FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, everyone, and welcome to Technip's second quarter 2008 results conference call. (OPERATOR INSTRUCTIONS).

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

Thierry Pilenko - *Technip - Chairman and 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, and with me are Olivier Dubois, our CFO, Kimberley Stewart and Antoine d'Anjou from our Investors

Relations team. Before I commence on the 2008 second quarter results and following traditional Q&A session, Kimberley will first remind you of the conference rules. Kimberley.

Kimberley Stewart - *Technip - IR*

Thank you, Thierry. I would like remind participants that you can download the 2008 second quarter results press release, presentation and half year financial report 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 earnings press release, slide presentation and half year financial report. Also, a replay of today's call will be available on our website approximately two hours after the call ends.

I would now like to turn the conference call over to Olivier Dubois, CFO.

Olivier Dubois - *Technip - CFO*

Okay, thank you, Kimberley. So, I will present you the second quarter 2008 Group financial highlights. So, starting with the Group revenue for the second quarter, it was EUR1,824m, essentially flat year on year.

Excluding exchange rates from foreign exchange impact revenue, increased by 6% over last year. The negative change impact of EUR134m on Group revenue was primarily due to the 16% year on year depreciation of the US dollar and associated currencies. EBITDA from recurring activities was EUR195m, up 19% compared to last year. Or excluding foreign exchange and increase on 24%.

EBITDA margin for the second quarter '08 was 10.7% versus 8.9% a year ago.

Operating income from recurring activities was EUR158m, up 23%. Excluding foreign exchange impact operating income year over year was up 27%.

Operating margin from recurring activities continued to improve at 8.6% compared to 6.9% last year. Foreign exchange had a lower impact on the Group operating income than on the revenue due to lower profitability of some US dollar denominated contracts, such as the QatarGas projects.

Net income was up 29% at EUR103m.

Diluted earnings per share was EUR0.97 cents in the second quarter '08 an increase of 29% compared to one year ago.

During the second quarter '08 Technip's order intake was EUR1,408m, with a strong contribution of subsea at 47%.

Group order intake was down 16% compared to the same quarter a year ago while backlog as of June 30 amounted to EUR8,053m, down nearly 17% year on year. Subsea reached 43% of Group backlog at the end of June.

At the end of June '08 the net cash position of the Group decreased to EUR1,466m compared to EUR1,591m at the end of March. Or minus EUR125m during the second quarter '08.

Let's take a more detailed look at the subsea results for the second quarter '08. Revenue was nearly flat compared to a year ago at EUR603m. Revenue recognition on Agbami slipped while MA-D6 project provided good input. EBITDA margin reached an all time record of 24.8%. Good project execution remains the key driver for high profitability.

Operating income from recurring activities was EUR119m during second quarter, up 26% compared to last year.

Operating margin from recurring activities reached 19.7%, thanks to continuous good execution of projects and as part of the normal business a few projects were completed successfully. Subsea market remains dynamic resulting in a strong order intake of EUR658m. Backlog at the end of June was EUR3,499m, stable on the quarter.

Concerning the Offshore figures, revenue was EUR159m down 13% year on year as expected. On lower contribution from Akpo FPSO project in the second quarter '08, and completion of the Dalia FPSO project in June '07.

Operating income was flat compared to a year ago at EUR9m.

Operating margin increased from 4.9% to 5.6% as the Perdido SPAR project favorably contributed.

Order intake declined 60% for the second quarter '07. We had, I remember you, an order for the [Zakum] gas processing facility of around EUR100m. As a consequence, backlog slipped 20% year on year as no major EPC lumpsum contracts were awarded during the quarter. Also, a multitude of engineering contracts were signed.

Concerning the Onshore business segment, revenue was essentially flat at EUR1,062m as major EPC lumpsum contracts were executed.

Operating income was up almost 7% to EUR36m.

Operating margin continues to improve to 3.4% as our derisking strategy on new projects has started to produce results and large projects were properly executed according to financial objectives.

The financial income recorded as revenue declined dramatically for the Onshore segment at EUR3.2m in the second quarter '08 versus EUR19.1m in the second quarter '07.

Order intake declined by 18% year on year, yet essentially the decline was only 2% as no major EPC lumpsum contracts were awarded year to date. Yet, we have a strong workload in our engineering centers. Backlog at the end of June was down 38% year on year, or 11% compared to the end of the first quarter '08, negatively impacted by foreign exchange as most contracts are US dollar denominated.

The four gas LNG projects in Qatar weighted almost 11% of the Group backlog at the end of June '08. As already stated, Group revenues were relatively flat, EBITDA increased 90% and operating income from recurring activities rose by 23% compared to the same quarter a year ago. There was no income from activity disposal for the second quarter '08. Operating income increased 23%. Financial charges were EUR14m, including the EUR3.7m negative impact of foreign currency exchange rate variation and from IAS 32/39 on hedging instruments fair market value.

