FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, everyone, and welcome to Technip's fourth quarter and full year 2008 results 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 now like 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 & CEO*

Good morning, ladies and gentlemen, and thank you for participating in Technip's conference call. I'm Thierry Pilenko, Chairman and CEO of Technip. With me are Julian Waldron, our CFO, Bernard di Tullio, Chief Operating Officer, Arnaud Real, our Deputy CFO, as well as Kimberly Stewart and Antoine d'Anjou from our Investor Relations team.

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

Kimberly Stewart - *Technip - IR*

Thank you, Thierry. I would like to remind participants that you can download the 2008 fourth quarter and full year results press release and presentation on our website, Technip.com.

Statements in today's press release, as well as those 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 disclaimers which are an integral part of today's press release and the slide presentation.

Also, a replay of today's call will be available on our website approximately two hours after the call ends.

I now hand you back to Thierry.

Thierry Pilenko - *Technip - Chairman & CEO*

Thank you, Kimberly.

Before I present our 2008 results, I'd like to remind you what our 2008 key financial performance objectives were. First, to drive margin enhancement across our businesses. Second, to manage legacy contracts within expectations. And, third, to conserve our cash whilst investing for the future. I believe that we have reached these objectives in 2008.

Our operating margins have continued to improve, with Subsea increasing from 15.8% to 19.5% year-on-year. Offshore/Onshore combined went from a negative 2.3% to positive 4%. Operational and financial parameters of legacy contracts stayed within the assumptions that we made one year ago. We made significant progress in major CapEx program and R&D investment. And our cash at year-end 2008 was EUR1.4b (sic - see presentation), ahead of expectations. Therefore, our Board is recommending to maintain our dividend at EUR1.20 per share.

So, where do we stand at the end of 2008? We have a solid backlog of EUR7.2b, which gives us good visibility on 2009 revenue and profit. This backlog is balanced by region, by clients and by markets. We are profitable across all our segments and we have a strong balance sheet.

Let's now take a more detailed look at our fourth quarter operational highlights, and I'll start with Subsea.

We had a high vessel utilization of 78% during the fourth quarter. We caught up on Hurricane Ike impact in the Gulf of Mexico, which, as we said before, had pushed some work into the fourth quarter. Flexible pipe production units continued to have a strong activity. Our offshore operations on Agbami in Nigeria were successfully completed. Engineering for Pazflor in Angola progressed well and procurement is ongoing. Azurite in Congo, Gimboa in Angola were successfully completed. And the first pipe-in-pipe project run by Technip was successfully completed on Canapu in Brazil. On the other hand, the White Rose North Amethyst project in Canada is progressing well.

We have signed a large number of small and medium size contracts in the fourth quarter and, more notably, phase two of MA-D6 oil field development in India. Therefore, we have good backlog visibility with long-term large projects such as Pazflor, Block 31 and Cascade Chinook in the portfolio.

Now, moving to the Offshore segment, we did the hook-up of the subsea line to the Akpo FPSO and the commissioning is progressing well. We had the first oil produced on the P-51 platform in Brazil and P-56 is ongoing in Brazil again. And we have continued to diversify the production of our Pori yard in Finland.

So we were awarded small contracts in the fourth quarter 2008. And our backlog at the end of the year stood at EUR461m, mainly composed of engineering studies. And we expect that some of these studies will materialize into larger projects in 2010.

Moving to Onshore, QatarGas II first train, train four, has been handed over to the client. Discussions on QatarGas III and IV have progressed significantly and the ethylene project in Qatar is ongoing. The LNG project in Yemen is progressing. The ethylene plant in Shuaiba, Kuwait was delivered to the client in the third quarter and successful start-up of the plant was achieved during the fourth quarter. And in fact, the contractual specification was reached in record time. The Saudi Arabian Khursaniyah first train advanced according to plan. And the commissioning is under progress on the Yansab project in Saudi Arabia and we are preparing for the Ready for Start-Up.

In Asia, many units of the Dung Quat Refinery in Vietnam have reached mechanical completion. And numerous other projects are progressing well, such as the Gdansk refinery for Grupa Lotos in Poland, the OAG modules that are being installed on Das Island for the UAE, and the biodiesel plants for Neste Oil in Rotterdam and Singapore are progressing according to plans.

So Onshore was awarded many small projects rich in engineering man hours in the fourth quarter.

I will now turn you over to Julian, who will go over the financial results.

Julian Waldron - *Technip - CFO*

Thierry, thank you very much. Good morning, ladies and gentlemen.

So, turning to slide 12, we had revenue of EUR1.9b in the fourth quarter, and that meant that we ended the year just above our prior expectations. Fourth quarter revenue was off 9% against last year, with some currency impacts in that. Excluding those, we were off 7% against last year. For the full year, the EUR7.48b of revenue was 5% down year-on-year, or 1% at constant currency.

We'll continue to be impacted going forward, I'm sure, by movements in currencies. The targets we've set ourselves for the coming year, 2009, are at today's currency rates. And just for information, our revenue split in 2008 was roughly one-third US dollars, one-third euros and one-third a mix of other currencies, notably sterling, the Norwegian krone and the real.

In terms of profitability, we generated EUR846m of EBITDA in the year. And our operating margin has climbed progressively quarter-over-quarter. With the 9.6% operating margin in Q4, we achieved 8.8% for the year as a whole. As we'll discuss, the performance was satisfactory in each of the three segments in which we operate, all of which were profitable in the year.

