nomura Securities - Analyst*

Henry Tarr *Goldman Sachs - Analyst*

Aleks Surla *BofA Merrill Lynch - Analyst*

PRESENTATION

Operator

Good afternoon, everyone, and welcome to Technip's Market Conference Call. As a reminder this conference call is being recorded.

At this time all participants are in a listen-only mode. Later there will be a question-and-answer session.

I would like now to turn the call over to your host for today's conference call, Mr. Thierry Pilenko, Technip's Chairman and CEO. Please go ahead, sir.

Thierry Pilenko - *Technip - Chairman and CEO*

Good afternoon, ladies and gentlemen. Thank you for participating in Technip's conference call. I am Thierry Pilenko, Chairman and CEO of Technip. And with me are Julian Waldron, our CFO, Arnaud Real, Deputy CFO, as well as Kimberly Stewart and David Tadbir of the Investor Relations team.

I will now turn you over to Kimberly who will go over the conference call rules. Kimberly?

Kimberly Stewart - *Technip - VP-IR*

Thank you, Thierry. I would like to remind participants that statements made during the conference call which are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Readers and listeners are strongly encouraged to refer to the disclaimer, which you may find on our website, along with the press release and audio replay of today's call at technip.com. I now hand you back to Thierry.

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you, Kimberly.

So we intend to go over the press release quickly and then go to questions and answers. But, before let's start with a comment on [Canada] operations. But first I note that our vessel the Deep Energy has completed their first rigid pipe installation campaign in the Gulf of Mexico. And the response of both the crews on board and the customer to the performance of the vessel has been extremely encouraging.

Of course, both the Deep Energy and the Deep Blue still have a lot of work left to complete these projects in the Gulf of Mexico, including work in December and January of 2014. Now, we committed at the time of our third quarter to come back to you quickly with a view of 2014. We have a number of points on which to work further. We have completed that work and are able now to be clear on each of the points.

So in addition, we are in a position to go beyond our commitments made with the third-quarter release and comment on 2015. This reflects our strong backlog and the confidence we have in our business outlook. We can set out realistic and achievable targets for a 24-months period, which we hope is useful to our shareholders.

Now turning to the details, we present most of our objectives in a similar way as we normally do, a range for revenues and margins for each of the two segments of activities. Starting with subsea, there is a need to give more granularity for the quarterly variation in 2014.

As you may have seen in the press release, we foresee an exceptionally low first quarter. The rebound will be quick thereafter, but it seemed best to give a committed floor for the full subsea margin in 2014.

I will start with subsea. We targeted revenue between EUR4.3 billion and [EUR4.75 billion] of which at least EUR3.5 billion is estimated to be secured going into the year. Since the third-quarter conference call, we have been able to clarify the key points we mentioned at that time as affecting 2014. And the measure impact is in the first quarter. So our margins normalize quickly thereafter.

And before asking Julian to go into the financials, I will comment on each of them.

There will be substantially more revenues in 2014 than in 2013 for major projects, such as Moho and TEN in West Africa with offshore phases start in 2015. Last projects such as Quad 204 in the North Sea go into substantial offshore phases in 2014 by contrast.

In 2013, there was about around EUR300 million of 30 [phase] revenues. There is an additional EUR300 million to EUR400 million in 2014 over 2013. I remind that we do not record margins on such early-stage revenues. As you will see the impact is the strongest in the first quarter of 2014.

Our fleet maintenance will be accelerated to as early in the year as possible. Much of it is a matter of bringing forward investment in order to best get our key enabling assets ready for the instant there is backlog projects to be executed in late 2014 and in 2015, particularly in Africa.

We will do around twice the maintenance in first-half 2014 as in first half of 2013, with a particular intensive set of actions in Q1 2014. We will still have revenues with no margin in the first month of 2014 from subsea projects in the Gulf of Mexico.