Financial income recorded as revenue was EUR7.7m versus EUR23.3m in the second quarter '07.

Income tax was EUR40m, giving an effective rate of 28% compared to 28.4% one year ago, in line with our target for the full year 2008.

Minority interest declined to EUR0.5m. This brings us to a net income which was up 29% at EUR103m, compared to the second quarter '07.

Moving now to balance sheet. There is no major change since December 31, '07, except the evolution of the cash and cash equivalent at EUR2,156m versus EUR2,402m at year end whereas financial debt was stable at EUR690m, of which EUR650m is for the bond maturing in May 2011.

Shareholders' equity was EUR2,287m compared to EUR2,197m as of December 31, '07.

Finally, concerning the net cash flow statement for the first half '08. At the end of June the net cash position decreased to EUR1,466m compared EUR1,704m as of December 31, 2007, or minus EUR238m. During the semester, cash generated from operations increased 31% to EUR269m compared to the same period a year ago. CapEx amounted to EUR148m of which EUR80m for the second quarter. Working capital contribution was minus EUR172m in line with the progress of our major projects. I remind you that a dividend of EUR1.20 per share was paid in May 2008 for a total amount of EUR125m. Project milestone payments amounted to EUR1,191m.

Finally, taking a closer look to the Subsea return on capital employed, at the end of June on an annualized basis we improved to 19% well above the 7% achieved in 2006 and 18% in 2007.

Thank you for your attention and I will now turn the conference call over to Thierry.

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you, Olivier. So, let's take a look at the second quarter operational highlights.

First of all, the Subsea business segment continues to perform very well, thanks to a good execution of projects and successful completion of a few projects. We had a high utilization rate of 82% in the second quarter. Our flexible pipe manufacturing plants continue to work at full capacity and on projects, offshore Nigeria the Agbami field project was slowed down by security events which occurred in the second quarter, but since then has resumed. Offshore India, the MA-D6 phase I project was successfully completed in June. And engineering work is progressing well. Procurement has started on PazFlor in Angola.

So, we enjoyed a very strong order intake of new contracts in the second quarter 2008. EPCI contracts for the Gjoa field in Norway, for StatoilHydro. Our joint venture with Subsea 7 in Asia, for installation and pipeline supply for the Ruby Surf field development offshore Vietnam. We have signed an agreement for a new pipelay vessel, a four year charter for Petrobras, in a joint venture 50/50 with DOF. We have signed the Entrada oil field development in Gulf of Mexico and the OYO project for Agip in Nigeria.

Now, not included in the second quarter order intake but, of a very significant importance, is the major frame agreement for subsea pipeline installations for Block-31 in Angola for BP, which we announced a couple of days ago. So, subsea backlog at this stage is fairly balanced portfolio with one large project, PazFlor, and many medium to small sized projects which are well distributed over all regions.

Now, let's move on to the Offshore business where major milestones have been achieved. First of all, the Perdido SPAR hull is currently in Texas and is being prepared for wet tow and hand over to Shell in the coming weeks.

The Akpo FPSO sailed away from Korea at the end of June and is expected in Nigeria this October. In Brazil the P-51 is nearing completion and P-56 engineering and procurement are progressing in line with plans.

Now, in our yard in Pori our diversification is advancing quickly and we have a lot of subcontract work and have been able to fill part of that yard in Finland.

Now, with regard to the mooring shackles issues that we communicated on previously, on the Tahiti spar project Technip and Chevron are continuing their discussions to resolve contractual differences. While on the other spar project the replacement of the shackles continues to progress according to plan.

So, although we have observed delays in project awards we did sign a large number of small contracts for a total of EUR67m, including in the order intake the Hywind project, which is going to be the first floating wind turbine development in Norway for StatoilHydro, as well as a contract with Nautilus for the world's first engineering contract for subsea mining offshore Papua New Guinea.

So, our Offshore backlog is mainly composed at this stage of engineering studies and accordingly our engineering centers will continue to have a very high workload and we expect that some of these studies will materialize into projects. We currently have ongoing negotiations for potential spar contract awards that we believe will be signed in 2009.

So, moving to our Onshore projects, the major projects onshore, discussions on the QatarGas III and IV projects are progressing between the client and Shell/Technip joint venture. And in Qatar the LNG and gas treatment projects are progressing according to plan. QatarGas II first train, train 4, should be delivered at the end of the summer.

The LNG project in Yemen is in line with plan. In Saudi Arabia the Khursaniyah field development has been delayed. But, yet this has no material financial impact for Technip. As for the Yansab project, most of the ethylene and propylene production plant system will be handed over in the second half of 2008.