Two other points to mention. The backlog at the end of the year, as Thierry mentioned, stood at EUR7.2b, and that's after Q4 order intake of EUR1.2b. In the Q4 there was one project announced, MA-D6. Apart from that, a very large number of smaller projects and an impact of EUR68m positive on currency and backlog. For the year as a whole, we had a negative impact of just over EUR300m on our backlog from currency.

We also substantially outperformed our cash objective. We intended to be somewhere around EUR1.3b or just above and we ended up with EUR1.64b of net cash on the balance sheet, and that's a point I'll come back to.

I'd like to move to revenue overall, quickly. We began the year 2008 with a backlog, of which around EUR5.85b was scheduled to run off in 2008. There have clearly been some puts and takes around the scheduling of that backlog, but it does imply that we took in around EUR2b of orders in 2008, which flowed directly during the year into revenue.

You'll find in the back-up, in the annex to the presentation, our 2009 back-up -- backlog scheduling. And of the EUR7.2b of end-year backlog, we anticipate some EUR5.2b running off in 2009, to contribute towards the revenue target of EUR6.1b to

EUR6.4b. Up to the end of the first week of February, we had order intake of around about EUR300m, again mainly FEED and service work. And although we don't expect any particular highlights in Q1, those first few weeks of the year are in line with our expectations so far.

If I can turn to Subsea in the fourth quarter, revenue grew 15%; operating income grew by 21%. Our EBITDA margin held up well against a year ago. And our operating margin expanded by a point in the quarter, compared to a year ago.

That delivered full year numbers with a revenue growth of 8.5%, strong growth in both EBITDA and operating income. Order intake couldn't match the record that we had a year ago, but we still ended the year with a higher backlog than at the end of 2007 and roughly stable on Q3. And of that backlog, about EUR2.3b is expected to roll off in 2009.

The Q4 and the full year performance, as Thierry noted earlier, there's no specific -- one specific project. It's across the board good execution, across both the manufacturing plants and the fleet.

Onshore/Offshore, on slide 16. Just for clarification, you can find in the back-up the split of Onshore and Offshore for both the fourth quarter and the full year. They're presented here combined, partly through convenience and speed and partly because that reflects the way in which we set our target this year.

The revenue evolution in Q4 and for the full year represents, first and foremost, the de-risking policy that you know we've had for the last year or so. Q4 project revenues were probably a little ahead of our expectations, good progress on projects, again, pretty much across the board. And order intake in Q4 was the same for Subsea, mainly comprised of medium size and smaller projects.

We had a margin of 4.9% in the fourth quarter. And for the full year, the operating margin was 4% for the combined segments, ahead of our 3.8% target.

I would note that probably around a third of our revenue over the year was accounted for by older legacy contracts with no margin. In Q4, this was declining and we were moving down to around a quarter.

I'd note that there was no material change in the provisioning on any of our major projects during the year. And we ended the year with a backlog of EUR3.7b, of which about EUR2.84b is expected to roll off over the next 12 months.

Quickly, on the income statement. Financial charges were positive, over and above the volatility in foreign exchange. We had more financial income taken to financial result rather than to contracts this year, relative to last year, and this just reflects the progress on projects, which brings the cash flows and the project progress more into line.

Tax rate was 30% fourth quarter, a little higher excluding deferred tax. That 30% level appears to me to reflect the way that we're earning our money geographically today. And that's, I think, where it's likely to stay, again, excluding -- on a current basis, excluding movements in deferred over the next -- over the coming period. And accordingly, we had net income of EUR448m for the year, up from EUR126m last year, and with EUR134m of net income in Q4.

Quickly on the balance sheet, and come back maybe in Q&A to more specific questions, if you have them. The Group cash on a gross basis was stable at EUR2.4b. Movement in fixed assets reflects the CapEx programs and there was no movement of significance in goodwill.

As far as cash flow is concerned, on slide 20, the good performance in cash reflects, first of all, the profitability of the Group, as reflected in our EBITDA. We generated operating cash flow, EBITDA less tax and finance, of EUR681m against EUR192m a year ago. Working capital outflows were negative over the 12 months, but were quite stable in the last three months. And we held our CapEx budget where we expected to for the year, at EUR400m.

Looking forwards, we'll clearly continue to see, as you would expect, negative working capital movements on our legacy contracts over the coming 12 months. But we'd still expect to see around EUR1b of cash on our balance sheet at year-end on the current basis, exchange rates and assumptions.

So, just to finish off on investment, we spent just over EUR400m in 2008. Our four main CapEx investments are proceeding well. And notably, we'll take delivery of the Arctic during the course of this half.

In 2009, we'll continue to invest. We expect CapEx to be at or slightly below the 2008 level. We continue to look hard at fine-tuning the CapEx, both basic maintenance CapEx and the investment CapEx, to reduce the spending. And that's the current estimate. And we'll also continue, as Thierry mentioned, to increase spending in R&D. We spent around EUR45m gross in 2008 and that'll go up again in this coming year.

Thierry, hand back to you.

Thierry Pilenko - *Technip - Chairman & CEO*

Thank you, Julian. Before I go into the environment and the outlook for 2009, I'd like to say a few words about our five key operational performance initiatives that we put in place at the end of 2007.

