U.K. Annual Report and IFRS Financial Statements

for the year ended December 31, 2019

This U.K. Annual Report and IFRS Financial Statements of TechnipFMC plc ("**TechnipFMC**," the "**Company**," "**we**," or "**our**") comprises the Strategic Report, Directors' Report, Corporate Governance Report, Directors' Remuneration Report, and the TechnipFMC plc consolidated IFRS financial statements contained herein ("**U.K. Annual Report**").

This U.K. Annual Report has been prepared in accordance with the reporting requirements of the U.K. Companies Act 2006 and the U.K. Financial Conduct Authority's Disclosure Guidance and Transparency Rules. It has been submitted to the U.K. National Storage Mechanism and is available for inspection at ***www.morningstar.co.uk/uk/nsm*** and will be included in the materials for the 2020 annual general meeting of shareholders to be held on April 24, 2020 (the "**2020 Annual Meeting**").

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Strategic Report

March 13, 2020

Dear Shareholders,

TechnipFMC has enjoyed another exceptional year of success. Against a dynamic landscape, we continue to **enhance the performance of the world's energy industry**, driving change and innovation while growing our integrated business model and expanding backlog across our portfolio.

We constantly adapt to ensure our market leadership. During 2019, we announced that we will reshape our future by transitioning into two diversified pure-play companies with the spin-off of our Onshore/Offshore segment (including Genesis, Loading Systems and Cybernetix) to create Technip Energies. We are on target for the completion of this transaction in the second quarter of 2020.

None of this would be possible without the talent, dedication and hard work of the 37,000 women and men of TechnipFMC. They make us the very best we can be and put our **Foundational Beliefs** of safety, integrity, quality, respect and sustainability into action. I am proud of our people for the steadfast commitment and real progress achieved in our sustainability efforts towards the communities in which we live and work, diversity, and the environment.

Our achievements in 2019

We maintain a leadership position within the industry by promoting excellence, creating value, seeking new and pioneering technologies, and delivering for our clients, despite market and economic volatility.

We experienced significant growth during 2019 supported by an unprecedented level of inbound orders of $22.7 billion, a 59% increase. As a result, we have built a robust backlog at $24.3 billion, an increase of 67% compared to 2018, with more than half of those projects scheduled for execution beyond 2020. Total revenue exceeded $13 billion, supported by a higher activity across all segments, representing 7% growth compared to the previous year.

In **Subsea**, our full-year inbound was $8 billion, a 50% increase over 2018 which is the highest for the Company in more than a decade and more than double that recorded across the industry. Full-year revenue in this segment increased by 13% over 2018 and in Subsea Services by 15%. Our iEPCI™ integrated model showed significant strength, with award value more than doubling compared to earlier years and accounting for more than 40% of total inbound orders. During the year, we won 13 iEPCI™ awards, including the Mozambique LNG Subsea project, which is our largest integrated subsea project to date. Other wins included Atlantis Phase 3 and Perdido Phase 2 in the Gulf of Mexico, the Pyxis and Xena fields in Australia, TOR II in the Norwegian North Sea, and we signed a deepwater strategic collaboration agreement with Allseas. Our iEPCI™ offering is now the model of choice for most of our clients.

Onshore/Offshore orders grew by nearly 80% over 2018, driven by more than $8 billion in LNG awards. Projects included the Arctic LNG 2 contract from Novatek, which builds upon our success with Yamal LNG. We were also part of the winning consortium on ExxonMobil's Rovuma LNG. We also continued to build our portfolio of sustainable, proprietary technologies to further enhance our role in energy transition.

Surface Technologies delivered a 2% revenue increase compared to the prior year. International business accounts for more than half of revenue. This strong growth more than offset the steep decline in North America. Our five-year frame agreement with Chevron continues to offer us continuity and opportunity. We are optimizing our services and operating geographies and continue to transform our North America business by working with our customers to further drive operational efficiencies, optimize the worksite footprint, and lower greenhouse emissions.

During 2019, we continued to capitalize on our strengths. We are in a strong and confident position to embark on the transformational changes we plan for 2020 and beyond.

Sustainability

Sustainability is one of our Foundational Beliefs. It is at the center of everything we do and is a key element in our long-term success. We have a corporate responsibility to make a lasting and positive impact on our planet, our people, and the communities we serve.

We focus our sustainability efforts under three key pillars:

- **Supporting Communities** through active engagement in health, education, and local employment. We increased our participation in community initiatives from 245 in 27 countries in 2018 to 346 in 33 countries, with our employees growing their voluntary hours from 10,000 to 26,500 through our new global iVolunteer program. We also increased our Science, Technology, Engineering, and Mathematics (STEM) promotion from 14 initiatives in eight countries in 2018 to 58 initiatives in 17 countries last year.
- **Advancing Gender Diversity**. We create an environment that encourages everyone to reach their full potential. In 2018, we reviewed 100% of our job functions to ensure pay equity, and in 2019, we completed all necessary salary adjustments based on such review. We will continue to review our gender pay equity every three years. In 2019, to foster a diverse and inclusive culture, we launched an e-learning module to raise awareness of our differences and help our employees improve and continue to ensure gender advancement and diversity in our succession planning.
- **Respecting the Environment**. We aim to reduce our carbon footprint and impact on the planet through innovative and sustainable solutions. Our total greenhouse gas emissions decreased in 2019 by 27% compared to the previous year, mainly linked to the closure of important engineering, procurement, and construction projects. At the same time, we launched a comprehensive Carbon Footprint Training Program implemented by the Company's HSE department for all business levels and projects.

During 2019, we reaffirmed our support for the Ten Principles of the United Nations (UN) Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption. TechnipFMC is also a proud member of Building Responsibly – an industry-led collaborative initiative enabling construction and engineering companies to collaborate around their shared values, advance their compliance programs, and agree on common approaches regarding worker welfare and human rights.

Looking forward

There is no doubt that 2020 will be an exciting and transformational year for TechnipFMC. We start from a strong position across all our segments and are well placed to grow during the years ahead.

In Subsea, we will continue **leading** the industry. We anticipate ongoing momentum in activity for small to mid-sized brownfield projects and a continued healthy outlook for greenfield activity. Emerging markets such as Guyana and Mozambique and strengthening activity in markets such as Brazil will be important to us. We expect double-digit growth in subsea services to continue, driven in part by digital monitoring, well intervention, and asset refurbishment activities.

Onshore/Offshore will **transition** to Technip Energies during 2020. We remain confident that additional LNG projects will be sanctioned in the near-to-intermediate term. The growth outlook for long-term demand requires additional capacity, and natural gas will be critical during the global energy transition. Beyond LNG, we continue to selectively pursue refining, petrochemical, and biofuel project opportunities in Europe, the Middle East, Asia, and North America, particularly where we can benefit from early engagement or leverage our process technology portfolio.

The focus for Surface Technologies is **transforming**. While we anticipate double-digit revenue growth outside North America supported by our leading technologies and market positions, we anticipate further declines in North America through the first half of 2020. Despite the market volatility, we will continue to invest in our people, in solutions – such as iProduction – that enable oil and gas producers to reduce cost and carbon intensity, and in local product and service capabilities.

I firmly believe that, in a time of exciting change for our industry, our long-term strategy of relentless focus on value, innovation, and excellence will sustain TechnipFMC in its strong, industry-leading position.

We all look forward to delivering for you in the year ahead and beyond.

Douglas J. Pferdehirt

Chairman and Chief Executive Officer ("CEO")

Company Overview

TechnipFMC plc, a public limited company incorporated and organized under the laws of England and Wales, with registered number 09909709, and with registered office at One St. Paul's Churchyard, London EC4M 8AP, United Kingdom ("**TechnipFMC**", the "**Company**," "**we**," or "**our**") is a global energy service company with a portfolio of solutions for the production and transformation of hydrocarbons and renewable energy sources. These solutions range from discreet products and services to fully integrated solutions based on proprietary technologies, with a clear focus to deliver greater efficiency across project lifecycles from concept to delivery and beyond.

We have operational headquarters in Paris, France and Houston, Texas, United States. We operate across three business segments: Subsea, Onshore/Offshore, and Surface Technologies. Through these segments, we are levered to the three energy growth areas of unconventionals, liquefied natural gas ("**LNG**"), and deepwater developments.

We have a unique and comprehensive set of capabilities to serve the oil and gas industry. With our proprietary technologies and production systems, integration expertise, and comprehensive solutions, we are transforming our clients' project economics.

Enhancement of the Company's performance and competitiveness is a key component of this strategy that is achieved through technology and innovation differentiation, seamless execution, and reliance on simplification to drive costs down. We are targeting profitable and sustainable growth by seizing market growth opportunities and expanding our range of services, and we are managing our assets efficiently to ensure that we are well-prepared to drive and benefit from the opportunities we are experiencing in many of the segments we serve.

Each of our more than 37,000 employees is driven by a steadfast commitment to clients and a culture of purposeful innovation, challenging industry conventions, and finding new and better ways of working to unlock possibilities. This leads to fresh thinking, streamlined decisions, and smarter results, enabling us to achieve our vision of enhancing the performance of the world's energy industry.

History

In March 2015, FMC Technologies, Inc., a U.S. Delaware corporation ("**FMC Technologies**"), and Technip S.A., a French société anonyme ("**Technip**"), signed an agreement to form an exclusive alliance and to launch Forsys Subsea, a 50/50 joint venture, that would unite the subsea skills and capabilities of two industry leaders. This alliance, which became operational on June 1, 2015, was established to identify new and innovative approaches to the design, delivery, and maintenance of subsea fields.

Forsys Subsea brought the industry's most talented subsea professionals together early in operators' project concept phase with the technical capabilities to design and integrate products, systems, and installation to significantly reduce the cost of subsea field development and enhance overall project economics.

Based on the success of the Forsys Subsea joint venture and its innovative approach to integrated solutions, Technip and FMC Technologies announced in May 2016 that the companies would combine through a merger of equals to create a global subsea leader, TechnipFMC, that would drive change by redefining the production of oil and gas. The business combination was completed on January 16, 2017 (the "**Merger**"), and on January 17, 2017, TechnipFMC began operating as a unified, combined company trading on the New York Stock Exchange ("**NYSE**") and on the Euronext Paris Stock Exchange ("**Euronext Paris**") under the symbol "FTI."

In 2017, our first year as a merged company, TechnipFMC secured several project awards as many operators moved forward with final investment decisions for major onshore projects and subsea developments. Several of the subsea awards incorporated the use of our integrated approach to project delivery, validating our unique business model aimed at lowering project costs and accelerating the delivery of initial hydrocarbon production. This was made possible by bringing together the complimentary subsea work scopes of the merged companies.

In 2018, TechnipFMC delivered the industry's first three full-cycle, integrated projects and realized considerable growth in Subsea order inbound, driven in part by its unique integrated offering, iEPCI™ ("**iEPCI**"). For all of 2019, the value of integrated subsea awards to TechnipFMC more than doubled versus the prior year, representing more than 50% of all Subsea project order inbound. The increase was driven by a wider adoption of the integrated business model, particularly with those clients where we have unique alliances. With the industry's most comprehensive and only truly integrated subsea market offering, we have continued to expand the deepwater opportunity set for our customers.