In Canada the CNRL Horizon projects, hydrogen and upgrader, are nearing completion. Whereas in the United Arab Emirates, the delivery and installation of the first modules for OAG on Das Island are advancing according to schedule.

Other projects, the Dung Quat refinery, the Gdansk refinery in Poland, are progressing according to plan.

So, despite the slowdown in project awards several new contracts were signed for the onshore business during the second quarter 2008. An hydrogen plant in Romania for Petromedia refinery, an engineering and procurement lumpsum. Sulfuric acid unit for TIFERT in Tunisia, which is an EPC lumpsum in consortium with a company called Pireco in charge of construction. Fujairah water transmission system in the UAE, again EPC lumpsum in consortium with Dodsal, who is responsible for construction. And a biodiesel plant for Nestle Oil in Netherlands. So, our Onshore backlog saw in general an increase in service contracts.

Now taking a closer look at Technip backlog as an analysis of business segments and markets, balancing of the portfolio is progressing well. Subsea's share of the backlog had increased from 22% at the end of 2006 to 43% as of June 2008, and so the Technip's market stream continues to be fairly well balanced.

Same thing when we turn to backlog by region. Technip's backlog was heavily weighted in June 2007 with about, in the Middle East, with about 44% in the Middle East. Yet at the end of June 2008 the Middle East had counted for only 27%, because of a number of contracts that we have signed in other parts of the world, in particular, Europe, Russia, Central Asia, as well as America, is increasing.

Looking at the Technip CapEx status, major CapEx as of June 2008, so as you know, our current accounting method recognizes advancement according to payment. Yet, as you can see, on the slide for those of you who are looking at the slide, this is outpaced by the physical progress on three of the projects. Our new flexible plant in Malaysia, the PLSV for Brazil, and the Skandi Arctic for Norway, which are well ahead in terms of progress compared to payment.

And for the NPV, physical and payment progress are in line. So, if we look at the 2007/2010 investment program, 2007 CapEx was EUR262m, while as of June 2008, our CapEx amounted to only EUR148m. But our full year we have an estimate of about EUR400m. Therefore, our 2009/2010 CapEx is estimated between EUR650m and EUR750m, with a return on investment that assumes and should ensure, a minimum of 15% return on capital employed target.

Now, turning to M&A activities this quarter we acquired two small companies, Eurodim, which broadens our patent portfolio, particularly in the offshore and energy transfer technology. And EPG, which will strengthen our market position and expertise in the Benelux region.

Finally, our outlook for the full year 2008. We estimate that subsea revenue will be around EUR2.7b and expect a strong third and fourth quarter, particularly in the North Sea and also America. We believe that the combined offshore and Onshore revenue should be around EUR4.7b, consistent with our backlog scheduling. And hence we expect 2008 revenue to be approximately EUR7.4b.

We have revised upward our Subsea operating margin to above 18%, while we maintain our combined Onshore/Offshore operating margin target at 3.8%, resulting in an overall Group margin of about 8%.

So, net cash situation at the end of 2008 should be between EUR1.1b to EUR1.3b. The decrease is due to decrease in large project contribution. The fact that we paid EUR125m dividend payment in May and the CapEx of around EUR400m for the full year of 2008.

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

QUESTIONS AND ANSWERS

Operator

Ladies and gentlemen, at this time we will begin the question and answer session. (OPERATOR INSTRUCTIONS).

The first question comes from Mr. Jean-Luc Romain from CIC Securities. Sir, please go ahead.

Jean-Luc Romain - *CIC Securities - Analyst*

Good morning, I have two questions. One with regard to the Subsea segment. You mentioned that some, mostly it was a good utilization of projects and there was favorable conditions for the achievement of some projects. I was wondering if it was Egypt under the old contracts which have been problematic.

My second question is on the contracts which you announced just a couple of days ago, in North Africa. Is that -- you didn't mention the client -- is that a coincidence that BP announced that it had launched the Block-31 development at the same time?

Thierry Pilenko - *Technip - Chairman and CEO*

Okay, two good questions. Thank you very much. First of all, on the first question, the revenue and profit from the subsea does not include anything exceptional from the Egypt project. So, this is coming from current and finalized projects in this period. So there was nothing related to the Egypt project which we talked about in the previous quarters. So, it is, I would say, business as usual in a good quarter, which has seen good execution, with a small caveat on the fact that Agbami has been slightly delayed because of the unrest in Nigeria. But, nothing exceptional from the Egypt side.

As far as the contract which we announced two days ago, two days we effectively issued a press release, which was generic, because at that stage we could not mention the customer and the country. Since then we are in a position to mention customer and country and, yes, it is Block-31. I think the company that has been awarded contracts on this block have been communicating on that as well. So, yes, it is the first contract for Technip on Block-31 and the amount corresponds to the first call of projects that we can see.

I remind you that this is a program award. So it's a multiyear award, and what we have announced so far is what we see in the first call off services.