Now moving to Brazil, we have our first orders in hand for our new flexible manufacturing facility at Acu to enable it at least to breakeven in the second half of the year. The plant will begin commissioning as planned shortly. These elements are particularly exceptional in the first quarter, but we are in a position to put the firm floor on performance in 2014 as we expect much stronger second, third, and fourth quarter, and to set out strong revenue growth based on our backlog and margin range of 15% to 17% for 2015. I view this as a strong starting position with our realistic and achievable margin objectives.

For ones offshore we maintain our long-term margin objectives of 6% to 7%. We expect continued modest revenue growth over the two years in line with our policy to manage risk and target projects on which we believe we can add value and execute profitably. I would note that we have assumed no major element in this outlook, the timing and contractual structure of which is uncertain. Whilst we do indeed expect a few of these to come to fruition, we felt it was more prudent not to take them into account.

I will now turn to Julian for the financial details on Subsea.

Julian Waldron - *Technip - CFO*

Thierry, thank you very much.

So, good evening, ladies and gentlemen. The first quarter sub 2014 Subsea operating margin will be exceptionally low at around 5%. We expect to have similar revenues in the quarter to last year which was EUR922 million.

So why the exceptionally low margin in quarter one? Here are the elements.

First, around a third of the revenues in the quarter will come from those projects in their early phases, Engineering and Procurement, on which as Thierry mentioned we will not recognize profit at this point. This is, I think, exceptionally high.

Second, there will be an increased amount of vessel downtime linked to the maintenance program, about twice the level of a year ago. None of the programs in and of themselves is particularly important. We are doing small equipment upgrades, early and anticipated part replacements and renewal.

And last, there is actually only one vessel that will be taken out of the water, that is the Deep Pioneer. The rest of the vessels will be worked on whilst they are still in the water.

So we expect the vessels to be back in action during the first quarter. As we mentioned, we do want to get as much of this program as possible behind us as early in the year as possible.

Third, the Acu facility will start commissioning and we will start that during the quarter as planned. We will have the remaining start-up costs, which I estimate at around EUR10 million and then some underabsorption in the plant as it starts.

As Thierry mentioned we have orders in hand which we expect to enable us to break even across the second half of the year. The combination of Asu and the maintenance costs are probably around EUR25 million of cost in the first quarter.

Last, there are around EUR100 million of revenues of tail revenues from the zero margin Gulf of Mexico projects that we are executing currently. These four elements are obviously quite severe in the first quarter. However they do roll off quickly. Margins will rise strongly already in the second quarter.

In the second quarter, we expect to go offshore in the North Sea on our normal business and some of the larger multiyear projects enter profit recognition phases, if they go offshore at that time. We will be more active in ASU although probably not yet at that point covering the cost of the plant. Although we are finishing the fleet maintenance program, there will be clearly much less downtime than in the first quarter.

So the profitability in the second quarter through to the fourth quarter will be significantly better than in Q1. We are going to arrange maybe a 13% to 15% and, mechanically, at least 14% on average across the nine months. Seasonality will be much more normalized this year in quarter 2 to quarter 4 with a higher therefore quarter 2 and quarter 3 compared to low activity quarter 4. That is normal.

For that year as a whole, the exceptionally low first quarter will hold back margins but as Thierry mentioned, we want to put a firm floor at 12% for the year. And of course we will be looking to do better.

Nonetheless, the margins that we are going to deliver in the second quarter through the fourth quarter prepare well for margin expansion in 2015. And we are in a position to comment on 2015.

We targeted the operating margins at 15% to 17% and revenue growth in the mid- to high teens to give well in excess of EUR5 billion. Both revenue growth at the margins reflect what we see in our backlog today and the projects that we expect to see come into the backlog in the near future. I think overall looking at 2015, I would like to stress that we see our expectations and those of the market overall quite well aligned.

There are two points on which we have not commented today, CapEx and cost, that we will come back to mid February of the time of our full year results. On CapEx, we have indicated for example our intention to start to slim down the older vessels in our fleet and we started to make progress on this. We have commented on a couple of occasions in 2013 that we believe that certain aspects of OpEx inflation will also flatten off, and we intend to follow this with the utmost care as we go into 2014.