TechnipFMC's expertise does not end with the production of hydrocarbons. Because of its best in class Engineering and Construction ("**E&C**") project design and execution capabilities, enabled by a portfolio of proprietary technologies, TechnipFMC continues to secure and deliver projects that further enable our clients to monetize resources – from liquefaction of gas, both onshore and on floating vessels, through refining and product facilities and with green chemistry and renewables.

On August 26, 2019, the Company announced that it will separate into two diversified pure-play market leaders – TechnipFMC, focused on subsea and surface hydrocarbon production, and Technip Energies, focused on downstream engineering, procurement, and construction ("**EPC**") project execution. We expect to complete the transaction in the first half of 2020, subject to financing, general market conditions, regulatory approvals, consultation of employee representatives, where applicable, and final approval from our Board of Directors. The separation will enable both companies to benefit from distinct and compelling market opportunities across the energy value chain; dedicated focus of management; resources and capital; and unique value propositions with differentiated investment appeal.

- TechnipFMC will be a fully-integrated technology and services provider, driving energy development across deepwater, conventional, and unconventional resources. The Company continues to successfully demonstrate leadership in integrated subsea project delivery and is focused on replicating this success through the development of integrated production models for the surface market. TechnipFMC is also poised to benefit from service opportunities resulting from the world's largest installed base of subsea production equipment, umbilicals, risers, and flowlines.
- Technip Energies will be a leading engineering and construction player, with a robust project delivery model, strong technical capabilities, and proven track record as demonstrated by the successful execution of some of the world's most iconic EPC projects. The new company will continue to leverage its industry-leading process technology portfolio, particularly in the areas of ethylene and hydrogen, while pursuing further opportunities to enhance and differentiate this portfolio.

The Company continues to innovate and introduce new technologies across our portfolio of products and services. TechnipFMC's strong operational performance in 2019 was driven by a relentless focus on operational execution, while our significant growth in project backlog provides improved visibility for our businesses for 2020 and beyond.

Financial Highlights and Business Overview

Governance

Combined the roles of Chairman and CEO

Olivier Piou and John Yearwood were appointed as directors to replace two retired directors

- Enhanced disclosures regarding shareholder feedback and our response
- Improved disclosures regarding Board composition and succession planning

Strategic Transaction

Announced spin-off of Technip Energies creating two industry-leading publicly traded companies

TechnipFMC (RemainCo)

- Unlocking value, realizing potential
- TechnipFMC will retain Subsea and Surface Technologies segments (*noted exceptions to SpinCo*)
- Listings: NYSE, Euronext Paris
- HQ: Houston; Domicile: United Kingdom
- Employees: ~22,000

TechnipFMC (SpinCo)

- Capitalizing on structural growth trends
- Spin-off will include Onshore/Offshore segment (including Genesis), Loading Systems (*Surface Technologies*), and Cybernetix (*Subsea*)
- Listing: Euronext Paris
- HQ: Paris; Domicile: Netherlands
- Employees: ~15,000

Financials[1]

Subsea

Results

- Revenue growth of 14% versus the prior year, driven by double-digit growth in both project and service activities
- Integrated project activity a higher mix of business portfolio
- Backlog of $8.5 billion

Onshore/Offshore

Results

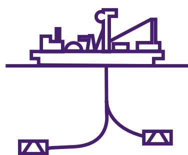
- Three quarters of sequential revenue growth, as segment revenue has inflected above the 2018 trough
- Revenue growth, excluding the Yamal LNG project, exceeded 25% versus the prior year
- Backlog of $15.3 billion

Surface Technologies

Results

- Revenue growth of more than 15% in markets outside of North America versus the prior year
- Surface international revenues account for more than 50% of total segment
- Backlog of $0.5 billion

(1) Reported financial results for the twelve months ended December 31, 2019 and inbound and backlog as of December 31, 2019 are as reported in our Financial Statements as set out in this U.K. Annual Report.



Business Segments

Subsea

The Subsea segment provides integrated design, engineering, procurement, manufacturing, fabrication, installation, and life of field services for subsea systems, subsea field infrastructure, and subsea pipe systems used in oil and gas production and transportation. We are a fully-integrated technology and services provider, continuing to drive responsible energy development.

We are an industry leader in front-end engineering and design ("**FEED**"), subsea production systems ("**SPS**"), subsea flexible pipe, and subsea umbilicals, risers, and flowlines ("**SURF**"). We also have the capability to install these products and related subsea infrastructure with our fleet of highly specialized vessels. By integrating the SPS and SURF work scopes, we are uniquely able to drive greater value to our clients through more efficient execution of the installation campaign. This, in conjunction with our strong commercial focus, has enabled the successful market introduction of an integrated subsea business model, iEPCI, which spans a project's early phase design through the life of field. Our integrated business model is unlocking incremental opportunities and materially expanding the deepwater opportunity set. Since the first iEPCI project was awarded in 2016, market adoption of the business model has accelerated each year, and in 2019 we secured more than 75% of the industry's integrated project awards.

Through integrated FEED studies, or iFEED™ ("**iFEED**"), we are uniquely positioned to influence project concept and design. Using innovative solutions for field architecture, including standardized equipment, new technologies, and simplified installation, we can significantly reduce subsea development costs and accelerate time to first production.

Our first-mover advantage and ability to convert iFEED studies into iEPCI contracts, often as a direct award, creates a unique set of opportunities for the Company that are not available to our peers. This allows us to deliver a fully integrated – and technologically differentiated – subsea system, and to better manage the complete work scope through a single contracting mechanism and a single interface, yielding meaningful improvements in project economics and time to first oil.

We continue to support our clients following project delivery by offering aftermarket and life of field services. Our wide range of capabilities and solutions, including integrated life of field, or iLOF™ ("**iLOF**"), allows TechnipFMC to help clients increase oil and gas recovery and equipment uptime while reducing overall cost. Our iLOF offering is designed to unlock the full potential of subsea infrastructures during operations by transforming the way subsea services are delivered and proactively addressing the challenges operators face over the life of subsea fields. We provide production optimization, asset life extension insight, proactive debottlenecking, and condition-based maintenance.

Our Subsea business depends on our ability to maintain a cost-effective and efficient production system, achieve planned equipment production targets, successfully develop new products, and meet or exceed stringent performance and reliability standards.

Principal Products and Services

Subsea Production Systems. Our systems are used in the offshore production of crude oil and natural gas. Subsea systems are placed on the seafloor and are used to control the flow of crude oil and natural gas from the reservoir to a host processing facility, such as a floating production facility, a fixed platform, or an onshore facility.

Our subsea production systems and products include subsea trees, chokes and flow modules, manifold pipeline systems, control and data management systems, well access systems, multiphase and wetgas meters, and additional technologies. The design and manufacture of our subsea systems requires a high degree of technical expertise and innovation. Some of our systems are designed to withstand exposure to the extreme hydrostatic pressure of deepwater environments, as well as internal pressures of up to 20,000 pounds per square inch ("**psi**") and temperatures of up to 400º F. The development of our integrated subsea production systems includes initial engineering design studies and field development planning

and considers all relevant aspects and project requirements, including optimization of drilling programs and subsea architecture.

Subsea Processing Systems. Our subsea processing systems, which include subsea boosting, subsea gas compression, and subsea separation, are designed to accelerate production, increase recovery, extend field life, and/or lower operators' production costs for greenfield, subsea tie-backs and brownfield applications. To provide these products, systems, and services, we utilize our engineering, project management, procurement, manufacturing, and assembly and test capabilities.

Flexible Pipe and Umbilical Supply. We engineer and manufacture flexible pipes as well as steel tube, thermoplastic hose, power and communication and hybrid (a combination of steel tube, thermoplastic hose, and electrical cables) umbilicals. TechnipFMC vessels will typically perform the installation of the flexible pipes and umbilicals, but we also sell these products directly to oil companies or to other vessel operators.

Vessels. We operate a fleet of 18 vessels. Of the 18 vessels currently in operation, we have sole ownership of ten vessels, ownership of six vessels as part of joint ventures, and operate two vessels under long-term charter.

We wholly own four pipelay support vessels and jointly own six subsea construction vessels. The jointly-owned vessels operate under a 50/50 ownership structure exclusively in the Brazilian market. These vessels are primarily contracted to Petróleo Brasileiro S.A. - Petrobras ("**Petrobras**"), principally to install umbilical and flexible flowlines and risers to connect subsea wells to floating production units across a range of water depths. We also own three subsea construction vessels and have long-term charter agreements for two other construction vessels. The Company also owns three dive support vessels.

Subsea Services. We provide a portfolio of services that improve uptime, lower lifecycle costs and increase recovery over the life of the field for our clients' subsea assets. These services include: (i) provision of exploration and production wellhead systems and services; (ii) remotely operated vehicle ("**ROV**") services; (iii) installation and well completion rig services; (iv) maintenance services for test, modification, refurbishment, and upgrade of subsea equipment and tooling; (v) asset integrity services based on product and field data to optimize the performance of the subsea asset, including proactive inspection, maintenance, and repair ("**IMR**") of subsea infrastructure; (vi) well access and intervention services, both rig-based and vessel-based (riserless light well intervention or "**RLWI**"); (vii) production management services to enhance well and field production, including subsea multiphase boosting and real time virtual metering services; and (viii) well plug, abandonment and decommissioning. Our vision is to transform the customer experience with an agile services culture and grow our business across the life of the field.

Key drivers of subsea services market activity are the inspection and maintenance of subsea infrastructure, driven in large part by aging infrastructure on mature fields. The need for well intervention services also continues to grow, with more than 6,500 wells operated globally.

With our extensive experience in subsea equipment, our large installed base of subsea production equipment, our broad range of services, and our historical technical design and manufacturing leadership, we are in a unique position to offer integrated solutions across the "life of field" services combining asset light solutions (e.g. RLWI), digital services (e.g. data driven monitoring, surveillance and production management suite of applications), and leading edge automated systems (e.g. Schilling ROVs) to enhance the economics of producing fields through maximization of asset uptime, higher production volumes, and lower operating expense.

Robotics, Controls and Automation. We design and manufacture ROVs and manipulator arms that are used in subsea drilling, construction, IMR, and life of field services. Our product offering includes electric and hydraulic work-class ROVs, tether-management systems, launch and recovery systems, remote manipulator arms, and modular control systems. We also provide support and services such as product training, pilot simulator training, spare parts, and technical assistance.

We also provide electro-hydraulic and electric production and intervention control systems, allowing accurate control and monitoring of subsea installations to ensure the highest production availability that can ensure safe and environmentally

friendly field operations. These include the sensors, multiphase flow meters, digital infrastructure, integrity monitoring, control functionality, and automation features needed for subsea systems. Robotics capabilities are now being used in the control of manifold valves during production, which demonstrates a convergence of our technologies in order to provide better systems for our customers.

Research, Engineering, Manufacturing and Supply Chain ("REMS"). REMS is an organization we formed in September of 2019 to support accelerated technology innovation, and product delivery improvements. We accomplish this by reducing the cycle-time of engineering and manufacturing our products, including working with our suppliers to reduce their costs, and optimizing our processes and how we manage workflow. Through REMS, we are focused on challenging the existing technologies and implementing world-class manufacturing practices, including LEAN and process automation, to improve reliability while reducing total product cost and lead time to delivery. Our REMS organization primarily supports our Subsea segment but is also integrated across our Surface Technologies business.