Jean-Luc Romain - *CIC Securities - Analyst*

Just a follow up if I may. First you announced of EUR300m concerns four discoveries which are going to be developed. There are 15 discoveries in that block. How many different projects, as far as you know, does BP intend to develop? How many, I mean, for instance, FPSOs do they plan to put on this block?

Thierry Pilenko - *Technip - Chairman and CEO*

You know, I think this is the type of question that you should be asking BP and [SunAngola], because I would say the good news for those of us who have been awarded these programs is that for, I think, the first time in Angola we don't see awards project by project, or field by field. But we see a program, which gives the contractors long term visibility and gives our customer, BP the operator and SunAngola obviously, assurance that assets that are needed to either manufacture the equipment or install the equipment, that these assets are secured over a long period of time for multiple projects. But I do imagine that some of these projects will evolve and could be rescheduled in the next few years. So, I cannot tell you which ones are going to be done first. I think it's more of a question for our client here.

Jean-Luc Romain - *CIC Securities - Analyst*

Okay. Thank you very much.

Operator

Mr. Mick Pickup from Lehman Brothers. Please go ahead with your question.

Mick Pickup - *Lehman Brothers - Analyst*

Good morning, guys and Kimberley. Just a quick question on your Onshore backlog. If I'm looking at the amount to be executed in year end plus one, as you describe it, obviously, it's down quite sharply. Just wondering at this stage of the year how confident you are that you're going to show any form of growth in onshore next year. I seem to remember back October when you gave us a guidance which was brave out until 2010, we had a steady progression in onshore. I'm just wondering how much that is at risk at this stage of the year? Thanks.

Thierry Pilenko - *Technip - Chairman and CEO*

Good question, Mick. And I would say our 2009 revenue will depend upon the award of a few large projects that could happen at the end of 2008. Some of these projects have been postponed.

I'll just take one example. LNG Train 7, which we expected to be awarded in 2008 has been postponed. That would be a significant contract for us and our partners. In the third quarter, when we communicate our third quarter, I think we'll have much more visibility on what contracts are going to be signed in Q4 2008 and first quarter of 2009, to estimate the potential impact on our Onshore business. What I'd like to say is that the contracts that we are signing today, although they are generally of a much smaller size than the big giants that we have been signing in the past, those contracts should reach the level of margin that we had put in our strategic plan in October.

Mick Pickup - *Lehman Brothers - Analyst*

Can I just come back on that then, Thierry? Clearly, you've given a guidance for your cash level at year end. Is the confidence in your cash level a result of those big contracts coming through on a non-lumpsum or a derisked lumpsum basis. Because clearly you've got a cash level at year end, you've got an idea of what contracts are coming in on a lumpsum basis?

Thierry Pilenko - *Technip - Chairman and CEO*

I'll let Olivier answer, but you know our cash position at year end does not depend only upon these large contracts. As you can see the Offshore accumulated significant cash coming from the Subsea business as well. But, I'll let Olivier answer this question.

Olivier Dubois - *Technip - CFO*

Yes, good morning, Mick. The forecast that we disclosed for the net cash position at year end assume that we had no major impact in terms of cash income from the large projects that could be awarded at year end, or early 2009.

Mick Pickup - *Lehman Brothers - Analyst*

Okay, thanks Olivier. Cheers.

Operator

Mrs. Dominique Patry from Cheuvreux. Please go ahead with your question.

Dominique Patry - *Cheuvreux - Analyst*

Yes. Good morning. I'd just like to come back on the slowdown in terms of awards in the Onshore division. Just would like to know what type of margin we could expect from the new contracts you are currently signing in, which are essentially engineering contracts, thereby much less risky. Could you maybe give us a bit more color on the margin we could expect on those less risky projects? If we were in a position where, let's say by year end, you would not have any major big awards, is it clear enough?

Thierry Pilenko - *Technip - Chairman and CEO*

Yes. The question is clear enough. I would say that first of all the contracts that we are signing today are not all just engineering contracts. Some of them are engineering and procurement. Some of them are engineering, procurement, construction, where the construction portion is being executed by a construction partner with the construction risk on the partner. So, it is a mix. But we do sign smaller contracts than the very large contracts before.

Now, in terms of margin percentage we should be able, we will be able, to achieve what we announced in October.

Dominique Patry - *Cheuvreux - Analyst*

Okay. And then following up maybe on the offshore division. Given the fact that in this division to you have been affected by some delays in the award of contracts. You have mentioned that you are quite confident about the prospects for spars in 2009. Could you maybe give us a bit more color onto the other prospects we could expect for this division, on top of spar, maybe? Thanks.

Thierry Pilenko - *Technip - Chairman and CEO*

Well, I think there will be -- there are a number of projects we are working on at the moment. They certainly include a fairly large number of spars, most of them being for the Gulf of Mexico. And I think the next few years for our Pori shipyard should be pretty busy.