And the first one was to change our risk profile and our business segment, as you can see, the business segment split is good, with Subsea increasing from 27% at the end of 2006 to 49% at the end of 2008. Our backlog per market geography continued to be well balanced between Africa, Europe, Asia and the Americas. And obviously, the more recent backlog from 2007 and 2008 has given us more opportunities to adjust with market conditions.

So, the second key operational initiative was to strengthen execution capabilities. So Onshore, one aspect we focused on was reinforcing our construction resources and we are in the process of creating a Construction Method Center to gather and develop know-how. In the Subsea segment, we are expanding and renewing our assets and have continued to improve on scheduling of manufacturing and installation, which has been a strong driver for improved profitability.

The next key initiative was to empower the organization and the new organization was -- is based on six regions and a Subsea division. It was put in place in October of 2007. It's now fully implemented and these regions are focused on ensuring that resource sharing is maximized between sites. And in the current environment, we want to make sure that we maximize FEED and service contracts to optimize man hours. Management is being held accountable and in 2008 the bonus scheme was based on profitability. In 2009, we will also share a cash objective, in addition to profitability.

Fourth, a commitment to excellence in safety and quality, and the one lagging indicator that we are looking at are the total recordable cases frequency. And it has continuously improved over the past two years and we have objectives to continuously improve that -- those indicators, as well as others.

And last but not least, the development of our human capital. And we have developed in the past year an HR three-year plan and we have also launched Technip University in 2008, to enhance our technological and business leadership.

So, in 2009, there will be one more initiative that we have launched and that we must accelerate cost optimization. So what does it mean and include? It means assisting our clients to reduce new project costs, broadening our own procurement base to reduce manufacturing and CapEx costs, capitalizing on our flexible workforce and ensuring shared resources and reducing real estate costs and discretionary spending and, in general, simplifying Group structures and processes.

A few words about the outlook. If we look at our industry at the beginning of 2009, we have seen a rapidly changing environment. The oil price decline and the financial crisis have triggered rapid reactions from our clients. But these reactions vary, according to the type of clients. Small or highly leveraged E&P companies are dramatically reducing their investments. Non-conventional or frontier hydrocarbon developments, such as the Canadian oil sands, for example, are being canceled. And refining in OCDE countries or petrochemical investments have slowed down, while projects that are in the procurement or in the construction phase continue to proceed normally.

So new projects are being reevaluated or rescheduled. So they are rescheduled because of the low price of oil for the -- for an unknown period, low meaning in the $40 range, because of project financing conditions in different credit environments. And we are expecting starting to see lower commodities and raw material prices.

So, however, in this environment, some larger customers, the super-majors or the majors, the -- some large independents and some NOCs, continue to invest, reprioritizing their capital expenditures. They will be focusing, we believe, on buying reserves rather than exploration and on production in low-cost environments, low-cost production.

Deep water continues to be attractive and recent discoveries will probably take seven to 10 years to be developed, so it's a long-term issue. The cost of projects, raw material, equipment and we believe soon construction, all those costs have started to decrease, making some new projects viable in an environment where the price of oil is $40 per barrel. We believe that several large projects are still planned to be awarded in the Middle East during 2009.

And for the medium term, we believe that the depletion rates, which are now reaching -- or might reach 8% to 9% per year, and the production challenges, will increasingly drive investment priorities in the medium term.

Now, if we go to the 2009 outlook for the Group, for Technip, we are targeting a revenue in the range of EUR6.1b to EUR6.4b, with a flat to moderate revenue growth in the Subsea segment. We are targeting further improvement in the operating margin of the combined Onshore/Offshore business, and the Subsea operating margin with a range of 16% to 18%.

So, this concludes our comments and we are now ready to answer the questions you may have.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions). We have a first question from Mr. David Phillips from HSBC. Please go ahead, sir.

David Phillips - *HSBC - Analyst*

Thank you. Morning, guys. Couple of quick questions on the product side of Subsea. Can you talk a bit about the supply chain in flexibles and umbilicals and what risks you see as you -- as you mentioned, you've started to see some raw materials feeding through at a bit of a lower level, and whether that's going to be in step or a little bit ahead or behind of the pricing pressure you might get on new business, that I guess is more -- probably more affects 2010 than this year.

And secondly, the Asia Flex plants, what's the timescale and likely activity for that in 2010? Are you still planning to produce both flexibles and umbilicals in 2010 from that plant? Thank you.

Thierry Pilenko - *Technip - Chairman & CEO*

All very good questions. So, in fact, we had started to anticipate the cost decrease of raw materials back into -- well into 2008. And we had a plan to start reducing, starting the end of summer 2008, to see if there were opportunities to reduce our cost base. So this is ongoing and we have started to see some movement there. But at the same time, obviously, we will start to see a pressure from customers on pricing. So I think these two things are happening, will be happening, at the same time. But it's very difficult to forecast now what will be the net effect for Technip. However, we do see movement on the costs side, which is good news.

As far as the 2010 outlook is concerned, and Asia Flex in particular, we still plan to open Asia Flex in 2010. We have already started to identify specific markets that it should have and this plant is planned to produce both flexible and umbilical in the 2010 period.

David Phillips - *HSBC - Analyst*

Okay. Just to check, Thierry, on -- with the Asia Flex plant, is that -- just to get a feel of it, is that a late 2010 start-up or an early 2010 start-up?

Thierry Pilenko - *Technip - Chairman & CEO*

That will be probably the second half of 2010.