Also this year, we established a Product Management function to further our capabilities to understand, define, and deliver the technologies and products of the future. This function will provide a complement to REMS, Subsea and Surface business, and will drive the understanding of customer requirements, competitive landscape, and investment prioritization.

Capital Intensity

Many of the systems and products we supply for subsea applications are highly engineered to meet the unique demands of our customers' field properties and are typically ordered one to two years prior to installation. We often receive advance payments and progress billings from our customers to fund initial development and working capital requirements.

Dependence on Key Customers

Generally, our customers in the Subsea segment are major integrated oil companies, national oil companies, and independent exploration and production companies.

We actively pursue alliances with companies that are engaged in the subsea development of oil and natural gas to promote our integrated systems for subsea production. These alliances are typically related to the procurement of subsea production equipment, although some alliances are related to EPCI services. Development of subsea fields, particularly in deepwater environments, involves substantial capital investments. Operators have also sought the security of alliances with us to ensure timely and cost-effective delivery of subsea and other energy-related systems that provide integrated solutions to meet their needs.

Our alliances establish important ongoing relationships with our customers. While these alliances do not contractually commit our customers to purchase our systems and services, they have historically led to, and we expect that they would continue to result in, such purchases.

The commitment to our customers goes beyond project delivery, and we nurture these alliances with transparency and collaboration to better understand their needs to ensure customer success.

No single Subsea customer accounted for 10% or more of our 2019 consolidated revenue.

Competition

We are the only fully integrated company that can provide the complete suite of subsea production equipment, umbilicals, and flowlines with the complete portfolio of installation services enabling us to develop a subsea field as a single company. Our Company competes with companies that supply some of the components as well as installation companies. Our competitors include Aker Solutions ASA, Baker Hughes Company ("**Baker Hughes**"), Dril-Quip, Inc., McDermott International, Inc. ("**McDermott**"), National Oilwell Varco, Oceaneering International, Inc., Saipem S.p.A. ("**Saipem**"), Schlumberger, Ltd. ("**Schlumberger**"), and Subsea 7 S.A.

Seasonality

In the North Sea, winter weather generally subdues drilling activity, reducing vessel utilization and demand for subsea services as certain activities cannot be performed. As a result, the level of offshore activity in our Subsea segment is negatively impacted in the first quarter of each year.

Market Environment

The volatile, and generally low, crude oil price environment over the last four years led many of our customers to reduce their capital spending plans or defer new deepwater projects. The reduction and deferral of projects resulted in delayed subsea project inbound for the industry. In response to the lower commodity prices and reduced cash flow, operators took actions needed to improve their subsea project economics, and suppliers, in turn, took the steps necessary to further reduce project break-even levels by offering cost-effective approaches for project developments. These actions continue.

The rate of project sanctioning for new subsea developments has moved higher since the market trough as project economics and operator confidence have improved. Similarly to other parts of the market (e.g. onshore), the trajectory and pace of further recovery and expansion in the subsea market is subject to the allocation of capital our clients dedicate to developing offshore oil and gas fields amongst their entire portfolio of projects and drivers of capital expansion or discipline. The risk of project sanctioning delays is still present in the current environment; however, innovative approaches to subsea projects, like our iEPCI solution, have improved project economics, and many offshore discoveries can be developed economically at today's crude oil prices. In the long-term, deepwater development is expected to remain a significant part of many of our customers' portfolios.

Strategy

With our proprietary technologies and production systems, integration expertise, and comprehensive solutions, we are transforming our clients' project economics. We have used these capabilities to develop a new subsea commercial model that is transforming the way we interact with our customers and create value with them.

Our strategy includes the following priorities:

- Engagement in the conceptual design and integrated front-end engineering, or iFEED, of subsea development projects to create value through technology and integration of scopes (iEPCI) by simplifying field architecture and accelerating both delivery schedules and time to first production;
- Innovative research and development ("**R&D**"), often in collaboration with clients and partners, to develop leading products and technologies that deliver greater efficiency to the client, lower development costs, unlock stranded and/or marginal fields, and enable frontier developments;
- Focus on selecting the right projects to ensure a strong and healthy backlog;
- Superior project execution capabilities allowing the Company to mobilize the right teams, assets, and facilities to capture and profitably execute complex subsea projects and services;
- Capitalize on combined competencies coming from alliances and partnerships with both clients and suppliers; and
- Leverage supplier relationships to optimize supply chain market dynamics and implement greater simplification and standardization in products and processes.

TechnipFMC is a clear leader in the subsea industry. Our success has been built on our technological strength, innovation, focus on digitalization, and strong partnerships with major oil companies to expand market opportunities.

Recent and Future Developments

In 2019, our Subsea inbound orders increased more than 50% versus the prior year, driven by further adoption of the integrated model and growth in services activity. The value of integrated project awards also more than doubled from the levels we recorded in 2018. Subsea services continued to benefit from the industry's largest and expanding installed base, with growth in the year reflecting increased installation, asset refurbishment and well intervention activities. Subsea services remain on track for double-digit growth in 2020.

We continue to focus on performance improvement and optimization strategies that will improve our profitability. Our investments decisions fully support our business with technologies that will differentiate our portfolio.

In December 2019, we completed the sale of the G1201 vessel as part of our overall strategy to optimize the profile and size of its subsea fleet. In addition to the sale transaction we also executed a Memorandum of Agreement which includes a Collaboration Agreement with the buyer that provides five years of exclusivity for a list of named subsea projects in a specific jurisdiction and the right of first refusal for other projects. This followed the announcement of our Strategic Collaboration Agreement with Allseas aimed at jointly pursuing specific deepwater projects where the assets, products and capabilities of both companies are complementary. This supports the Company's intent to use collaboration agreements, where possible, to execute its differentiated iEPCI™ business model.

We received the industry's first award of a 20K high-pressure, high-temperature system for LLOG's Shenandoah project in the Gulf of Mexico. This new technology was the result of our joint industry program that included 5 major operators. This was the first time the industry collaborated to develop a new subsea system focused on the delivery of a single-part number and designed to handle hydrocarbons under the industry's most extreme pressure and temperature conditions to date.

We have accelerated our digital journey to deliver an integrated digital thread from Front End to Services, thus enhancing the performance of our products and services as well as safety and asset integrity. With its presence all along the oil and gas value chain, TechnipFMC is well-placed to leverage data to improve and enhance the performance of our clients' assets, optimize operational costs, deliver predictive and preventive maintenance, and enable remote operations.

Our inbound order growth for the full year was significantly better than the total Subsea market growth. This high level of growth came in the third year of a market recovery and is the highest annual growth rate we have experienced in a decade. Strength in project activity, as well as our expectation for double-digit revenue growth in Subsea Services, provides the framework for 2020 Subsea orders to approach the level achieved in 2019, although this remains dependent on the timing of one or two major project awards. We expect our iEPCI capabilities to provide a competitive advantage as we deliver comprehensive and differentiated solutions. In addition, we anticipate the following longer-term trends in the subsea market:

- Increased market adoption of integrated subsea projects, leading to further penetration of our integrated business model and higher levels of iEPCI order activity for our Company;
- Growing service opportunities, driven by (i) higher levels of project activity, (ii) increased asset integrity and production management activities focused on improving uptime and production volume and lowering emissions, and (iii) increased maintenance and intervention activity resulting from an expanding and aging installed equipment base;
- Smaller projects and direct awards will continue to contribute meaningfully to our order mix. In 2018 and 2019, these awards collectively represented just under one-half of our total subsea inbound orders, with the remainder being publicly announced projects and subsea service activities. Subsea tiebacks are often part of this mix, and these shorter cycle brownfield expansions provide operators with faster paybacks and higher returns;
- There is a growing trend towards independent operators and new entrants undertaking subsea developments; we are a natural partner for this customer group because of our ability to offer fully integrated solutions; and
- Natural gas developments are growing in prominence. We believe that more than 20% of offshore capital expenditures could be directed at natural gas developments by early next decade. We also anticipate that 45% of gas production will come from offshore, with significant growth in the Middle East (shallow water) followed by Australia (deep water) in the next five years.

We continue to work closely with our customers and believe that, in the context of lower oil prices, with our unique business model we can further reduce their project break-even levels by offering cost-effective approaches to their project developments and accelerate time to first oil and gas.

Product Development

In 2014, we entered into a joint development agreement with several major operators to develop common standards for subsea production equipment capable of operating at pressures as high as 20,000 psi and temperatures up to 350º F. This joint development agreement is delivering standardized design, materials, processes, and interfaces to provide improved reliability and operations over the life of the field. The first major achievement of this joint development effort, and further highlighting our technology-based solutions focused on creating customer success, we delivered a complete production system for Shell's high-pressure and high-temperature Appomattox field in the Gulf of Mexico in 2018, and Shell began producing from Appomattox in May of 2019.

Technology development progressed on our Subsea 2.0™ product platform, the next generation of subsea equipment, using designs that are significantly simpler, leaner, and smarter than current designs. These new products incorporate a modular product architecture and component level standardization to enable a flexible configure-to-order approach, reducing hardware delivery time for clients. The products are expected to deliver breakthroughs in the way subsea products are manufactured, assembled, installed, and maintained over the life of the field. The smaller, lighter products achieve up to a 50% reduction in size, weight, and part count, while maintaining the same or improved functionality. When combined with iEPCI, our powerful integrated approach to field architecture, and project execution, Subsea 2.0™ improves project economics and unlocks first oil and gas faster.

In addition to investments to develop lower cost production solutions, we also invest in the development of technology to expand our service portfolio. We have qualified new technology to enable the inspection of flexible risers and flowlines. We also are advancing subsea robotic productivity through the development of more efficient ROV systems that are easier to operate and maintain.

Acquisitions and Investments

In February 2018, we signed an agreement with the Island Offshore Group to acquire a 51% stake in Island Offshore's wholly-owned subsidiary, Island Offshore Subsea AS. Island Offshore Subsea AS provides RLWI project management and engineering services for plug and abandonment ("**P&A**"), riserless coiled tubing, and well completion operations. In connection with the acquisition of the controlling interest, TechnipFMC and Island Offshore entered into a strategic cooperation agreement to deliver RLWI services on a worldwide basis, which also include TechnipFMC's RLWI capabilities. Island Offshore Subsea AS has been rebranded to TechnipFMC Island Offshore Subsea ("**TIOS**") and is now the operating unit for TechnipFMC's RLWI activities worldwide.

In March 2018, we announced a collaboration agreement with Magma Global Ltd. to develop a new generation of hybrid flexible pipe ("**HFP**") for use in offshore applications. HFP is expected to provide increased strength and fatigue performance, while also achieving dramatic weight and cost reductions, for subsea fluid transport applications. As part of the collaboration, TechnipFMC purchased a minority stake in Magma Global. We are advanced in creating our new HFP and continue working towards important milestones in the qualification process.