We expect continuous activity in Brazil and where the P-50s will -- so P-56 and there will be discussion about P-55, and then FPSOs you know for Brazil, but maybe in a slightly different way of building them. Or, for the West Africa market. So, that's what we foresee. But, we also have a number of smaller contracts for platforms and, hopefully, also the floating turbines for wind power could be a market for us next year.

Dominique Patry - *Cheuvreux - Analyst*

Okay, thank you.

Operator

Mr. Christian Airey from Deutsche Bank. Please go ahead with your questions.

Christian Airey - *Deutsche Bank - Analyst*

Good morning, gentlemen. Three questions if I may. The first is regarding the Offshore margin which was exceptional this quarter. What I'm trying to gauge is to what extent has that been boosted, if you could call it that, by strong pricing on your Flexible Pipe business. Underlying that -- what I'm trying to get to is what is the underlying margin that reflects the execution and not necessarily better pricing on your product, which may be more volatile.

The second question is regarding the mix of cost plus versus lumpsum in both types of business. Maybe if you could put some more color onto what you're trying to achieve in that balance.

And then, perhaps, more specifically within the cost plus element, how much of that is related to key performance indicator type contracts, which could put outside pressure on your margins going forward? Those are the questions, thanks.

Thierry Pilenko - *Technip - Chairman and CEO*

Unfortunately, this was not very good. The audio was not very good from our side. But, I'll answer your first question about the Subsea. And I'll ask you to repeat the questions about cost plus and the rest because I could not hear the second question.

About the Subsea business this quarter was not weighted more towards products or projects or installation projects. I would say it was a normal quarter in terms of mix. But we continue to see a good execution. I think we've been able to in some projects to better eliminate the risk, or not have the risk being realized during the installation. So, it's a mix of obviously good prices, but also good execution. There is no significant difference in terms of the output from our factories or prices from the factory. We are still on a very positive trend and, as you see, we have a second half of the year that should be pretty strong, and we have upgraded our guidance to a margin which is going to be above 18%.

But, I do believe, and I continue to believe, that the key to profitability in this business is first and foremost good executions, vessels on time, no incidents, less days than expected to execute the projects, and so forth.

Christian Airey - *Deutsche Bank - Analyst*

The second question was regarding the mix of cost plus versus lumpsum. First of all, what sort of balance are you trying to achieve between the two within the Offshore, and then separately within the Onshore. And then secondly, more specifically within the cost plus mix can you put some color as to how much of that is key performance indicator related, which could offer outside pressure on your margins if you actually achieve those milestones?

Thierry Pilenko - *Technip - Chairman and CEO*

I'm not sure I can answer the second question about how many have incentives, because -- I don't have the number here and this is not how we monitor our business today.

Now, in terms of the mix, I think what we have been saying all along is that we want to have less lumpsum turnkey with significant exposure in construction. It doesn't mean that we don't take lumpsum turnkey to our lumpsum projects in engineering and procurement. In fact, some of the projects we've been taking are engineering and procurement projects. Though if you want, they represent some upside if we execute well, particularly on the procurement side.

Now, we have not set an ideal target for the large contract, lumpsum turnkey contracts, versus the rest. For a very good reason is that the granularity of our business is such that we would rather look at what are the large projects where we believe we can win and we can execute profitably. So, it's more selecting projects, of all sizes, but selecting projects on which we believe we are going to be delivering margin.

For example, we believe we are well positioned on train 7. I told you that a work has been delayed, but that's the type of environment where we believe we can deliver and profitably. So there is no specific target. It is just on a project by project basis.

But said we wanted to reduce the lumpsum term exposure, particularly there was a significant construction exposure and this is what we have been doing over the past year.

Christian Airey - *Deutsche Bank - Analyst*

Just one follow up question if I may. In terms of the Offshore business and business in more specifically West Africa and the fact that you are receiving products of the nature is far more programmed based, what risk is that? Are you seeing the risk of Asian contractors coming in and potentially offering lower price and threatening the structure of market out there? Or is that something that you're not worried about?

Thierry Pilenko The program projects that we are talking about are mostly related to, for us, to the Subsea business. I don't think there is a program award for multi [players] and things like that. It's clearly about services and construction and so -- and if you look at who is getting the awards and given the technical challenges and the operational challenges in Angola in particular, I don't see the major operators taking the risk of inviting unknown, even cheap competitors from Asia. Because those don't meet the technical criteria that are required -- the technical and operational criteria that are required for these types of projects.

They are big projects and they are multiple projects which require a lot of logistics and engineering. So I am not concerned about the competition coming from Asia for the Subsea business in West Africa.

Now from Asia we will see competition for the FPSO business. That's clear. We have already seen it in Nigeria.