David Phillips - *HSBC - Analyst*

Okay. And I guess also, if in 2010 the demand for the flexible products side is a little bit weaker than you think, I guess it's -- is it fair to assume you could always route some production through that plant as well from -- that may have gone through Newcastle or elsewhere?

Thierry Pilenko - *Technip - Chairman & CEO*

That's a possibility. But at this stage, based on the demand and based on the projects that we have on the radar screen, and also on the fact that some of our plants, particularly the plant in Le Trait was really, really loaded in 2008, we believe that we will need that capacity. But it's too early to talk about how the capacity will be -- or how the order intake will be spread between our different centers.

David Phillips - *HSBC - Analyst*

Okay. Thank you.

Operator

We have a question from Mr. Geoffroy Stern from Cheuvreux. Please go ahead, sir.

Geoffroy Stern - *Cheuvreux - Analyst*

Yes, good morning. I have a few questions. My first question is on QatarGas III and IV. You mentioned that the negotiations are still ongoing but are well advanced. The fact that [one] -- your partner, Chiyoda, mentioned that the full cost overruns will not be recouped. I was wondering what will be the impact for you, having in mind that -- I guess that one year ago you were not expecting to recoup the full cost overruns on this project, sorry.

And the second question is on the cash outflow and the change in working capital, because in 2008 it seems that EUR227m, the cash outflow, was below your previous expectation. Was it the case? And then, could you be a bit more specific in terms of cash outflow in terms of working capital in 2009, please?

Thierry Pilenko - *Technip - Chairman & CEO*

Okay. I'll answer the first question and then have Julian answer the second one. So, our discussions with the customer on QatarGas III and IV have progressed and they're in the finalization phase at this stage. So this is why us and our partner have been able to assess the performance -- financial performance of these projects. We haven't changed -- based on this discussion, we haven't changed our view on the provisions that we have made one year ago for these projects. Now, Chiyoda have had to take some provisions, but we have exactly the same view on these projects.

Julian, you want to answer the question on cash flow?

Julian Waldron - *Technip - CFO*

I think, on 2009, it reflects the good management of the flows in and out of the major projects on the one hand, secondly a fairly robust order intake throughout the year. I think those are the two main things on working capital. On cash overall, as I've mentioned, I would add to that, better than expected profitability.

As far as 2009 is concerned, we've assumed a fairly intensive and a rapid outflow of our working capital on the larger projects during the course of 2009. And that's why we have a target or an assumption that we'll end the year with around about EUR1b of net cash on the balance sheet. And most of the delta you can explain through the working capital outflows. We'd expect that to be the major year in which those capital -- that working capital flows out, with only minor movements thereafter. So that's the assumption on which we've based ourselves going into 2009.

Geoffroy Stern - *Cheuvreux - Analyst*

Okay. Thank you. And just coming back on QatarGas III and IV, when do you expect a final decision on this one?

Thierry Pilenko - *Technip - Chairman & CEO*

Very soon.

Geoffroy Stern - *Cheuvreux - Analyst*

Okay. And do you -- will you communicate on this or --?

Thierry Pilenko - *Technip - Chairman & CEO*

I don't think the customer will allow us to communicate specifically on this. But this is -- for us, this is within the framework of what we evaluated last year. We have had discussions, as usual, which are the same type of discussions we have had on the other projects. And we haven't changed our assumptions, except that we have progressed, of course, on all the projects since last year. As I said, we have handed over the first train on QatarGas II to -- handed over the train to the customer.

Geoffroy Stern - *Cheuvreux - Analyst*

Okay. Thank you very much.

Operator

The next question is from Mrs. Katherine Tonks from Credit Suisse. Please go ahead, ma'am.

Katherine Tonks - *Credit Suisse - Analyst*

Good morning. I just wanted to get a bit more color on your new orders. I appreciate the breakdown for the FX, but I was wondering if you could give us a feel for the change in scope in that, so split between the small unannounced contracts and maybe some change in scope.

And then, secondly, on your vessel availability for 2009, what extra volume of work -- installation work could you undertake in 2009 that's not already in your backlog?

Thierry Pilenko - *Technip - Chairman & CEO*

Yes. As you know -- Julian will answer the detailed question about the volumes of the smaller projects. But we don't announce all the contracts that we win. Okay? We generally select the ones that are either big or strategic or with a certain technological content and so forth. So, in fact, a number of projects are coming from changed orders, new contracts, smaller contracts and so forth.

So I'll have Julian give some color on those details.

Julian Waldron - *Technip - CFO*

I'll start with Subsea. The variation orders are fairly small across all three segments. And in Subsea, again, we haven't announced anything other than the MA-D6, but the ones underneath are all small but new. They're not existing ones. Where they are work on existing fields, in most cases they're extensions to work. So it is very much a large volume of smaller spread business by geography, by clients and by markets, very much in line, I think, with the type of business we've been trying to take in.

Thierry Pilenko - *Technip - Chairman & CEO*

And going back to your question about vessel availability, we generally don't communicate about availability because it's competitive information. However, I would just like you to look at how much of our Subsea backlog is in our schedule for 2009 and if you assume -- just assuming flat revenue as an exercise, close to 85% is already in the backlog for 2009. So that assumes a very good utilization of our fleet.

Katherine Tonks - *Credit Suisse - Analyst*

Okay. Thank you very much.

Thierry Pilenko - *Technip - Chairman & CEO*

Thank you.

Operator

The next question is from Mr. Alejandro Demichelis from Merrill Lynch. Please go ahead, sir.