In January 2019, we acquired a new dive support vessel, the Deep Discoverer, to replace a vessel we retired in support of our fleet optimization strategy. The acquisition was somewhat opportunistic, but allowed us to obtain a high-quality, top-tier vessel significantly below newbuild cost and without a protracted delivery schedule. The vessel will operate primarily in the dive construction, inspection, maintenance, and repair markets in the North Sea and can also support our iEPCI™ initiative in the region.

In December 2019, we completed the acquisition of the remaining 50% interest in Technip Odebrecht PLSV CV ("**TOP CV**"). TOP CV was formed as a joint venture between Technip SA and Ocyan SA to provide pipeline installation ships to Petrobras for its work in oil and gas fields offshore Brazil.

Onshore/Offshore

The Onshore/Offshore segment offers a full range of design, project management and construction services to our customers spanning the entire downstream value chain, including technical consulting, concept selection, and final acceptance test. We have been successful in meeting our clients' needs given our proven skills in managing large EPC projects. When our announced separation is complete, this segment will be the cornerstone of Technip Energies.

Our Onshore business combines the study, engineering, procurement, construction, and project management of the entire range of onshore facilities related to the production, treatment, and transportation of oil and gas, the transformation of petrochemicals such as ethylene, polymers, and fertilizers, as well as other activities, and the commercialization of renewable energy and feedstocks.

We conduct large-scale, complex, and challenging projects that involve extreme climatic conditions and non-conventional resources and are subject to increasing environmental and regulatory performance standards. We rely on technological know-how for process design and engineering, either through the integration of technologies from leading alliance partners or through our own technologies. We seek to integrate and develop advanced technologies and reinforce our strong project execution capabilities in each of our Onshore activities.

Our Offshore business combines the study, engineering, procurement, construction, and project management within the entire range of fixed and floating offshore facilities, many of which were the first of their kind, including the development of floating liquefied natural gas ("**FLNG**") facilities.

Principal Products and Services

Onshore E&C. We design and build different types of facilities for the development of onshore oil and gas, processing facilities, and product export systems. In addition, we renovate existing facilities by modernizing production equipment and control systems, in accordance with applicable environmental standards.

Refining. We are a leader in the design and construction of oil refineries. We manage many aspects of these projects, including the preparation of concept and feasibility studies, and the design, construction, and start-up of complex refineries or single refinery units. We have been involved in the design and construction of over 30 new refineries or major refinery expansions, and are one of the few contractors in the world to have built seven new refineries since 2000. We have extensive experience with technologies related to refining and have completed more than 840 individual process units within major expansion or refurbishment projects, implemented in more than 75 countries. As a result of our cooperation with the most highly renowned technology licensors and catalyst suppliers and our strong technological expertise and refinery consulting services, we are able to provide an independent selection of appropriate technologies to meet specific project and client targets. These technologies result in direct benefits to the client, such as emission control and environmental protection, including hydrogen and carbon dioxide management, sulfur recovery units, water treatment, and zero flaring. With a strong record of accomplishment in refinery optimization projects, we have experience and competence in relevant technological fields in the oil refining sector.

Natural Gas Treatment and Liquefaction. We offer a complete range of services across the gas value chain to support our clients' capital projects from concept to delivery. Our capabilities include the design and construction of facilities for LNG, gas-to-liquids ("**GTL**"), natural gas liquids ("**NGL**") recovery, and gas treatment.

In the field of LNG, we pioneered base-load LNG plant construction through the first-ever facility in Arzew, Algeria. Working with our partners, we have constructed facilities that can deliver more than 105 million metric tonnes per annum ("**Mtpa**"), which is a significant portion of the global liquefaction capacity in operation today. TechnipFMC brings knowledge and conceptual design capabilities that are unique among engineering and construction companies involved in LNG. We have engineered and delivered a broad range of LNG plants, including mid-scale and very large-scale plants, both onshore and offshore, and plants in remote locations. We have experience in the complete range of services for LNG receiving terminals from conceptual design studies to EPC. Reference projects include LNG trains in Qatar (the six largest ever constructed), Yemen, and a series of mid-scale LNG plants in China, and together with our joint venture partners, we

delivered first phase of the Yamal LNG plant ("**Yamal**") in the Russian Arctic with all three trains put in production before the end of 2018. During 2019, the Arctic LNG 2 project for Novatek was sanctioned following award of the EPC contract to us, together with our joint venture partners.

We are also well-positioned in the GTL market and are one of the few contractors with experience in large GTL facilities. We have unique experience in delivering plants using Sasol's "Slurry Phase Distillate" technology, and we have provided front-end engineering design for the Fischer-Tropsch section of more than 60% of commercial liquids conversion capacity worldwide. Our clients also benefit from our development of environmental protection measures, including low nitrogen oxide and sulfur oxide emissions, waste-water treatment, and waste management.

We specialize in the design and construction of large-scale gas treatment complexes as well as existing facility upgrades. Gas treatment includes the removal of carbon dioxide and sulfur components from natural gas using chemical or physical solvents, sulfur recovery, and gas sweetening processes based on the use of an amine solvent. The Company ranks among the top contractors in the field in relation to sulfur recovery units installed in refineries or natural gas processing plants. Given our long-term experience in the field of sour gas processing, we can provide support to clients for the overall evaluation of the gas sweetening/sulfur recovery chain and the selection of optimum technologies.

Ethylene. We hold proprietary technologies and are a leader in the design, construction, and commissioning of ethylene production plants. We design steam crackers, from concept stage through construction and commissioning, for both new plants (including mega-crackers) and plant expansions. We have a portfolio of the latest generation of commercially proven technologies and are uniquely positioned to be both a licensor and an EPC contractor. Our technological developments have improved the energy efficiency in ethylene plants by improving thermal efficiency of the furnaces and reducing the compression power required per ton, thereby reducing carbon dioxide emissions per ton of ethylene by 30% over the last 25 years.

Petrochemicals and Fertilizers. We are one of the world leaders in the process design, licensing, and realization of petrochemical units, including basic chemicals, intermediate and derivative plants. We provide a range of services that includes process technology licensing and development and full EPC complexes. We license a portfolio of chemical technologies through long-standing alliances and relationships with leading manufacturing companies and technology providers. We have research centers to develop and test technologies for polymer and petrochemical applications, where fully automated pilot plants gather design data to scale-up processes for commercialization.

Hydrogen. Hydrogen is the most widely used industrial gas in the refining, chemical, and petrochemical industries, and is also widely used in the production of cleaner transport fuels. We offer a single point of responsibility for the design and construction of hydrogen and synthesis gas production units, with solutions ranging from Process Design Packages to full lump-sum turnkey projects. We also offer services for maintenance and performance optimization of running units. We have solutions in place for carbon capture readiness in future hydrogen plants, targeting more than a two-thirds reduction in carbon dioxide release from the hydrogen plant.

Fixed Platforms. We offer a broad range of fixed platform solutions in shallow water, including: (i) large conventional platforms with pile steel jackets whose topsides are installed offshore either by heavy lift vessel or floatover; (ii) small, conventional platforms installed by small crane vessel; (iii) steel gravity-based structure platforms, generally with floatover topsides; and (iv) small to large self-installing platforms.

Floating Production Units. We offer a broad range of floating platform solutions for moderate to ultra-deepwater applications, including:

- Spar Platforms: Capable of operating in a wide range of water depths, the Spar is a low motion floater that can support full drilling with dry trees or with tender assist and flexible or steel catenary risers. The Spar topside is installed offshore either by heavy lift vessel or floatover.
- Semi-Submersible Platforms: These platforms are well-suited for oil field developments where subsea wells drilled by a mobile offshore drilling unit are appropriate. Semi-Submersibles can operate in a wide range of water depths and

may have full drilling and large topside capabilities. We have our own unique design of low-motion Semi-Submersible platforms that can accommodate dry trees.

- Tension-Leg Platforms (“**TLP**”): An appropriate platform for deepwater drilling and production in water depths up to approximately 1,500 meters, the TLP can be configured with full drilling or with tender assist and is generally a dry tree unit. The TLP and our topside can be integrated onto the substructure in a cost-effective manner at quayside.

Floating Production, Storage and Offloading (“FPSO”). Working with our construction partners, we have delivered some of the largest FPSOs in the world. FPSOs enable offshore production and storage of oil which is then transported by a tanker where pipeline export is uneconomic or technically challenged (e.g., ultra-deepwater). FPSOs utilize onshore processes adapted to a floating marine environment. They can support large topsides and hence large production capacities. Leveraging our industry-leading capabilities in gas monetization, particularly FLNG, we are currently well-positioned to leverage the global offshore gas cycle with gas FPSOs.

Floating Liquefied Natural Gas (“FLNG”). FLNG is an innovative alternative to traditional onshore LNG plants and is suitable for remote and stranded gas fields that were previously deemed uneconomical. FLNG is a commercially attractive approach to the monetization of offshore gas fields. It avoids the cost of building and operating long-distance pipelines and extensive onshore infrastructure. We pioneered the FLNG industry and are the only contractor to integrate all of the core activities required to deliver an FLNG project: LNG process, offshore facilities, loading systems, and subsea infrastructure. We delivered the industry’s first and largest FLNG facilities and are currently executing ENI’s Coral South FLNG, which will be installed offshore Mozambique in East Africa.

Capital Intensity

Our Onshore/Offshore business executes turnkey contracts on a lump-sum or reimbursable basis through engineering, procurement, construction, and project management services on both brownfield and greenfield developments and projects. We can execute EPC contracts through sole responsibility, joint ventures, or consortiums with other companies. We often receive advance payments and progress billings from our customers to fund initial development and working capital requirements. However, our working capital balances can vary significantly through the project lifecycle depending on the payment terms and timing on contracts.

Dependence on Key Customers

Generally, our Onshore/Offshore customers are major integrated oil companies or national oil companies. We have developed long-term relationships with our main clients around our portfolio of technologies, expertise in project management, and strong execution. Our customers have sought the security of partnerships with us to ensure timely and cost-effective delivery of their projects.

One customer, JSC Yamal LNG, represented more than 10% of 2019 consolidated revenue. We do not anticipate JSC Yamal LNG representing more than 10% of our consolidated revenue beyond 2019 as the project nears completion. We consolidate all revenue from the JSC Yamal LNG partnership, including revenue associated with the minority partners of the joint venture.

Competition

In the onshore market, we face a large number of competitors, including U.S. companies (Bechtel Corporation, Fluor Corporation, KBR, Inc. (“**KBR**”), and McDermott), Asian and Australian companies (Chiyoda Corporation, JGC Corporation, Hyundai Oilbank, Samsung Engineering Co., Ltd, SK Energy Co., Ltd, and WorleyParsons Limited), European companies (John Wood Group plc, Maire Tecnimont Group, Petrofac, Ltd., Saipem, and Tecnicas Reunidas, S.A.). In addition, we compete against smaller, specialized, and locally-based engineering and construction companies in certain countries or for specific units such as petrochemicals.

Competition in the Offshore market is relatively fragmented and includes various players with different core capabilities, including offshore construction contractors, shipyards, leasing contractors, and local yards in Asia Pacific, the Middle East, and Africa. Competitors include China Offshore Oil Engineering Co., Ltd., Daewoo Shipbuilding & Marine Engineering Co.,

Ltd., Hyundai Heavy Industries Co., Ltd., JGC Corporation, KBR, McDermott, MODEC Inc., Saipem, and Samsung Heavy Industries Co., Ltd.