Christian Airey - *Deutsche Bank - Analyst*

Brilliant. Thank you very much.

Operator

Mr. David Phillips of HSBC please go ahead with your question.

David Phillips - *HSBC - Analyst*

Thank you. Hi I've got a couple of questions both on the Subsea side. Firstly in terms of margins, and looking at product pricing in particular for the flexible and umbilical, do you see any room for margin improvement over the next couple of years or are your pricing -- is the pricing traction you're getting just really passing for the raw material costs?

And for the whole of the Subsea business, when do you plan, I think you talked before about maybe later this year, updating us on new long term margin target for that business. Is that still the case?

And secondly, I guess you might not be able to give too many details here, but looking at the M&A possibilities in Subsea, there have obviously been a few signs of a minor scramble for some of the mid-sized players like Deep Ocean and a lot of activity around people like DOF and the rest of it. Can you talk about some of your thoughts in terms of the types of deals you would like to look at all things being equal? Do you think you'd like to be more present in deep water flexibles, or maybe more a heavy duty pipe lay type business, or do you want to have more of a presence in iron ore and oil intervention? Thank you.

Thierry Pilenko - *Technip - Chairman and CEO*

Okay, well lots of questions. First of all on the product pricing, I think pricing improvement will depend very much on the capacity that's coming in on the demand. And at this stage I would say we should not expect too much of an increase on product pricing, but as I said before the margin in Subsea may improve, or will improve based on good project execution and less risk in projects.

So now in terms of margins for the long-term, we had given in October a guidance that as you can see today was pretty conservative because we thought we would achieve 16% in 2010 and we now already at 18% today and above. It's a bit early to give an update about 2009/2010. But the market remains strong and as you saw, we now have a longer backlog, probably the longest ever backlog based on the recent awards. And I think in the current market this is a good position. This is a good position to be in.

As far as M&A is concerned, we obviously don't want to be specific here, but the Subsea business is a business that could consolidate. And obviously if there are opportunities for consolidation in that business we would be looking at it.

David Phillips - *HSBC - Analyst*

Okay, thanks. Just following up on that last question, that you couldn't, I obviously don't expect you to come out with any names, but just an idea of the type of business you look at. I know price is always a factor with these things as well, but whether you would like to form the largest flexible fleet in the world by a long, long margin, or whether you would like to look at adding some sort of mid range boats that could help you in more of a support role.

Thierry Pilenko - *Technip - Chairman and CEO*

I wouldn't be specific there. That would depend on the opportunity. The key would be the quality of the people and the technological concept.

David Phillips - *HSBC - Analyst*

Okay, thank you.

Operator

Mr. Thomas Dietz from ABN Amro, please go ahead.

Thomas Dietz - *ABN Amro - Analyst*

Yes hi gentlemen and Kimberley. Congratulations on the results. Just a few follow ups. Most of my questions have been answered -- asked already. But on Subsea, just on the last question I'd like to follow up on that. The guidance revision is obviously from increased pricing and then good project execution as you mentioned. But do we have an exceptionally high number of project completions in the second half? That's the first question.

Second question is whether you could give us an idea of the impact that the situation in Nigeria had on Agbami in the second quarter, and then also give us a reason why the Khursaniyah project in Saudi Arabia was delayed and how you expect that to proceed in the future? Thank you.

Thierry Pilenko - *Technip - Chairman and CEO*

Okay three good questions. There is not an exceptionally high number of projects being completed in the second quarter. Again, you know we work on a number of short term, medium term and long term projects and I would say it was pretty much business as usual.

As far as Agbami is concerned, basically because of the incidents that everybody has heard about on the Bonga platform we lost several weeks of operation to make sure that we had the right security systems in plays based on the new event and the new situation, and the impact is around, in terms of revenue is around EUR50m.

Thomas Dietz - *ABN Amro - Analyst*

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Thierry Pilenko - *Technip - Chairman and CEO*

Yes. And now -- but again this is not loss revenue. It's delayed revenue.

Now as for as Khursaniyah is concerned, I cannot make too many comments about the overall project because some of the delays are not directly related to what -- to the Technip scope of work. There are many contractors working on many aspects of the Khursaniyah drop net, and we have all the contingencies in place to make sure that we deliver according to our contractual requirements and commitments. But I would not make any comment about the overall delays in the development of Khursaniyah because first of all that's beyond our responsibility and it is something that should be discussed with our customers and not with the contractor who has only one part of the plant.

Thomas Dietz - *ABN Amro - Analyst*

Okay, thank you very much.

Operator

Mrs. Katherine Tonks from Credit Suisse please go ahead with your question.

Katherine Tonks - *Credit Suisse - Analyst*

Good morning. Could I be a bit boring on this Subsea margin and come back to that and just very specifically ask Q3 has historically been the peak, so higher margins in Q2. Is there any reason why that won't be repeated this year?