Alejandro Demichelis - *Merrill Lynch - Analyst*

Yes. Good morning, gentlemen. Two questions. You are talking about strengthening your execution capabilities and you specifically mentioned reinforcing your construction resources and optimization of vessels. So maybe you can give us a bit more clarity, what is -- exactly what you're trying to do is. Are we talking about JVs with construction companies, you're trying to develop that organically?

And in terms of the optimization of the vessels, should we expect any retirement of capacity soon?

Thierry Pilenko - *Technip - Chairman & CEO*

I'll start with the vessel question. We have no plan to retire capacity soon because our vessels are well utilized, as I was saying before, and they are -- most of them are very specialized vessels. In fact, Julian was just mentioning that the Skandi Arctic is going to join the fleet some time in the first half of this year, and the Skandi Arctic is going to be the most sophisticated diving vessel in the world. So we have no plans to retire vessels.

But obviously, improvement in performance is coming, as I said many times in the past, from better project execution. And in the Subsea business, better project execution means better scheduling of the vessel and of all the stakeholders and all the other vessels that take part in the major operations, not only our own fleet. So that's for the first question.

Now, as far as reinforcing our construction capability, it's going to be a mix of internal resources, as well as making sure that we are well aligned with construction companies when we undertake lump sum turnkey contracts.

Alejandro Demichelis - *Merrill Lynch - Analyst*

But does that mean more formal -- a more formal alignment with these construction companies?

Thierry Pilenko - *Technip - Chairman & CEO*

Could be. On some contracts, yes.

Alejandro Demichelis - *Merrill Lynch - Analyst*

Is this regional specific or is this in the broader market?

Thierry Pilenko - *Technip - Chairman & CEO*

This is regional specific, by region. There is no such thing as a global construction company that would have the reach of Technip.

Alejandro Demichelis - *Merrill Lynch - Analyst*

Okay. Thank you.

Operator

The next question is from Mr. Ian Macpherson from Simmons. Please go ahead, sir.

Ian Macpherson - *Simmons - Analyst*

Good morning. Congratulations, by the way, on the nice results. Question on your margin guidance for Subsea, relative to the 19% to 20% margins where you've been the past couple of quarters. Would the lower guidance suggest anticipated pricing pressure or incipient pricing pressure that you are already witnessing on the margin, or is it simply a function of a different maturity profile of your backlog? Or is it something else? If you could elaborate on that.

Thierry Pilenko - *Technip - Chairman & CEO*

It's a good question. You know the pricing pressure that we experience when there is a dramatic change in the price of oil, this pricing pressure will most probably affect the backlog that is going to be signed going from now until 2010, '11, and so forth. And so, most of the backlog that we have for 2009 has actually been captured at a time where our terms and conditions and pricing was quite good.

Now, what is very important to realize is that in 2008 we have had absolutely excellent execution in general across our Subsea operations, and this is this execution that has driven margins. So we are not planning for deterioration in the quality of our execution. We are just a little bit more prudent. And the mix also may not be exactly the same as it was in 2008. You know we have some larger contracts in this year, as well as very small contracts. So it's a combination of mix and maybe not having the same ability to realize all the contingencies that we did in -- or take back all the contingencies that we did in 2008, so.

Ian Macpherson - *Simmons - Analyst*

Okay. That's a helpful answer.

Thierry Pilenko - *Technip - Chairman & CEO*

The 16% to 18% is still a level at which we can fully support our investment and at which we need to be to invest in the future, in future CapEx.

Ian Macpherson - *Simmons - Analyst*

That's great. Thanks. And then, as a follow-up, could I just ask, with regard to your cash balance, I don't know if you've stipulated what the customer advances are on that? And if you could also provide what the earned interest income on your -- on those accounts was during the fourth quarter?

Julian Waldron - *Technip - CFO*

In the fourth quarter, it was fairly small. It was EUR4m or EUR5m of earned interest within the revenue on contracts. A fairly small number reflecting two things, first reflecting lower interest rates but most importantly reflecting that as we progress on projects the amount of cash imbalance between project progress and cash advances is declining, so more financial income comes in through the financial result line than through revenue.

Customer advances. If you just take a flat gap between construction contracts on the liability side and on the asset side, which is the way I think it's been done occasionally before, it's, I think, about EUR1.1b.

Ian Macpherson - *Simmons - Analyst*

Great. Okay. Thanks, Julian.

Julian Waldron - *Technip - CFO*

Thank you.

Operator

We have a question from Mr. Alex Brooks from UBS. Please go ahead, sir.

Alex Brooks - *UBS - Analyst*

Good morning, everyone. I've got a couple of questions. The first one is on the -- your current bidding activity, what the -- whether there are any major bids that you are pursuing currently. Because I think, Thierry, you made an interesting reference to the lack of -- the complete inertia in project decision-making in a large proportion of your customers.

And the second point is just on a housekeeping item. A small capital raise has appeared in the fourth quarter cash flow statement, about EUR70m. I wondered if you could just remind us what that is.

Thierry Pilenko - *Technip - Chairman & CEO*

The second question, I could hardly get it because it was all broken up.

Alex Brooks - *UBS - Analyst*

Okay. I'll ask again. There was a -- in the cash flow statement, there is a capital raise has appeared of EUR70m or thereabouts.

Julian Waldron - *Technip - CFO*

It's an employee share offer that was done in the back half of the year.