Seasonality

Our Onshore business is generally not impacted by seasonality. Our Offshore business could be impacted by seasonality in the North Sea and other harsh environment regions during the offshore installation campaign at the end of a project.

Market Environment

The onshore market is impacted by changes in oil and gas prices, but is typically more resilient than offshore markets. Indeed, some downstream markets have benefited from low commodity prices where market fundamentals are influenced by other economic factors (e.g., petrochemicals and fertilizers that are linked to global growth). This market dynamic is mostly present in developing countries with rapidly growing energy demand (in particular, Asia) and countries with abundant oil and gas reserves that have decided to expand downstream (in particular, the Middle East and Russia). The onshore market remains relatively small in Western Europe with a diversity of projects, including a second generation of bio ethanol plants. The North American onshore market is experiencing a strong recovery in the wake of the oil and gas shale revolution.

The offshore market is more directly impacted by changes in oil prices. Offshore fields in the Gulf of Mexico, the Middle East, and the North Sea were the traditional backbone for investments in the last decade. Recent discoveries of offshore fields with reserves in other regions such as Brazil, Australia, and East Africa are expected to become drivers of increased investment. In the long-term, gas is expected to become a bigger portion of the global energy mix, requiring new investments in the upstream industry.

Strategy

Our strategy is based on the following:

- Selectivity of clients, projects, and geographies, which serves to maintain early engagement, leading to influence over technological choices, design considerations, and project specifications that make projects economically viable;
- Technology-driven differentiation with strong project management, which eliminates or significantly reduces technical and project risks, leading to both schedule and cost certainty without compromising safety; and
- Excellence in project execution, because of our global, multi-center project delivery model complemented by deep partnerships and alliances to ensure the best possible execution for complex projects.

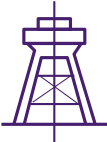
TechnipFMC's Onshore/Offshore segment continually invests in innovation and technology. The Company is at the forefront of digital solutions due in part to our investment in 3D models, often referred to as digital twin, and interfaces.

Recent and Future Developments

In response to industry challenges to improve project economics in the Offshore market, we are continuing our cost reduction efforts to align capacity and capabilities with market demands. As such, in 2018 we sold our interest in the Pori Offshore yard in Finland.

Onshore market activity continues to provide a tangible set of opportunities, including natural gas, refining, and petrochemical projects.

Activity in LNG is fueled by higher demand for natural gas, a fuel source that continues to command a greater share of global energy demand. Natural gas will play an essential role as an energy transition fuel, helping to meet the increasing demand for energy while lowering greenhouse gases when compared to current fuel sources. This trend is structural, driven by market preference for cleaner energy sources and the need to satisfy growing domestic demand in markets such as Asia and the Middle East. To meet this demand, we believe that large gas projects will need to be sanctioned in the near future, as evidenced by both the significant increase in pre-FEED and FEED contract awards and higher levels of pre-bid project planning experienced in 2019. The award of Novatek's Arctic LNG 2 project and its sanction in late 2019 confirmed this trend.



As onshore market activity levels remain stable, it provides our business with the opportunity to engage early with our clients and pursue additional front-end engineering studies, which serve to optimize project economics while also mitigating risks during project execution. Market opportunities for downstream front-end engineering studies and full EPC projects in both LNG and refining are most prevalent in the Middle East, Africa, and Asia. We continue to track near-term prospects for petrochemical and fertilizer projects as well. We believe this broad opportunity set could generate additional inbound orders in the coming years.

In response to an increase in demand for gas, Offshore continued as a leader in gas FPSO projects. In addition to the ongoing Karish project for Energean, we were awarded the EPCI contract for BP's Tortue gas FPSO, which will be deployed offshore West Africa.

Product Development

We are positioned as a premier provider of project execution and technology solutions, which enables our customers to unlock resources at advantaged capital and operating economics. We invest in these main Onshore R&D areas: (i) the development of process technology and equipment for economy of scale; (ii) continuous improvement of our proprietary process technologies and other solutions to reduce operating and investment cost; and (iii) diversification of our proprietary technology offering.

Our Offshore R&D efforts are focused on improving the economics of our clients' diverse fixed and floating platform projects. Additionally, to further reduce operating and investment costs, we continue to progress the development of robotic solutions for offshore platforms and work towards a standard and adaptable design for Normally Unmanned Installations ("**NUI**"). We are also evaluating the various opportunities that will emerge as the industry and societal demands shift as part of the energy transition. The Company continues to assess and implement the best digital technologies to support the business.

Acquisitions and Investments

No acquisitions or significant investments occurred during 2019 or 2018.

Surface Technologies

The Surface Technologies segment designs, manufactures, and services products and systems used by companies involved in land and shallow water exploration and production of crude oil and natural gas. Such products and systems include: (i) wellhead systems, (ii) hydraulic fracturing systems, including fracturing valves, pumps, rigid flowlines, and flexible flowlines, (iii) production, separation, and flow processing systems, and (iv) measurement products and integrated systems. We manufacture most of our products internally and on facilities located worldwide.

Principal Products and Services

Upstream Production. Our upstream production offering includes well control, safety and integrity systems, multiphase meter modules, in-line separation and processing systems, and standard pumps. These offerings are differentiated by our comprehensive portfolio of in-house compact, modular, and digital technologies, and are designed to enhance field project economics and reduce operating expenditures with an integrated system that spans from wellhead to pipeline.

Our high-efficiency solutions, such as our separation portfolio and measurement technologies, combined with our expertise in modularization, enable our customers to achieve first production faster with fully optimized and environmentally-conscious, compact systems.

Well Control and Integrity Systems: We supply control components and safety systems designed to safely and efficiently run either a wellpad, modules on an offshore platform, or a production facility. Our systems are based on standard, field-proven building blocks and designed for minimal maintenance during life of field operations.

Surface Multiphase Meter: Our multiphase meters ("**MPMs**") are a collection of technologically-advanced innovations that provide a differentiated approach to multiphase measurement. The patented technology in our MPMs offers many

unique features that provide a step change in allocation measurement and allows for continuous surveillance of wells across a full range of operating conditions. Our MPMs provide real-time data to a central facility, or our cloud portal, for production reporting and remote notification and system troubleshooting.

***Separation and Processing Systems*:** TechnipFMC provides industry-leading technology for the separation of oil, gas, sand, and water. These solutions are used in onshore production facilities and on offshore platforms worldwide. Our family of separation products delivers client success by increasing efficiency and throughput and reducing the footprint of processing facilities. Our separation systems offering includes internal components for oil and gas multiphase separation, in-line deliquidisers, and solids removal, as well as fully assembled separation modules and packages designed and fabricated for oil and gas separation, fracturing flowback treatment, solids removal, and primary produced water treatment.

***Standard Pumps and Skid Systems*:** TechnipFMC provides complete skid solutions, from design consultation through startup and commissioning. We offer a diverse line of reciprocating pumps, customized according to the application with pressure ranges available up to 10,000 psi and flow rates up to 1,500 gpm.

***Automation and Digital Systems*:** TechnipFMC provides hardware and software solutions to automate and provide simple human interfaces for a number of its critical products. These digital offerings help enable the removal of personnel from critical zones either offshore or onshore. In addition, the digital signatures from our products can then be interpreted and used via condition performance monitoring to eliminate unplanned downtime.

Pressure Control. We design and manufacture equipment used in well completion and stimulation activities by major oilfield service and drilling companies, as well as by oil and gas exploration and production operators directly.

***Flowline*:** TechnipFMC is a leading supplier of flowline products and services to the oilfield industry. From the original Chiksan® and Weco® products to our revolutionary equipment designs and integrated services, our family of flowline products and services provides our customers with reliable and durable pressure pumping equipment. Our facilities stock flowline products in the specific sizes, pressures, and materials common to each region. Our commitment is to help our customers worldwide attain maximum value from their pressure pumping assets by guaranteeing that the right products arrive at the job site in top working condition. Our total solutions approach includes the InteServ tracking and management system, mobile inspection and repair, strategically located service centers, and genuine Chiksan® and Weco® spare parts.

***Well Service Pumps*:** TechnipFMC offers a diverse line of well service pumps for use in high-pressure pumping operations such as hydraulic fracturing and stimulation, including triplex and quintuplex pumps, each with its own industry-leading features, including: (i) heavy-duty power ends, paired with main journal roller bearings and heavy-duty rod journal bearings, (ii) heavy-duty crankshafts, (iii) fluid cylinders, with accessible packing and valves, and (iv) made-to-order pumps. Our pumps can withstand some of the harshest operating conditions, with pressure ranges up to 20,000 psi and flow rates up to 1,500 gallons per minute.

All of our pumps are supported by dedicated service staff. We have the industry's largest fleet of mobile units to perform complete inspection and repair services at customer locations around the world. The mobile services include inspection, testing, repair, documentation, and certification, with the goal of extending product life and reducing operator costs.

Drilling and Completion. We provide a full range of drilling and completion systems for both standard and custom engineered applications. The customer base of our drilling and completion offerings are oil and gas exploration and production companies.

***Surface Wellheads and Production Trees*:** Our products are used to control and regulate the flow of crude oil and natural gas from the well. The wellhead is a system of spools and sealing devices from which the entire downhole well string hangs and provides the structural support for surface production trees. Production trees are comprised of valves, actuators and chokes which can be combined in both vertical and horizontal configurations, depending on customer-specific requirements.

Surface wellheads and production trees are "per-well" systems which are designed for onshore shale, onshore conventional, and offshore shallow water platform applications, and are typically sold directly to exploration and production operators during the drilling and completion phases of the well lifecycle. Our surface wellhead and production tree systems are used worldwide, and we are one of the few companies that provide global coverage and a full range of system configurations, including (i) conventional wellheads, (ii) Unihead® drill-thru wellheads designed for faster installation and drill-time optimization, (iii) high-pressure, high-temperature ("**HPHT**") systems for extreme production applications, and (iv) steam-assisted gravity drainage ("**SAGD**") and cyclic steam injection ("**CSS**") thermal systems for heavy oil applications.

We also provide services associated to our surface wellhead and production tree portfolio including service personnel and rental tooling for wellhead and production tree installation and life of field repair, refurbishment, and general maintenance. Our wellhead and production tree business relies on our ability to successfully provide the necessary field operations coverage, responsiveness, and reliability to prevent downtime and nonproductive time during the drilling and completion phases.

Fracturing Tree and Manifold Systems: During the completion of a shale well, the well undergoes hydraulic fracturing. During this phase, durable and wear resistant wellsite equipment is temporarily deployed, designed to sustain the high pressure and highly erosive fracturing fluid which is pumped through the well into the formation.

Our surface completions portfolio includes fracturing tree systems, fracturing valve greasing systems, hydraulic control units, fracturing manifold systems, and rigid and flexible flowlines. This equipment is temporarily laid out between the wellhead and the fracturing pump truck during hydraulic fracturing. These products are typically supplied to exploration and production operators who rent this equipment directly from us during the hydraulic fracturing activities. Associated with our fracturing equipment rental is fracturing rig-up / rig-down field service personnel as well as oversight and operation of the equipment during the multiple fracturing stages for a shale well.