And then a small question on corporate cost. Can you give us some guidance for the full year?

Thierry Pilenko - *Technip - Chairman and CEO*

On corporate costs did you say?

Katherine Tonks - *Credit Suisse - Analyst*

Yes.

Thierry Pilenko - *Technip - Chairman and CEO*

Okay. Could a high margin quarter be repeated in the future? Of course. But you know I think we are working on many. many contracts which are, some of them are being finalized in one quarter, some of them are being finalized in the next quarter, some of them we have to wait for a few months because -- before we can fully estimate usage of contingencies and so forth. So I'd rather look at what we did in the first half and what we think we're going to be doing in the second half with significantly higher profit -- not profitability, significantly higher revenue in the second half because of better utilization in the North Sea. So that's all I'd say at this stage.

We expect that for the full year we will be about 18% but you know it's probably better to look at trends over a six month period because of the seasonality and particularly because of the impact of the good season in the second half of the year in the North Sea.

The other question about costs.

Olivier Dubois - *Technip - CFO*

Yes good morning Catherine, Olivier Dubois speaking. Concerning the corporate cost for the full year, we will have probably I would say some running costs, net running costs it should be for the full year in the range of let's say EUR20m, EUR25m. As you've seen for the first half it was minus EUR10m so it could be between EUR20m and EUR25m for the full year, but in addition of that we'll have to take into consideration the charges that we have to compute based on the attributions of stock options and performance shares which have been granted by the Board of Directors July 1, so we will have an impact during the second quarter and we are currently assisting the impact. We believe it will depend on the assumption that we retain in terms of turnover and in term of performance because they are based on the performance, but we believe that the charge for the second half could be in the range of EUR20m.

Katherine Tonks - *Credit Suisse - Analyst*

Thank you.

Operator

Mr. Mark Gerrard from Morgan Stanley. Please go ahead with your question.

Martijn Rats - *Morgan Stanley - Analyst*

Hello it's Martijn Rats here at Morgan Stanley. It's just a very small question about the Subsea again actually. Some of your competitors are concerned about additional tonnage coming to this market and I was wondering what your view on this particular issue was.

In this context specifically I'd be interested in your future plans for the Apache which seems to be getting long in the tooth a little bit and perhaps you might consider either scraping it or refurbishing it, or replacing it. Can you give us a picture of your view on that, in general and on the Apache specifically?

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you Martijn. No we are not going to give you a specific view on the Apache. Yes the Apache she is getting long in the tooth but we certainly have to put a plan together. But whether we're going to look at the life extension or replacement and no decision has been made yet and when it's appropriate we'll communicate about that plan, specific plan for the Apache. But certainly she has been a good vessel, very useful for certain types of operations at depths that are not too deep and therefore this is something -- this is an asset to have, it is important in our fleet, so we will have to think about the replacement.

Subsea -- I've forgot the first question. I'm sorry.

Martijn Rats - *Morgan Stanley - Analyst*

Well the first question was very much what your view was in general about deployments in the vessel markets for Subsea installation.

Thierry Pilenko - *Technip - Chairman and CEO*

So yes we are seeing assets coming into the market. I think there is still a little bit of an unknown about the overall market because we don't know yet what is going to be the impact of the Brazil development. The full impact of Brazil development. We are now making a request for assets for the long term development of Brazil. As you know Brazil is securing very, very quickly a very large plate of drilling rigs, so this has been the first priority and with the ability to drill those new discoveries, and we are talking about tens of units, drilling units being secured, I expect that at some stage they will be similar requests for construction vessel, diving support and installation vessels. It's a little bit too early to say, but a big part of the capacity maybe of the extra capacity maybe be absorbed by Brazil.

Now as the vessels come out and as they are assigned to specific regions we may see a little bit of pressure on a project by project basis for when the vessels are being awarded the first projects. But at this stage we don't see an overall pressure in the market with these new entrants.

For the very good reason that they are not coming all at the same time, but they are coming over time, some of them are delayed and are I think overall the world will have also to look at the replacement of, or the retirement of the older vessels as you mentioned before.

Martijn Rats - *Morgan Stanley - Analyst*

Okay thank you that's very helpful.

Operator

Mr. Alan Warren from Simmons. Please go ahead with your question.

Alan Warren - *Simmons - Analyst*

Yes hi guys. Just one quick follow up on the program style development and the framework style contract. Can I just get some idea of what scope you think this can get, how common this can be? Is it limited just to West Africa? Are there a number of clients who'd be interested in this kind of approach?

Thierry Pilenko - *Technip - Chairman and CEO*

Very interesting question. I think this is a first. It took some time to put in place this type of approach. These programs have different scopes and different type of assets. So I give you an example. The one that has been awarded to Technip to be very simple is mostly deep blue type work. Rigid pipe, drilled rigid pipe installation basically. And it's going to be on several fields as I said before.