Alex Brooks - *UBS - Analyst*

Okay. Okay.

Thierry Pilenko - *Technip - Chairman & CEO*

Okay. Now, as far as bidding activity is concerned, yes, we have definitely seen some delays in the decision process on major contracts. However, as I said in my notes, there are a number of large contracts, particularly in the Middle East, in the UAE and in Saudi Arabia, which are downstream contracts and on which we are currently bidding. Now, the time of the award of these contracts is not known at this stage, but the commitment from the customer seems to be intact. It is just a question of timing.

So it could happen in Q2, probably not Q2, Q2 is probably a bit early. I would think probably Q3 or Q4 is more realistic for those multi-million dollar contracts.

Alex Brooks - *UBS - Analyst*

Okay. And anything in particular in Subsea?

Thierry Pilenko - *Technip - Chairman & CEO*

This year, we don't expect very large contract awards for Subsea, but we have a number of targets of small to medium size. I would say the largest contract that we have on the radar screen at this stage would probably be CLOV in Angola, and this is an award that could happen end of 2009 or more likely 2010.

Alex Brooks - *UBS - Analyst*

Okay. Thank you very much.

Operator

The next question is from Mr. Martijn Rats from Morgan Stanley. Please go ahead, sir.

Martijn Rats - *Morgan Stanley - Analyst*

Yes, good morning. I just want to follow up briefly on Katherine's question. I'm still struggling a bit with the order intake in the fourth quarter and how that was composed. It still seems that 100% of that order intake is only small jobs for execution almost immediately in 2009. And I was wondering whether this was either -- this is either a segment of the market that has always been there, or whether this is a segment of the market that suddenly came up. Is it a matter of you shifting focus or is this suddenly a bit of coincidence that all these small jobs are coming up?

And secondly, the order backlog for execution in 2009 for the onshore segment now stands at a very low level. I was wondering how you expect that to develop, going forward.

Thierry Pilenko - *Technip - Chairman & CEO*

Okay. I would say the small jobs have always existed in the market. They were probably not highlighted as much in the past because everybody was asking mostly questions about the larger jobs. But they did exist in the market. Now, we have put special emphasis of the organization on smaller jobs as well. That was part of our de-risking strategy, to make sure that we had a portfolio that was more balanced between jobs of different sizes and of different nature.

And it's also the reality of the market where clients today continue to do studies, to be ready to start projects when they consider that the cost environment will be right and the cost of oil will be maybe more predictable. So there are a number of projects that have been awarded where clients are asking us to do FEEDs, or help them understand what do we need to do to reduce costs, procurement costs, for example, without yet starting the procurement, if you see what I mean.

Therefore, in terms of volume, this is relatively low volume of revenue. But in terms of margin and in terms of risk, this is still a very good market to be in. So slightly different focus from the competitive E&P, but also customers that are awarding projects before they take the big decisions -- smaller projects before they take the big decision.

Now, yes, our onshore backlog has been shrinking and -- but that part of it was completely planned. We said two years ago that we had first to execute the large projects, particularly projects in the Middle East but also in other parts of the world, on which we had revenue but little margins, or no margin or even losses. So that was our focus.

Now, we are in a position -- with many projects being concluded in 2008 and some in 2009, we are in a position to target a few large projects. And this is what I was talking about in the Middle East. Large projects in regions where we know the customer, where we know the business environment, we know the resources. And we have excluded from these targets environments such as North America or Australia, where construction is a challenge. So we expect that this onshore backlog is going to pick up again in the second half of 2010.

Martijn Rats - *Morgan Stanley - Analyst*

Okay. Thank you. If I can ask one follow-up question on your earlier answer. If you've changed the focus of the organization more towards smaller projects and suddenly you appear very successful at winning them, does that mean you are crowding out smaller players in the market?

Thierry Pilenko - *Technip - Chairman & CEO*

I don't know. I don't know. It's very hard to say. You know it's -- what we see is that there is a mix of projects in the market. There are areas where, as we were very busy on the larger projects, areas where we were not necessarily focusing. We have been able in the recent past to get some very interesting FEED and conceptual projects from Eastern Europe. We just signed a project in -- for a pre-conceptual study for a refinery in Iraq, which we are going to do from our Rome office. We don't have an office in Iraq, obviously. And these are targets that we have decided to follow, as the very large projects are being sometimes delayed.

Martijn Rats - *Morgan Stanley - Analyst*

Okay. Thank you.

Operator

The next question is from Mrs. Fiona Maclean from Citi. Please go ahead, ma'am.

Fiona Maclean - *Citigroup - Analyst*

Hi. It's Fiona Maclean from Citi. I've got a couple of questions. The first (inaudible) in terms of the potential for order intake from the subsalt region of Brazil. Can you just give us an update on your progress there?

And the second question is relating to the flexible pipe market. Can you talk about the progression you're seeing in pricing? And also, has there been any examples of levels of increased competition between the three players?

Thierry Pilenko - *Technip - Chairman & CEO*

Yes. Two very interesting questions. Thank you. So, in terms of the subsalt development in Brazil, we continue to see a lot of interest from Petrobras to do this development. And I think there will probably be some announcement about the Tupi development and how Tupi is going to be developed in the next few months. So, this is an area of high interest which is going to attract not only Petrobras but potentially some of their partners which are looking at accessing maybe more of this subsalt play.