TechnipFMC's manifold solutions help increase operational efficiency for a pad site with multiple wells. Our TE Manifold provides time savings and pumping efficiencies when stimulating multiple wells on a single pad. The manifolds are installed and connected to multiple trees off the critical path, which allows our customers to fracture more stages per day in a compact footprint and efficiently move operations from one well to another, saving time and money. We also offer conventional and articulating arm manifold trailers which are used as the connection point between fracturing pump trucks and the fracturing flowline and manifold system.

Our Ground Level Fracturing System is an essential tool for unconventional operators who use simultaneous operations to efficiently run completions in multi-well pads. The innovative system design uses various lengths of trunkline to align the TE Manifold and fracturing tree at ground level, which minimizes the number of flowline connections for safer operation. We are a significant supplier of flowline pipework (rigid and flexible) that is used to move the fracturing product from the pump truck, via the manifold and into the fracturing trees.

With a presence in all the major shale plays worldwide, our fracturing offering is recognized for its reliability and durability.

Flowback and Well Testing Services: After a shale well is hydraulically fractured, the well moves to the flowback phase in which much of the fracturing fluid pumped into the well flows back out through the wellhead and fracturing tree system. This phase lasts until the wellbore flow is adequate for flow through the production facilities downstream of the wellsite. Our flowback and well testing offering includes chokes, de-sanders, and advanced well testing equipment and related services which are provided to exploration and production operators during the flowback phase.

Fracturing Integrated Offering ("Frac I/O"): We are one of the few oilfield service providers that can offer an integrated solution covering the fracturing through flowback phases. Our Frac I/O provides our exploration and production customers with an integrated rental and service offering, including fracturing tree and manifold systems, as well as pressure control flowlines, flowback and well testing equipment, and field services.

Services. We offer our customers a comprehensive suite of service packages to ensure optimal performance and reliability of our equipment. These service packages include all phases of the asset's life cycle: from the early planning stages through testing and installation, commissioning and operations, replacement and upgrade, maintenance, storage, preservation, intervention, integrity, decommissioning, and abandonment.

Measurement Solutions. We design, manufacture, and service measurement products for the oil and gas industry. Our flow computers and control systems manage and monitor liquid and gas measurement for applications such as custody transfer, fiscal measurement, and batch loading and deliveries. Our FPSO metering systems provide the precision and reliability required for measuring large flow rates of marine loading operations. Our gas and liquid measurement systems are utilized in multiple energy-related applications, including crude oil and natural gas production and transportation, refined product transportation, petroleum refining, and petroleum marketing and distribution. We combine advanced measurement technology with state-of-the-art electronics and supervisory control systems to provide the measurement of both liquids and gases. This ensures processes operate efficiently while reducing operating costs and minimizing the risks associated with custody transfer.

Loading Systems. We lead the market with reliable loading system solutions. We are globally recognized for setting technical and performance standards in fluid transfer, delivering liquid and gas loading systems to the most challenging applications, both onshore and offshore.

TechnipFMC leads the market with 10,000 marine loading arms supplied, including more than 500 arms for LNG applications. We have developed unique offshore LNG transfer systems for all FLNG facilities operating to date. We offer equipment design and fabrication projects, as well as services over the life of our systems. Our proven ability to innovate, coupled with our modern manufacturing and assembly techniques, serve as the foundation for the future development of fluid transfer systems capable of operating in the most hostile and challenging environments.

By offering both types of products covering the full range of midstream and downstream applications, we can recommend and provide the best solution to our clients.

Capital Intensity

Surface Technologies manufactures most of its products, resulting in a reliance on manufacturing locations throughout the world, including fully owned manufacturing hubs in Stephenville, Texas, United States and Singapore, and a wide global network of third-party suppliers. We also maintain a large quantity of rental equipment related to our drilling & completion and pressure control offerings.

Dependence on Key Customers

No single Surface Technologies customer accounted for 10% or more of our 2019 consolidated revenue.

Competition

Surface Technologies is a market leader for many of our products and services. Some of the factors that distinguish us from other companies in the same sector include our technological innovation, reliability, product quality, and ability to integrate across a broad portfolio scope. Surface Technologies competes with other companies that supply surface production equipment and pressure control products. Some of our major competitors in Surface Technologies include Baker Hughes, Cactus, Inc., Forum Energy Technologies, Inc., Gardner Denver, Inc., Schlumberger, and The Weir Group plc.

Market Environment

Surface Technologies' performance is typically driven by variations in global drilling activity, creating a dynamic environment. Operating results can be further impacted by pressure pumping activity and the completions intensity of shale applications in the Americas.

The North America shale market is sensitive to oil price fluctuations. For a global oilfield service company such as ourselves, this is partially offset by the less cyclical drilling activity in the international markets where most of the activity is driven by national oil companies (NOCs), which tend to maintain longer term and more capital intense drilling programs.

Global activity is still below levels achieved in the prior industry cycle and pricing remains competitive. Drilling activity in North America during 2019 declined approximately 12% compared to 2018, in terms of rig count and number of wells drilled. Completion activity contracted approximately 10% in 2019 in terms of number of wells fractured and a decrease of approximately 7% in 2019 in terms of pressure pumping horsepower demand. The activity decline was driven by pipeline takeaway capacity constraints, lower commodity prices, and lower spending by our customers.

Our business outside of the Americas continued to experience competitive pricing pressure throughout much of 2019. We believe market pricing has since stabilized and expect this more stable pricing environment to continue throughout 2020. Confidence in an improved outlook for our business, based on an expected 4% to 5% increase in rig count and number of wells drilled in 2020, is further supported by the strong growth experienced in inbound orders and backlog in late 2019, about 25% inbound increase in Q4 compared to the average in Q1 to Q3. We believe that the Middle East, Asia Pacific, and Northern Europe are best poised for new order growth.

Strategy

Our strategy is focused on being a leading provider of best-cost and high-performance integrated assets and services for our customers in the drilling, completion, upstream production, and midstream transportation sectors. We distinguish our offering by combining four elements — innovative product design, exceptional customer experience, leading digital tools, and integrated systems.

We have developed the digital tools and customer-centric organizational culture that help enable customer success. Our system integration capabilities and automation technologies (i) reduce cycle time, lowering both capital and operating expenditures and allowing our customers to achieve first oil faster, and (ii) optimize the production process, minimizing facility footprint, manual interventions, and environmental impacts.

Recent and Future Developments

We continue to operate in a challenging environment as global activity is still below levels achieved in the prior industry cycle and pricing remains competitive. In 2019 well completion activity in North America moved lower, negatively impacting demand for pressure control equipment. The activity decline was driven by pipeline takeaway capacity constraints, lower commodity prices, and lower operator budgets.

North American drilling and completion activity continued to move higher throughout 2018, peaking in the first quarter of 2019, and then declining throughout the remainder of 2019. Forecasts for 2020 activity are heavily dependent on commodity prices. Our current outlook is that activity in early 2020 will remain near the fourth quarter of 2019 exit levels and then gradually increase in the second half of the year.

Outside of the Americas, drilling and completion activity increased 7% from 2018 to 2019 and is now planned to stabilize on a 4% to 5% increase in the next three years.

Product Development

In 2019, we expanded our desanding product offering by introducing our Desander Pro which can handle up to 30% higher drill out sand volumes during the flowback phase in shale applications. We are in the final stages of testing for our high gas desander, specifically designed for gas shale plays in Canada and the United States and we have high hopes that this technology can be utilized in conventional applications. We have introduced a number of products that are specifically orientated to improving the safety and efficiency on the Fracturing Pad, including SAFlex - large bore flexible Fracturing lines, 7" Check Valves, Speedloc Quick Connector for wireline intervention. These new products will all become important element in our integrated fracturing offering. Further, we have expanded our suite of high-pressure, high-temperature wellheads and trees, and continue to expand our digital product offering with automated desanding dumps, tank level monitoring, automatic valve greasing units, and automated well testing system, all in an effort to further reduce manning and increase remote oversight of drilling and completion operations.

Acquisitions and Investments

In October 2017, we announced an agreement to acquire Plexus Holding plc's ("**Plexus**") wellhead exploration equipment

and services business for jack-up applications. In conjunction with our global footprint and market presence, this portfolio expansion in the mudline and high-pressure, high-temperature arena has enabled us to be a leading provider of products and services to the global jack-up exploration drilling market. This acquisition fits within our strategy to extend and strengthen our position in exploration drilling products and services while leveraging our global field presence. The acquisition closed in the first quarter of 2018.

The business has been integrated into our Surface Technologies segment, including the transfer of key personnel from Plexus, with their specialized expertise, to ensure continuity and ongoing customer support. The business continues to operate from its existing location in Dyce, Aberdeen, United Kingdom.

In December 2017, we opened a new 18,000 square meter facility in Abu Dhabi's Industrial City 2, which has been further expanded in 2019 to provide customer inventory management services and position the Company for the construction of integrated skids and modules in support of our Production Systems business. In June 2018, we broke ground on a new 52,000 square meter facility in Dhahran, Saudi Arabia. These facilities are part of our continued investment in the United Arab Emirates and Saudi Arabia to reinforce our leading position in delivering local solutions that extend asset life and improve project returns. They position us to respond to the expected increase in activity for Abu Dhabi National Oil Company ("**ADNOC**") and Saudi Aramco in 2020 and beyond while strengthening our capabilities, providing a solid platform for us to grow our integrated offerings in this region, including multiple product lines and aftermarket services that are key to our growth strategy. The new facilities will offer a broader range of capabilities and greater value-add in-country, supporting our full portfolio with high technology equipment in the drilling, completion, production, and pressure control sectors.

Other business information relevant to our business segments

Sources and Availability of Raw Materials

Our business segments purchase carbon steel, stainless steel, aluminum, and steel castings and forgings from the global marketplace. We typically do not use single source suppliers for the majority of our raw material purchases; however, certain geographic areas of our businesses, or a project or group of projects, may heavily depend on certain suppliers for raw materials or supply of semi-finished goods. We believe the available supplies of raw materials are adequate to meet our needs.

Research and Development

We are engaged in R&D activities directed toward the improvement of existing products and services, the design of specialized products to meet customer needs, and the development of new products, processes, and services. A large part of our product development spending has focused on the improved design and standardization of our Subsea and Onshore/Offshore products to meet our customer needs.

Patents, Trademarks, and Other Intellectual Property

We own a number of patents, trademarks, and licenses that are cumulatively important to our businesses. As part of our ongoing R&D focus, we seek patents when appropriate for new products, product improvements, and related service innovations. We have approximately 6,800 issued patents and pending patent applications worldwide. Further, we license intellectual property rights to or from third parties. We also own numerous trademarks and trade names and have approximately 550 registrations and pending applications worldwide.

We protect and promote our intellectual property portfolio and take actions we deem appropriate to enforce and defend our intellectual property rights. We do not believe, however, that the loss of any one patent, trademark, or license, or group of related patents, trademarks, or licenses would have a material adverse effect on our overall business.

6,800 patents issued and pending applications

37,000 employees

Employees

As of December 31, 2019, we had more than 37,000 employees.