So having made those comments, I will hand back to Thierry to close.

Thierry Pilenko - *Technip - Chairman and CEO*

Thanks, Julian. Looking back over the last few years, you have observed that we have made strong investments in people, technology, assets and national content. We see that these have enabled Technip to broaden its market footprint, positioning us to provide to our customers better value added earlier in their project life cycles. As a result, our backlog stands at the recall level.

Equally, our backlog is diversified and profitable and opportunities for new project towards near-term and medium-term continue as we see at Technip to be widespread in all our regions. This enables us to look forward, confident in our strategy framework and to set realistic and achievable objectives for revenues and profits for 2014 and 2015.

We will now hand over for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Geoffroy Stern, Kepler Cheuvreux.

Geoffroy Stern - *Kepler Cheuvreux - Analyst*

Getting. Yes, one question, basically given the significant consideration in E&P spending that we could see in the upcoming years just listening to the message of the other majors. I think investors are obviously worried about the trends for Subsea margin, so you have maybe that 2014 might be a trough for the Subsea margin, but what -- can you clarify what really makes you confident that this is a trough and that you have really significant visibility to achieve the 15% to 17% margin? Yes, that's it.

Thierry Pilenko - *Technip - Chairman and CEO*

I wouldn't talk about the trough. I would talk about the floor in 2014 and I would let, again, Julian give some color on that floor. But coming to your first questions about the significant deterioration in the E&P spending and so forth, I think this thing is being a little bit overplayed at the moment in the sense that I am spending about 50% of my time with customers and, yes, we have seen customers saying that they want to rethink certain projects. Particularly certain [IUCs], looking at making decisions on projects that have maybe less engineers, I would say, and more fitful purpose, but I can tell you that our clients still want us to be involved at the very early stage of the projects. And we continue to seek good momentum in tendering.

And if I look at our portfolio of projects at the moment, the visibility that we have, particularly with the upstream investments, I think we can be quite confident with the numbers that we have presented. Julian, would you like to make a comment about how we see 2014 and --?

Julian Waldron - *Technip - CFO*

A couple of detailed comments if I may about visibility. First of all, I think we'll go into 2014 with a roundabout -- I'm sorry, at least EUR3.5 billion of Subsea revenue in backlog and I think between the bottom end of our indicated revenue range and the top end, that is going to be above the historic average. I think when we look at the 2015 Subsea revenues that we have indicated in the press release, when we look at [Quad], at Moho, at TEN, at the demand on our new plant in ASU, for example, we have good visibility.

We rarely have more than 25% to 30% of coverage of the forward year too, but I would expect to go into the year with probably well above 40% of coverage for 2015 in subsea. And given the project visibility we have, we would expect an improvement on that during the first months of next year.

As far as the onshore offshore is concerned, we have done a couple of things in the press release today. The first is to put out an expectation of modest growth in 2014 over 2013 and of modest growth for 2015 over 2014. I think that is consistent with the way that we look at that business, maintaining its diversification, maintaining steady growth without changing the risk profile.

As Thierry mentioned in his comments, what it doesn't do is take into account the impact of any potential elephant, if I can use that expression, over the period. And that is not because we don't see them coming, because we absolutely do. So this stage we don't quite know what the contractual schemes of those things might be and, therefore, it seemed to us prudent not to take them into account.

So we go into the guidance of 2014/2015 based very much on what we see in-house, in what we see ourselves executing in backlog and what we see ourselves winning over the next few months.

Geoffroy Stern - *Kepler Cheuvreux - Analyst*

All right. Thank you very much.

Operator

Phillip Lindsay, HSBC.

Phillip Lindsay - *HSBC Global Research - Analyst*

Good evening, gentlemen. Two questions, please. The first one is on the US Gulf. I am afraid it is really around commercial negotiations. I know you have already taken a hit on these contracts so that is why you are operating at near margin now. Perhaps you can just comment on where you are in the commercial negotiations. Are they fine or over the customers in the US Gulf or is there a risk of another charge here, despite your previous assertion that the work itself is not really very complex?