Now, as far as the flexible pipe market is concerned, we do expect that there will be more competition in the years to come and that pricing could be under pressure on some products, particularly the most generic products. But I think there will still be strong demand for sophisticated products, and by sophisticated I mean products that require a lot of engineering because they are in conditions that have never been accessed before. And that's why we are continuing our R&D program for developing flexible pipe for 3,000 meters and beyond.

Fiona Maclean - *Citigroup - Analyst*

Okay. Can I just ask another question regarding the break-up of your joint venture with Subsea 7? Could you just give us a fuller explanation of what happened there?

Thierry Pilenko - *Technip - Chairman & CEO*

Well, you know joint ventures are done in a certain environment. And when the environment changes, it may be important to think about different ways of looking at the future.

The first thing I'd like to say is that the relationship with Subsea 7 in this joint venture has been good. But obviously we are now at a stage where we are significantly investing in South East Asia, with our Asia plant -- Asia Flex plant for flexible pipes. And we believe that, given the state of the competition and the market in Asia and the fact that we were continuously investing there, it was better for us to have separate lives. But we are going to continue to look at bidding together on a project-by-project basis when it makes sense. But the relationship has been good and the split of the joint venture has been amicable.

Fiona Maclean - *Citigroup - Analyst*

Okay. Thank you very much.

Kimberly Stewart - *Technip - IR*

The next question is from Mr. Christyan F. Malek from Deutsche Bank. Please go ahead, sir.

Christyan F. Malek - *Deutsche Bank - Analyst*

Yes. Hi, good morning. Just a couple of questions regarding your current backlog. I guess the first thing is regarding the contingencies that were priced into some of your existing contracts. Are you seeing clients challenge those contingencies? Or put it another way, are they challenging the price on your existing backlog, or are they very happy with it to roll out and then on your new contract basically reset?

And the second question is regarding your FEED studies. It seems you've taken a strategy to get your -- which realigns with your clients into doing more and more engineering. But I guess my concern is if none of that materializes into epic contracts over the course of the year, then surely that has to have a feed through in terms of your 2010 guidance or expectations, because it's almost unpredictable when all this stuff will trigger into real -- into larger contracts. So are you -- I guess my question -- my second question is, is that a strategy that you are willing to continue in the face of no FIDs across this year?

Thierry Pilenko - *Technip - Chairman & CEO*

Well, Christyan, it's again two interesting questions. So, first of all, on the current backlog, the -- I'm talking about particularly the larger contracts, the ones that are ongoing. We haven't seen a pressure from clients to revise the current prices on contracts that have already been signed. But obviously, our clients across the board, across the value chain and not only for engineering and construction, it's true for drilling, for exploration, for all the services, our clients are asking us to look at ways to reduce costs.

And it's not just reducing price. It's also being smart at proposing designs which are more cost effective. And that's particularly true in the Subsea business, but also for the Onshore business as the price of raw material is declining.

Now, as far as 2010 is concerned, Christyan, you are absolutely right to say that 2010 will highly depend upon our order intake in 2009. And as you could see, 2009 is fairly secure in terms of forecasts and the backlog, but the subsequent years, 2010 and 2011, will depend upon these FIDs, final investment decisions, that our clients may or may not make this year. And this, I don't know. There is an area where I have uncertainties is when are the clients going to sign certain contracts?

They have given us some visibility and some reassurance about the themes that they want to continue to push. And I have been spending a lot of time with clients in the past few months, to try to understand which projects were the most likely to go. The good news is that, so far, deep water projects seem to be going, I would say, at the same pace. But obviously, 2010 and '11 will highly depend on what we sign in 2009, and that's no secret.

Christyan F. Malek - *Deutsche Bank - Analyst*

I guess the natural question that follows, then, is -- there was no mention of your 2010 targets in this release. Is that you saying we don't know we can issue them any more, or is that just we'll review it as we go -- as the year goes by? Can you give some clarity on it?

Thierry Pilenko - *Technip - Chairman & CEO*

Christyan, I think we are probably one of the few companies that have given guidance about 2009, first of all, because we believe we have the visibility that is -- that allows us to do so. And I'm going to make the same answer I made in Q3 when I had the question, which is the guidance for 2010 that you're asking for, we talked about the guidance back -- for 2010 back into October 2007. I don't think there is one company in the world, particularly in the energy business, that can say I confirm the 2010 guidance that I gave you in 2007. It's pretty hard to believe.

So, at the moment, we have given guidance for 2009. And what I'm telling you is we are focusing on the order intake for 2009 and at the right time, based on this order intake, we will have more visibility for 2010. But we are certainly not going to give guidance about '10 and '11.

Christyan F. Malek - *Deutsche Bank - Analyst*

Brilliant. And just maybe just a last follow-up. The FID -- the epic contracts you've got in the system right now that are still in early design phase, is there any risk in your mind that these projects don't materialize into the larger scale ticket contracts because your clients are basically just pushing these things out for another two or three years? Is there any risk that your client backlog, as confident as you are in it, gets shaved down because the design just doesn't kick off into real projects?

Thierry Pilenko - *Technip - Chairman & CEO*

Well, what we have in our backlog -- let me be very clear. What we have in our backlog is only the part that has been committed by the customer. So if we have a large project for which a customer is giving us the FID, even with the intention of giving us more in the future, we just take the FID in our backlog.

Now, if your question is, is there a risk that some of the large projects, the oil and -- in the oil and gas industry, some of these projects could be postponed further, I have to say yes, of course there is this risk. I don't control the price of oil and we don't control the decision process of our customers. But the projects that we have in the backlog, and I'm talking particularly about the larger projects that require significant investment in, these are going to be executed.