Segment and Geographic Financial Information

The majority of our consolidated revenue and segment operating profits are generated in markets outside of the United States. Each segment's revenue is dependent upon worldwide oil and gas exploration, production and petrochemical activity. Financial information about our segments and geographic areas is incorporated herein by reference from Note 3 to our consolidated financial statements of this U.K. Annual Report.

Order Backlog

Information regarding order backlog is incorporated herein by reference from the section entitled "*Business Review*" of the Strategic Report contained in this U.K. Annual Report.

Website Access to Reports and Proxy Statement

Our U.K. Annual Reports and Half-Year Reports are available free of charge through our website at ***www.TechnipFMC.com***, under "*Investors–Financial Information*" as soon as reasonably practicable. Unless expressly noted, the information on our website or any other website is not incorporated by reference in this U.K. Annual Report and should not be considered part of this U.K. Annual Report or any other filing we make.

Business Review

Introduction

In this U.K. Annual Report, the Company is reporting in its consolidated financial statements the results of its operations for the year ended December 31, 2019, which consist of the combined results of operations of Technip S.A. and FMC Technologies, Inc.

Due to the Merger, FMC Technologies' results of operations have been included in the consolidated financial statements for periods subsequent to the consummation of the Merger on January 16, 2017. Under the acquisition method of accounting, Technip was identified as the accounting acquirer and acquired a 100% interest in FMC Technologies.

Historically, Technip prepared its financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and FMC Technologies prepared its financial statements in accordance with U.S. GAAP. Following completion of the Merger, the Company is preparing its consolidated financial statements in accordance with both (i) U.S. GAAP in accordance with U.S. securities law and reporting requirements, and (ii) IFRS in accordance with the requirements of the U.K. Companies Act 2006 (the "**Companies Act**") and the U.K. Disclosure Guidance and Transparency Rules. The U.S. GAAP financial statements for the year ended December 31, 2019 were contained in the Annual Report on Form 10-K filed with the SEC on March 3, 2020 and the IFRS consolidated financial statements are contained in this U.K. Annual Report.

The basis of presentation, critical accounting estimates and significant accounting policies are set out in Note 1 to the consolidated financial statements contained in this U.K. Annual Report.

Key Performance Indicators

We are a global leader in energy projects, technologies, systems and services. We have manufacturing operations worldwide, strategically located to facilitate efficient delivery of these products, technologies, systems and services to our customers. We report our results of operations in the following segments: Subsea, Onshore/Offshore, and Surface Technologies. Management's determination of the Company's reporting segments was made on the basis of our strategic priorities and corresponds to the manner in which our Chief Executive Officer reviews and evaluates operating performance to make decisions about resource allocations to each segment.

We focus on economic- and industry-specific drivers and key risk factors affecting our business segments as we formulate our strategic plans and make decisions related to allocating capital and human resources. The results of our segments are primarily driven by changes in capital spending by oil and gas companies, which largely depend upon current and anticipated future crude oil and natural gas demand, production volumes, and consequently, commodity prices. We use crude oil and natural gas prices as an indicator of demand. Additionally, we use both onshore and offshore rig count as an indicator of demand, which consequently influences the level of worldwide production activity and spending decisions. We also focus on key risk factors when determining our overall strategy and making decisions for capital allocation. These factors include risks associated with the global economic outlook, product obsolescence and the competitive environment. We address these risks in our business strategies, which incorporate continuing development of leading-edge technologies and cultivating strong customer relationships.

Our Subsea segment is affected by changes in commodity prices and trends in deepwater oil and natural gas production. Our Onshore/Offshore segment is impacted by change in commodity prices, population growth and demand for natural gas, although the onshore market is typically more resilient to these changes impacting the segment. Our Subsea and Onshore/Offshore segments both benefit from the current market fundamentals supporting the demand for new liquefied natural gas facilities. Onshore/Offshore also benefits from the construction of petrochemical and fertilizer plants.

Our Surface Technologies segment is primarily affected by changes in commodity prices and trends in land-based and shallow water oil and natural gas production. We have developed close working relationships with our customers. Our results reflect our ability to build long-term alliances with oil and natural gas companies and to provide solutions for their needs in a timely and cost-effective manner. We believe that by closely working with our customers, we enhance our competitive advantage, improve our operating results and strengthen our market positions.

The Company's directors consider that the most important key performance indicators ("**KPIs**") for 2019 and 2018 are set out below.

As we evaluate our operating results, we consider business segment performance indicators like segment revenue, operating profit and capital employed, in addition to the level of inbound orders and order backlog. A significant proportion of our revenue is recognized under the percentage of completion method of accounting. Cash receipts from such arrangements typically occur at milestones achieved under stated contract terms. Consequently, the timing of revenue recognition is not always correlated with the timing of customer payments. We aim to structure our contracts to receive advance payments that we typically use to fund engineering efforts and inventory purchases. Working capital (excluding cash) and net (debt) cash are therefore key performance indicators of cash flows. These key performance indicators are detailed in the paragraph entitled "*Consolidated Results of Operations*" below.

Consolidated Results of Operations

Management's report of the consolidated results of operations is provided on the basis of comparing actual results of operations for the year ended December 31, 2019 to actual results of operations for the year ended December 31, 2018.

	Year Ended December 31,		Change	
(In millions, except percentages)	**2019**	**2018**	**$**	**%**
Revenue	$ 13,426.2	$ 12,599.9	$ 826.3	6.6%
Costs and expenses				
Cost of sales	10,915.8	10,294.8	621.0	6.0%
Selling, general and administrative expense	1,230.0	1,144.4	85.6	7.5%
Research and development expense	162.9	189.2	(26.3)	(13.9)%
Impairment, restructuring and other expenses	2,436.6	1,677.0	759.6	45.3%
Separation costs	72.1	–	72.1	n/a
Merger transaction and integration costs [(a)]	31.2	36.5	(5.3)	(14.5)%
Total costs and expenses	14,848.6	13,341.9	1,506.7	11.3%
Other income (expense), net	(267.2)	(332.9)	65.7	19.7%
Income from equity affiliates	12.3	122.7	(110.4)	(90.0)%
Net interest expense	(498.5)	(396.4)	(102.1)	(25.8)%
Loss before income taxes	(2,175.8)	(1,348.6)	(827.2)	(61.3)%
Provision for income taxes	275.1	397.0	(121.9)	(30.7)%
Net loss	(2,450.9)	(1,745.6)	(705.3)	(40.4)%
Net profit attributable to noncontrolling interests	(3.1)	(10.8)	7.7	71.3%
Net loss attributable to TechnipFMC plc	$ (2,454.0)	$ (1,756.4)	$ (697.6)	(39.7)%

a) Integration costs in 2019 incurred only in the first half of the year.

Revenue

Revenue increased $826.3 million in 2019 compared to the prior-year period, primarily as a result of improved project activity. Subsea revenue increased year-over-year with higher project-related activity, including increased revenue from integrated project execution (iEPCI) and increased demand in subsea services. Onshore/Offshore revenue was stable as a decrease in revenues from projects progressing towards completion, primarily Yamal LNG, was largely offset by increased project activity in the Middle East and Asia Pacific regions. Surface Technologies revenue increased primarily as a result of improving order backlog from international markets, primarily in the Middle East and Asia Pacific regions.

Gross profit

Gross profit (revenue less cost of sales) as a percentage of sales increased marginally to 18.7% in 2019 and 18.3% in the prior-year period. Strong project execution and completion of Yamal LNG milestones improved gross profits in Onshore/ Offshore offset by lower gross profit due to a more competitively priced Subsea backlog and weaker demand in North America for Surface Technologies products and services due to a challenged shale market.

Selling, general and administrative expense

Selling, general and administrative expense increased $85.6 million year-over-year, primarily as a result of increased corporate expense driven largely by accelerated IT spending as well as additional performance incentive compensation awards.

Impairment, restructuring and other expense

We incurred $2.4 billion of restructuring, impairment and other expenses in 2019, primarily driven by $2.0 billion of goodwill impairment and $411.3 million of property, plant and equipment impairment. See Note 10 and Note 11 for further details.

Separation costs

We have incurred $72.1 million associated with the preparation of the Separation during 2019. Refer to Note 1 for further information regarding the planned transaction.

Merger transaction and integration costs

We incurred merger transaction and integration costs of $31.2 million during the first half of 2019, before the announcement of the planned separation transaction due to the continuation of the integration activities pertaining to combining the two legacy companies.

Other income (expense), net

Other income (expense), net, primarily reflects foreign currency gains and losses, non-recurring expenses and results of disposals of assets. In 2019, we recognized $167.2 million of net foreign exchange losses, compared with $65.6 million of net foreign exchange loss in the prior year period, mainly due to the devaluation of the Angolan kwanza, for which there is no active forwards market, while in 2018 a $280 million legal provision was made.

Net interest expense

Net interest expense increased $102.1 million in 2019 compared to 2018, primarily due to the change in the fair value of the redeemable financial liability. We revalued the mandatorily redeemable financial liability to reflect current

expectations about the obligation and recognized a charge of $423.5 million. See Note 26 for further information regarding the fair value measurement assumptions of the mandatorily redeemable financial liability and related changes in its fair value. Net interest expense in 2019, excluding the fair value measurement of the mandatorily redeemable financial liability, increased by $1.3 million on a net basis compared to 2018.

Provision for income taxes

Our income tax provisions for 2019 and 2018 reflected effective tax rates of (12.6)% and (29.4)%, respectively. The year-over-year change in the effective tax rate was primarily due to a decrease in the amount of tax expense associated with deferred tax assets not recognized, the release of contingent tax accruals due to the favorable resolution of income tax audits, and a favorable change in actual country mix of earnings, offset in part by the impact of nondeductible goodwill impairments.

Our effective tax rate can fluctuate depending on our country mix of earnings, which may change based on changes in the jurisdictions in which we operate.

Segment Results of Operations

Segment operating profit is defined as total segment revenue less segment operating expenses. Certain items have been excluded in computing segment operating profit and are included in corporate items. Refer to Note 3 to our consolidated financial statements included in this U.K. Annual Report for further information.

We report our results of operations in U.S. dollars; however, our earnings are generated in various currencies worldwide. In order to provide worldwide consolidated results, the earnings of subsidiaries functioning in their local currencies are translated into U.S. dollars based upon the average exchange rate during the period. While the U.S. dollar results reported reflect the actual economics of the period reported upon, the variances from prior periods include the impact of translating earnings at different rates.

Subsea

	Year Ended December 31,		Favorable/(Unfavorable)	
(In millions, except %)	**2019**	**2018**	**$**	**%**
Revenue	$ 5,523.4	$ 4,865.6	$ 657.8	13.5%
Operating loss	(1,417.1)	(1,366.3)	(50.8)	(3.7)%
Operating loss as a percent of revenue	(25.7)%	(28.1)%		2.4 pts

Subsea revenue increased $657.8 million year-over-year, primarily due to increased project revenue from iEPCI, particularly projects in Asia, the North Sea and the Mediterranean that progressed towards completion, partially offset by decreased activity in Australia. The increase of Subsea Services activity across the globe further added to the year-over-year growth in revenue.