Julian Waldron - *Technip - CFO*

We are focused, and our clients are focused, on completing the physical work and Thierry commented on that. And that over the next several weeks is going to be the only focus of the group. I think as long as we can complete the physical work as we planned, then our assumptions are good.

We have had a good few weeks and Thierry mentioned that in his speech. I won't comment over that, but we continue to have physical work to do on our projects over the next few weeks. Hopefully anything that happens in those projects up until our closing of the books at the end of January is a quarter 4 event, not a quarter 1 event. So that is I think how I would want to look at that. I don't think this is a question of commercial. This is a question of physically executing.

So far, so good. We have more to do over the next few weeks.

Thierry Pilenko - *Technip - Chairman and CEO*

Yes, considering it is not about commercial negotiation. It is about executing the work that has been committed several months ago with the assets that are now fully engaged on these projects.

Phillip Lindsay - *HSBC Global Research - Analyst*

Okay, thank you. Then the second one is on the ASU plant. I just want to get a sense for the ramp of it. It sounds like you have won some work with Petrobras, but perhaps you can elaborate on what work you have got and whether you expect to contract more in the coming quarters.

Thierry Pilenko - *Technip - Chairman and CEO*

The work that we are winning for the ASU plant is the high-end type of work for flexible pipes and for presold developments. So, we have won some work at this stage, but we are bidding on more work and we are expecting awards in the next few months.

But it is --. We have enough work to actually safely start the plant on a very progressive manner, and by the end of 2014 we should have the plant running pretty much to its capacity depending on the speed of these awards.

Phillip Lindsay - *HSBC Global Research - Analyst*

And would you expect the capacity to be locked down under a longer-term frame agreement or would you expect this more to be sort of contract by contract?

Thierry Pilenko - *Technip - Chairman and CEO*

You know, what we have seen with Petrobras in general is that they like to sign long-term agreements so that a lot of the -- in particular, the accessories that go with flexible actually locked in into a catalog of elements that are very well-described in terms of technical specifications and so forth.

But when it comes to the actual flexible pipes manufacturing, because of the specificities of the field, the fluid, the depth is generally more on the project-by-project basis. And this plot again will be focused on the high-end products for the presold development.

Julian Waldron - *Technip - CFO*

If I may just add one thing. You will recall, please, that we whether we have them or not, we don't book frame agreements into our backlog.

Phillip Lindsay - *HSBC Global Research - Analyst*

Yes. Understood. Thank you very much.

Operator

Bertrand Hodee, Raymond James.

Bertrand Hodee - *Raymond James Euro Equities - Analyst*

Hello. I have two questions. One is on the mix of revenues in subsea. So, you previously indicated already in 2013 that you will have EUR300 million -- around EUR350 million of revenues coming from contract in the first year of execution and now you are saying that for 2014, again, let's say you will have around EUR200 million to EUR400 million of earnings coming from contracts in subsea into first-year fabrication, which basically means that 2014 versus versus 2013. If we take your middle point of guidance, meaning that all of the -- in fact, gross in subsea we will have in 2014 is coming from, I would say, contract end of first year of execution. When do you think this will normalize in terms of margin over the new mix? And can you just close, I think, would be much more simple for everyone what is the absolute number in 2014 or a range of numbers of one contract in the first year of execution in subsea?

Julian Waldron - *Technip - CFO*

We had, as you said, around EUR300 million last year and, then, you can bake into the fact that we have got EUR300 million to EUR400 million more, that we are probably coming close to EUR800 million to EUR900 million of revenue from early-stage projects this year.

As far as normalization is concerned, I think what we have tried to do in the release today is to, if you will, get away from a concept of normalization and to commit ourselves to a revenue evolution to the subsea business. We have the severe, but mechanical, impacts of that early-stage revenue in quarter one. Thereafter, we expect to use your phrase, if I may, a more normalized mix between early, mid- and late stage activity on our projects.