Christyan F. Malek - *Deutsche Bank - Analyst*

Brilliant. Thank you very much, Thierry.

Thierry Pilenko - *Technip - Chairman & CEO*

Next question?

Kimberly Stewart - *Technip - IR*

The next question is from Mrs. Dominique Patry from Cheuvreux. Please go ahead ma'am.

Dominique Patry - *Cheuvreux - Analyst*

Yes, good morning. First I have two questions on the Onshore division. What is your visibility on the occupancy rate of your engineers in 2009? You have mentioned that you have gained a lot of small projects which were rich in engineering man hours. I suspect that it extends further the visibility that you had at the end of last year. So, first, could you update us on that?

Secondly, we have seen recently that some of your competitors have gained rather large contracts in the Middle East. They were rumored to have seen price decreases of 15% to 20% compared to the original prices. With this type of price decrease, would you be in a position to maintain your margin or do you expect a further pressure on your Onshore margin?

And then I have two other questions but --

Thierry Pilenko - *Technip - Chairman & CEO*

Yes?

Dominique Patry - *Cheuvreux - Analyst*

Do you want me to ask those two other questions?

Thierry Pilenko - *Technip - Chairman & CEO*

If you ask too many I'll forget the first one, so. (Multiple speakers).

Dominique Patry - *Cheuvreux - Analyst*

Okay. Okay. So let's focus on Onshore and then I will ask you the two other ones.

Thierry Pilenko - *Technip - Chairman & CEO*

All right. And that's probably going to be the last questions for our conference call today. So, as far as the engineering man hours, certainly this is an important focus of ours because we want to keep our teams busy. But obviously, all the markets don't react in the same way at the same time, so it could be a different market, market by market.

First of all, what I'd like to say is that, at this stage, our centers are busy and that we have a lot of flexibility, in fact, in terms of man hours, as we have been using, during the period which -- where we have the [problem hitting] over the past couple of years, we have been using another company that were giving us (inaudible) sources and contractors. And we will be using that flexibility if we start to see problems with man hours loading, or workload.

I believe, if we have such a problem, it -- this will all depend on, obviously, again, the same question of how many projects are we going to sign in the Onshore in the next six to nine months. But workload issues could appear in Q3 or Q4 but, again, we have the flexibility to react if we see that there is an erosion in the workload.

Now, going back to your question about the Middle East and the recent awards of large projects in the Middle East to some of our competitors, we know about these projects. We bid on these projects. We lost these projects. And I wish them good luck to make money at this price. But this is going to be a competitive environment, probably more competitive now in a market where there will be fewer projects and projects which are far between. But we will be focusing on the projects where we believe we can add value and we maintain our objectives of the margin that we realize, in terms of percentage, in the Onshore/Offshore business.

You had further questions, Dominique?

Dominique Patry - *Cheuvreux - Analyst*

Yes, thanks. At the end of last year, you were optimistic about the award of a major project in Equatorial Guinea. Could you update us on the status of this project?

And one housekeeping question. What is your guidance for the corporate level in '09? Thanks.

Thierry Pilenko - *Technip - Chairman & CEO*

Okay. I think you may be mistaken. I think the project that we talked about at the end of last year was probably Ghana.

Dominique Patry - *Cheuvreux - Analyst*

Sorry, yes. Ghana.

Thierry Pilenko - *Technip - Chairman & CEO*

It -- we have very good hopes that this project is going to be awarded soon. So it's not in our backlog today but it's a key target for first half. Okay?

Now, Julian, you want to answer the question on (multiple speakers)?

Julian Waldron - *Technip - CFO*

Dominique, good morning. The corporate this year was EUR59m. If you strip out the different one-offs, you probably get to somewhere in the mid-40s. So that's a reasonable starting point, I think, for next year.

Dominique Patry - *Cheuvreux - Analyst*

Okay. Thank you. And just could you remind us the size of the Ghana prospect?

Thierry Pilenko - *Technip - Chairman & CEO*

No, I don't have it, but it's several hundred million.

Dominique Patry - *Cheuvreux - Analyst*

Thank you very much.

Thierry Pilenko - *Technip - Chairman & CEO*

Thank you.

Operator

Ladies and gentleman, this ends the Q&A session.

Thierry Pilenko - *Technip - Chairman & CEO*

Thank you very much. And before we close the session, I'd like to summarize what I believe are some of our differentiating attributes.

Well, first of all, we have a well balanced backlog by regions, clients and markets. Our Subsea segment is vertically integrated, which gives us more control on the supply chain and on our cost structure. Our regional structure is empowered to adapt to their local needs and their markets. And we end 2008 with a strong balance sheet, which is going to be a key differentiator when oil and gas companies are looking for financially solid partners to execute these large projects. And finally, and very importantly, we continue to invest in our key assets and in research and development.

So, thank you again for attending our conference call and have a good day.

Operator

Thank you for your participation in today's results conference call. We would like to clarify that the replay of this conference call will be available within the next two hours. The replay will be on our website, at www.technip.com, in the Investor Relations section, or by dialing 331 72 28 01 49 or by dialing +44 207 075 3214, using the confirmation code 239174#, or by dialing +866 282 -- 822 2261. The replay will be available for two weeks. Thank you and goodbye. You may now disconnect.