We expect that in the next few weeks we will see other types of programs being awarded and I do believe that other customers in Angola will want to implement similar programs because this is a very effective way of securing assets for the long term. Assets and people for the long term.

Alan Warren - *Simmons - Analyst*

Okay thank you very much.

Operator

Mr. Chris Walden from LCM Research please go ahead.

Chris Walden - *LCM Research - Analyst*

Thank you. Just wanted to come back on the question regarding the corporate segment. If I'm looking at your guidance, you are saying you've earned 18% on EUR2.7b and 3.8% on EUR4.7b. If you combine those that comes up to 9%. And then if I understood correctly on the corporate segment you're expecting, I know there's an estimate, but 25 -- 20 to 25 normal plus maybe 20 to 25 for stock option expenses, let's say 50. If I add that and track it down to a group margin of 8.5% and you're guiding at 8%. What am I missing?

Olivier Dubois - *Technip - CFO*

First we don't know precisely today what could be the final charges that we will be recognized during the second half on the stock options and performance shares.

And the second element, we have guided not at 8%. We have guided at around 8% at the Group level.

Chris Walden - *LCM Research - Analyst*

Okay then a follow up on the Agbami slippage, delayed revenue which I guess the estimate was EUR50m, was there any delayed operating income associated with that or was it all on the top line.

Olivier Dubois - *Technip - CFO*

It's delayed on the revenue and delayed on operating income.

Chris Walden - *LCM Research - Analyst*

Okay, thank you very much.

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you.

Olivier Dubois - *Technip - CFO*

Thank you Chris.

Operator

We only have time for one more question. Mr. Alejandro Demichelis from Merrill Lynch please go ahead.

Alejandro Demichelis - *Merrill Lynch - Analyst*

Yes good morning gentlemen. Just two small questions if I may.

The first one is you mentioned some large projects in the Onshore business. And given that we see some large projects coming out of Saudi mainly on a fixed price basis, would you be prepared to take those as a lumpsum type of contract?

And the second question is you were mentioning some other program type of development coming out of West Africa. Is there a need for another type of deep blue vessel there?

Thierry Pilenko - *Technip - Chairman and CEO*

Two good questions. Yes Saudi is issuing lumpsum key programs but for certain developments, but in a very large number of packages in general. I understand that on one of their refineries they have up to 13 packages for the refineries. So if we believe that we have the right set up and the right alignment with construction subcontractors with the right resources, we may take some of these smaller packages on a lumpsum turnkey basis. We continue to believe and we will continue to push for a converted lumpsum which is something that we have been doing quite successfully on Khursaniyah.

As far as the program development, we will see other types of program development in the next few weeks in West Africa.

Oh yes the deep blue type of operation, no. I think the other program development will be more around procurement of flexible and umbilical. Sorry. I didn't get the entire question. Yes. So I think one deep blue at this stage is probably enough. But if Angola develops itself beyond what is planned today, then there will be a need for additional vessels of this type.

Alejandro Demichelis - *Merrill Lynch - Analyst*

Okay, thank you.

Thierry Pilenko - *Technip - Chairman and CEO*

Thank you.

So thank you ladies and gentlemen. Thank you very much for taking part in our conference call today. Just wanted to give you a brief recap about the work that we did so far in 2008 and how we see it coming along.

So first of all, we have had a first half with the Group revenue stable year on year, and an EBITDA margin of 19.2% and operating margin of 8.1%. We have a solid performance for the first part in the Subsea segment. EBITDA margin nearly 24% and operating margin almost 19%.

Offshore and Onshore combined margin of 3.5% in the first half is on track for the full year objective at 3.8%.

As I said, we expect a significant increase in activity in the second half 2008 in the Subsea business, and you've seen the award of Block 31 and other awards which are expected soon are extending our backlog and visibility in this segment.

We noted that we have some delays in project awards in offshore and onshore segments but the workload of our Engineering Centres continues to be very high and we expect that some of these studies will result in projects to be awarded by the end of this year or in the first half of 2009.

So although the market remains buoyant and particularly for gas and unconventional oil projects. So thank you very much again for attending the conference call today and have a good day.

Kimberley Stewart - *Technip - 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 IR Team or myself should you have any questions or require additional information.

Once again thank you for your participation. And please enjoy the rest of your day.

Operator

Thank you for your participation in today's results conference call. We would like to clarify that a replay of this call will be available within the next two hours. The replay will be on our website www.technip.com in the Investor Relations section, or by dialing 00 33 1 72 28 0149 or by dialing the 00 44 207 075 3214 using the confirmation code 223325#. Or by dialing 00 1 866 828 2261. This replay will be available for two weeks. Thank you and goodbye. You may now disconnect.