And that is why we expect a very strong movement in margins Q2, Q3, Q4. And that is why we, in addition, given the visibility we have of those long-term projects going offshore, that is why we are able to give guidance for 2015 when those projects will be in full offshore phases and generating profit.

So, I think your question is a very valid and a very pertinent one. I think through the different elements of covering 2014, Q1 and then Q2 through Q4 and then 2015, we have tried to look through the details in the normalization and set ourselves those realistic and achievable targets which are set out for 2014 and 2015. That seems to us to be the clearest way to indicate the profitability evolution of subsea over the next couple of years.

Bertrand Hodee - *Raymond James Euro Equities - Analyst*

Okay and I have one follow-up. You mentioned a range for the nine months, I would say, for Q2, Q3, Q4 in terms of subsea margin mechanically being at between 13% and 15%. Can you -- are you considering that by H2 you could be already in the range of 15% to 17%? Or very close to 15% (multiple speakers).

Julian Waldron - *Technip - CFO*

The guidance for 2014 is -- please forgive me, the guidance for 2014 is exactly set out in the press release. We expect strong rise Q2 through Q4. We expect those quarters to lie in the range of 13% to 15%. There will be normal seasonality in 2014. That means that Q2 and Q3 are our most active quarters. So, they should produce the higher margins compared to Q4 when you don't have so much activity, for example, in the North Sea. But mechanically to hit our floor, we need for those nine months on average to deliver 14%. And that is what we are committed to.

Bertrand Hodee - *Raymond James Euro Equities - Analyst*

Okay. Perfect.

Operator

Alex Brooks, Canaccord.

Alex Brooks - *Canaccord Genuity - Analyst*

I have one question which is, your release is very specific on Technip's outlook. But I think, obviously, what we are also interested in is a broader view on the market. Now, clearly you have -- I understand if you just focus on Technip, but we are, we have a very sort of clear view from the customers of much greater pressure on costs. And in fact, what you are saying is you can absorb that and continue to move margin up. I just want to be clear that that is how you see the environment.

Thierry Pilenko - *Technip - Chairman and CEO*

I think we will come back on the environment with more details, particularly the business environment and our customer is right is when we present the 2013 year end and the more specific view on 2014 business environment. But the level of tendering continues to be pretty high.

So far, we have been able to reflect whatever cost increase we may have seen in the supply chain into our pricing to the customers. And I would say that the inflation is probably tempering off a little bit with certain elements around wages, in particular. Of course, this -- there's a lot of contrast by region.

But what I want to give is Technip's perspective. Because of our position in many diverse regions and our ability to get involved at the very early stage of the projects, we are actually able to enter in a very constructive discussion with our clients on future projects. So, at the moment, I would not share some of the pessimism that we have seen around the cost inflation and project delays. I think we have fairly good visibility on what can be achieved in 2014 and 2015 in terms of new projects.

Alex Brooks - *Canaccord Genuity - Analyst*

That's very kind. Thank you.

Operator

Guillaume Delaby, Societe Generale.

Guillaume Delaby - *Societe Generale - Analyst*

Good evening. A quick question regarding offshore, onshore. Globally what proportion of your offshore onshore business in 2014 you believe will be licensing revenues? And do you expect it to go up 2015 versus 2014 in terms of relative weight within the division?

Julian Waldron - *Technip - CFO*

This is a question about PT, I think, more than anything else. A couple of -- I will try and make my answer short, but a couple of general comments. I think 15 months into the acquisition, we are confident that the acquisition of Stone & Webster and the integration of that into our business was -- will prove to be of value, creating transaction for the group. And we see that in the first year performance and in the growth of that business.

We also see it in the way that we are beginning to take projects that I think neither technique was taken on its own. And certainly Shaw wasn't taken on its own.

You'll remember the amount of license revenue, pure license revenue is quite small. I doubt if, within the PT organization, it is more than around 10% of the PT revenues. I think what is important to us is to take the $400 million or $500 million of PT revenues that we have on acquisition and see that grow strongly. And at the moment I am not going to give you more granularity.

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Please forgive me, but I think we do see that growth coming through. It does remain a small part of Onshore/Offshore. And it will be a while before you start to see that coming through in any meaningful way. By a while, I think it is certainly beyond 2014, 2015, 2016. But we are very pleased with the way that is coming through and the fact that it is contributing to the risk diversification of the onshore offshore business.

Guillaume Delaby - *Societe Generale - Analyst*

Okay.

Operator

Christyan Malek, Nomura.

Christyan Malek - *Nomura Securities - Analyst*

Good evening, gentlemen. One question, please. The range in margin on subsea for fixings strikes me as quite wide. What exactly are the moving parts that drive the low end and the high end ? I just need to know -- can I just conceptually where could be (inaudible)? What is driving that range in that spread, please?

Julian Waldron - *Technip - CFO*

I think the 2 point margin spread in subsea is when I look back over the last five or six years, that is traditionally how we have put things out. So it seemed to us right to get back to the way that we had done things before. So I don't think there is anything new or different about the way that we are communicating that range.

When I think back to the previous in which we have looked at how you go from one end to the other end, it is a combination of some of the marginal revenue that you pick up in the interim period and then project performance.

Christyan Malek - *Nomura Securities - Analyst*

And what could be -- what would you envision is the worst-case scenario for margins? I mean should we go back to 12 to 18 months, this has been hard to tell. The margins will be 12% in 2014. Can you give us an idea of how much work you can get in subsea to get to a lower case to low 15? Not to put words in your mouth, but what is the worst-case scenario in margins? How much lower can they go if things don't work in your favor?

Julian Waldron - *Technip - CFO*

I think this is why we were very focused on doing two things. First of all, giving clear and explicit guidance for 2015. That we ourselves -- we see ourselves delivering 15% to 17% in 2015. And most critically, given that we are going to have a poor first quarter, a low first quarter, committing ourselves to a floor for profitability in 2014 and demonstrating that the margins that we expect to earn Q2, Q3, Q4 will support very clearly the 15% to 17% range that we set out for 2015.

So I think what we have tried to do is to answer a question similar to the one you have just posed with a very explicit floor in 2014 and then to give that 2 point normalized, normal margin range that we give for 2015. And (multiple speakers) I mentioned very much on the backlog that we have in hand at the moment. We have 40 more -- well over 40% of the 2015 backlog that we expect to be in backlog -- sorry, the 15 revenues that we expect to be in backlog at the end of this year. That is unusually high coverage so I think we can base our outlook on the fact that we see internally to the group.

Christyan Malek - *Nomura Securities - Analyst*

So in fact, it does deteriorate in 2015 -- in 2014, I guess, you would revisit based on where the supply demand outlook is and with projects on the general underlying margin beyond 2015 depending on how pricing is next year. So I guess that is all else beneath equal to that. We don't see deterioration.

Julian Waldron - *Technip - CFO*

I think Thierry mentioned and I will hand back to him for comment, we continue to see a positive, active, contracting environment. Again, we appreciate that some of our competitors are saying slightly different things, but that is the way that we see things today. And with the mix of business we have, I think those are elements that we look at and look at positively.

Thierry Pilenko - *Technip - Chairman and CEO*

I think we need to look at the mix of business, not only in terms of geography, but also in terms of customers. And I think some of the -- I should say anxiety that is coming around activities in upstream are probably fueled by a few projects that have been postponed and some of the majors talking about capital discipline.

We should not forget that a lot of our activity is with or for companies that are nationalized companies and that have quite ambitious programs. And are in some cases, I would say, taking the lead and have the momentum and taking the lead on the IUCs to actually move the projects forward.

So I think the geographical mix, the client mix, the different types of clients between large -- for shipping majors, large independents and smaller independents, I think all of that plays in favor of Technip. And we see what is happening with the tendering activity at the moment. It is still pretty strong.

Christyan Malek - *Nomura Securities - Analyst*

Yes. Thank you very much.

Operator

Henry Tarr, Goldman Sachs.

Henry Tarr - *Goldman Sachs - Analyst*

Just a question on order intake. I guess, are there any sort of specific projects targeted in subsea to hit the 15 revenue in margins? Do you clearly feel that there's plenty out there and you said we could see some contract awards over the coming months. Perhaps you could highlight some of the interesting contracts and prospects you see out there.

And then also a comment on [EML Energy] as well. Potentially how that is progressing in terms of timing and then whether you would be willing to take -- or what type of risk you would be willing to take on that project going forward? Would you be willing to take a full [EPC] on it? Thank you.

Thierry Pilenko - *Technip - Chairman and CEO*

Actually, we don't guide on order intake, but what I would like to say is that, on subsea, we see a lot of activities, tendering activities at the moment in West Africa, particularly, and Brazil. And you know Brazil continues to deliver productively the [FPA Sols]. And therefore the demand for flexible pipes in particular is pretty strong. So I would say these two regions, Brazil and West Africa, are probably the ones that are going to see the -- I would say the most, the biggest awards in the next 12 to 18 months.

So that this being said, the North Sea continues to have high activity and there are several prospects in Asia as well. So, but the two key regions are West Africa and Brazil.

Coming to EML LNG, we have been engaged into a very in-depth exercise with a client over the past now eight to nine months. We have made great progress and I think is the client now to communicate about how and when they want to move this project forward. But definitely, we are looking at being engaged with the client over a long period because this project is going to be a multiyear project. And it is too soon to tell which elements are going to be contracted with what type of contractual schemes, but it is something that will be with different blocks of packages with different contractor schemes depending on the risk and on the profile of those packages. But I think it is too soon to talk about it because the process of what we call open book estimate is not completed yet.

Henry Tarr - *Goldman Sachs - Analyst*

Okay. Thank you.

Operator

[Aleks Surla], from (technical difficulty) Bank.

Aleks Surla - *BofA Merrill Lynch - Analyst*

I have two very quick questions. My first question is regarding the $100 million of revenue contribution from the Gulf of Mexico contracts in 2014. Just wanted to ask you what is the split between the revenues in the first -- between the first quarter of next year and the second quarter of next year?

And my second question is, I realize you do not give guidance on order intake. I just wanted to ask you that the more explicit margin guidance of 12% floor you are giving for 2014, does it incorporate this guidance? Does it incorporate order intakes which you can have in 2014 or is it basically based on the margin dilution you are going to have from the orders you are ordering, one in 2013 from which you are not going to realize any profit next year? Thank you.

Julian Waldron - *Technip - CFO*

On the Gulf of Mexico, we expect very little activity to be beyond quarter one. I won't say zero, but very little. And I think we factored that into the way that we have indicated the quarterly progression in 2014.

As far as order intake is concerned, for 2014 and coverage, we are between based on what we see in hand at year-end, we would expect to be between 74% and 80% covered as far as revenue is concerned. And that is above the average of the last five or six years.

So, I think we are more covered than we have been in previous years on the revenue.

And as -- you are right to say that as a lot of the projects you win in the year, some of them are multiyear projects. So there is not always a lot of revenue. Then I think, again, it is very good coverage of both the revenue and the profitability for the year. So I think we have gone in with that approach.

Aleks Surla - *BofA Merrill Lynch - Analyst*

Thank you.

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you, ladies and gentlemen, for attending our conference call and have a nice evening. Thank you.

Kimberly Stewart - *Technip - VP-IR*

Ladies and gentlemen, this concludes today's conference call and we would like to thank you for your participation. As a reminder, a replay of this call will be available on our website in about two hours.

You are invited to contact the Investor Relations IR team should you have any questions or require additional information. Once again, thank you for your participation and do have a good day.

Operator

Thank you for your participation in today's conference call. The replay will also be available by dialing for France 01-72-00-15-00 or for UK 02-033-67-94-60 or for USA and North America 877-642-3018, using the confirmation code 284803, hash key. The replay will be available for two weeks. Thank you and goodbye.