Subsea operating loss increased primarily due to the impairment of goodwill and property, plant and equipment. This operating loss included $1,740.2 million of asset impairment charges primarily related to the impairment of goodwill and property, plant and equipment compared to $1,592.0 million in 2018. Refer to Note 10 and Note 11 to our consolidated financial statements included in this U.K. Annual Report for additional information related to these asset impairments.

Onshore/Offshore

	Year Ended December 31,		Favorable/(Unfavorable)	
(In millions, except %)	2019	2018	$	%
Revenue	$ 6,268.8	$ 6,120.7	$ 148.1	2.4%
Operating profit	964.4	823.1	141.3	17.2%
Operating profit as a percent of revenue	15.4%	13.4%		2.0 pts.

Onshore/Offshore revenue increased $148.1 million year-over-year. The increase was primarily driven by higher activity Europe, Middle East, Africa and North American regions as well as our Process and Technology business. The increase was partially offset by lower activity on Yamal LNG as the project nears completion.

Operating profit year-over-year was favorably impacted by reduced costs, strong project execution and bonus achievements on Yamal LNG due to completion of key milestones ahead of schedule. Additionally, 2019 included $17.0 million in restructuring and other expenses.

Onshore/Offshore operating profit as a percentage of revenue increased to 15.4% compared to 2018.

Surface Technologies

	Year Ended December 31,		Favorable/(Unfavorable)	
(In millions, except %)	2019	2018	$	%
Revenue	$ 1,634.0	$ 1,613.6	20.4	1.3%
Operating profit (loss)	(654.8)	172.7	(827.5)	(479.2)%
Operating profit (loss) as a percent of revenue	(40.1)%	10.7%	%	(50.8) pts.

Surface Technologies revenue increased $20.4 million year-over-year primarily driven by increased activity in the Middle East and Asia Pacific markets primarily driven by increased demand for drilling and completion and pressure control equipment and services, offset by negative drilling and completions market activity in North America as customers curbed capital spending.

Surface Technologies operating profit as a percent of revenue decreased significantly year-over-year. The decrease was primarily due to a $708.4 million charge for impairment and restructuring and other charges, in particular related to goodwill. This compared to a $13.8 million charge in the prior year. Refer to Note 11 to our consolidated financial statements included in this U.K. Annual Report for additional information related to these impairments. Operating profit was also negatively impacted by reduced demand for flowline, hydraulic fracturing services, wellhead systems and pressure control equipment in North America, partially offset by increased demand for products and services in the Middle East and Asia Pacific.

Surface Technologies operating profit as a percentage of revenue decreased to (40.1)% compared to 2018.

Corporate Items

	Year Ended December 31,		Favorable/(Unfavorable)	
(In millions, except %)	**2019**	**2018**	**$**	**%**
Corporate expense	$ (569.8)	$ (581.7)	11.9	2.0%

Inbound Orders and Order Backlog

Inbound orders – Inbound orders represent the estimated sales value of confirmed customer orders received during the reporting period.

	Inbound Orders Year Ended December 31,	
(In millions)	**2019**	**2018**
Subsea	$ 7,992.6	$ 5,178.5
Onshore/Offshore	13,080.5	7,425.9
Surface Technologies	1,619.9	1,686.6
Total inbound orders	$ 22,693.0	$ 14,291.0

Order backlog - Our consolidated order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. See "*Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations*" in Note 5 to our consolidated financial statements contained in this U.K. Annual Report for more information on order backlog.

	Order Backlog December 31,	
(In millions)	**2019**	**2018**
Subsea	$ 8,479.8	$ 5,999.6
Onshore/Offshore	15,298.1	8,090.5
Surface Technologies	473.2	469.9
Total order backlog	$ 24,251.1	$ 14,560.0

Subsea – Order backlog for Subsea at December 31, 2019, increased by $2.5 billion from December 31, 2018. Subsea backlog of $8.5 billion at December 31, 2019, was composed of various subsea projects, including Total Mozambique LNG Subsea; Eni Coral and Merakes; Petrobras Mero I; Energean Karish; ExxonMobil Liza Phase 2; Neptune Duva & Gjøa P1 and Seagull; Reliance MJ1; Lundin Edvard Grieg; BP Thunderhorse South Extension 2; Equinor Johan Sverdrup Phase 2 ; Woodside Pyxis, and Husky West White Rose.

Onshore/Offshore – Onshore/Offshore order backlog at December 31, 2019, increased by $7.2 billion compared to December 31, 2018. Onshore/Offshore backlog of $15.3 billion was composed of various projects,including Arctic LNG 2, Yamal LNG; Midor refinery expansion; BP Tortue FPSO; Long Son Petrochemicals; ExxonMobil Beaumont refinery expansion; HURL fertilizer plants; Petronas Kasawari; Energean Karish; Neste bio-diesel expansion; and Motor Oil Hellas New Naphta Complex.

Surface Technologies – Order backlog for Surface Technologies at December 31, 2019, increased by $3.3 million compared to December 31, 2018. Given the short-cycle nature of the business, most orders are quickly converted into sales revenue; longer contracts are typically converted within twelve months.

Non-consolidated backlog – Non-consolidated backlog reflects the proportional share of backlog related to joint ventures that is not consolidated due to our minority ownership position.

	Non-consolidated backlog December 31,	
(In millions)	**2019**	**2018**
Subsea	$ 799.2	$ 974.0
Onshore/Offshore	2,976.0	1,748.5
Total order backlog	$ 3,775.2	$ 2,722.5

Liquidity and Capital Resources

Most of our cash is managed centrally and flowed through centralized bank accounts controlled and maintained by the Company domestically and in foreign jurisdictions to best meet the liquidity needs of our global operations.

We expect to meet the continuing funding requirements of our global operations with cash generated by such operations, our commercial paper programs, and our existing revolving credit facility.

Net (Debt) Cash - Net (Debt) Cash is a non-IFRS financial measure reflecting cash and cash equivalents, net of debt. Management uses this non-IFRS financial measure to evaluate our capital structure and financial leverage. We believe net debt, or net cash, is a meaningful financial measure that may assist investors in understanding our financial condition and recognizing underlying trends in our capital structure. Net (debt) cash should not be considered an alternative to, or more meaningful than, cash and cash equivalents as determined in accordance with IFRS or as an indicator of our operating performance or liquidity.

The following table provides an IFRS reconciliation of our cash and cash equivalents to net (debt) cash, utilizing details of classifications from our consolidated statements of financial position:

(In millions)	**December 31, 2019**	**December 31, 2018**
Cash and cash equivalents	$ 5,190.1	$ 5,542.2
Short-term debt and current portion of long-term debt	(2,462.2)	(1,983.5)
Long-term debt, less current portion	(2,013.2)	(2,208.2)
Lease liabilities	(956.8)	(337.8)
Net (debt) cash	$ (242.1)	$ 1,012.7

Cash Flows

Cash flows for each of the years in the two-year period ended December 31, 2019 and 2018, were as follows:

	Year Ended December 31,	
(In millions)	2019	2018
Cash provided (required) by operating activities	$ 1,182.1	$ (182.3)
Cash provided (required) by investing activities	(419.8)	(460.2)
Cash required by financing activities	(1,120.2)	(444.8)
Effect of exchange rate changes on cash and cash equivalents	5.8	(108.0)
Increase (decrease) in cash and cash equivalents	$ (352.1)	$ (1,195.3)

Operating cash flows – During 2019, we generated $1,182.1 million in cash flows from operating activities as compared to $182.3 million used in 2018, resulting in a $1,364.4 million increase compared to 2018. 65.9% of the annual operating cash flow was generated in the fourth quarter, primarily due to timing differences on project milestones and vendor payments.

Investing cash flows – Investing activities used $419.8 million and $460.2 million of cash in 2019 and 2018, respectively. The decrease in cash used by investing activities was primarily due to proceeds from repayment of advance to joint venture of $62.0 million, decrease in cash used for acquisitions, partially offset by increased capital expenditures and payment to acquire debt securities in 2019. In 2019, we purchased a deepwater dive support vessel, Deep Discoverer, that was subsequently funded through a sale-leaseback transaction.

Financing cash flows – Financing activities used $1,120.2 million and $444.8 million in 2019 and 2018, respectively. The increase of $675.4 million in cash required for financing activities was primarily due to increased settlement of mandatorily redeemable financial liability, increased payments for the principal portion of lease liabilities, and decreased borrowings of commercial paper, partially offset by decreased purchases of treasury stock in 2019.

Debt and Liquidity

Total borrowings at December 31, 2019 and 2018, comprised the following:

	Year Ended December 31,	
(In millions)	2019	2018
Commercial paper	$ 1,967.0	$ 1,916.1
Synthetic bonds due 2021	491.7	488.8
3.45% Senior Notes due 2022	500.0	500.0
5.00% Notes due 2020	224.4	228.4
3.40% Notes due 2022	168.4	171.6
3.15% Notes due 2023	145.4	148.1
3.15% Notes due 2023	140.2	142.9
4.00% Notes due 2027	84.2	85.8
4.00% Notes due 2032	108.6	110.5
3.75% Notes due 2033	109.2	111.1
Bank borrowings	513.3	265.2
Finance lease	956.8	337.8
Other	23.0	23.2
Total borrowings	$ 5,432.2	$ 4,529.5

The following is a summary of our revolving credit facility at December 31, 2019:

(In millions) Description	Amount	Debt Outstanding	Commercial Paper Outstanding (a)	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$ 2,500.0	$ —	$ 1,967.0	$ —	$ 533.0	January 2023

(a) Under our commercial paper program, we have the ability to access up to $1.5 billion and €1.0 billion of financing through our commercial paper dealers. Our available capacity under our revolving credit facility is reduced by any outstanding commercial paper.

Committed credit available under our revolving credit facility provides the ability to issue our commercial paper obligations on a long-term basis. We had $1,967.0 million of commercial paper issued under our facilities at December 31, 2019.

Our revolving credit facility contains customary covenants as defined by the credit facility agreement which includes a financial covenant requiring that our total capitalization ratio not exceed 60% at the end of any financial quarter. The facility agreement also contains covenants restricting our ability and our subsidiaries ability to incur additional liens and indebtedness, enter into asset sales, make certain investments. As of December 31, 2019, we were in compliance with all restrictive covenants under our revolving credit facility.

Refer to Note 19 and Note 22 to the consolidated financial statements contained in this U.K. Annual Report for further information related to our credit facility and our mandatorily redeemable liability, respectively.

Credit Risk Analysis

For the purposes of mitigating the effect of the changes in exchange rates, we hold derivative financial instruments.

Valuations of derivative assets and liabilities reflect the fair value of the instruments, including the values associated with counterparty risk. These values must also take into account our credit standing, thus including in the valuation of the derivative instrument and the value of the net credit differential between the counterparties to the derivative contract. Adjustments to our derivative assets and liabilities related to credit risk were not material for any period presented.

We use the income approach as the valuation technique to measure the fair value of foreign currency derivative instruments on a recurring basis. This approach calculates the present value of the future cash flow by measuring the change from the derivative contract rate and the published market indicative currency rate, multiplied by the contract notional values. Credit risk is then incorporated by reducing the derivative's fair value in asset positions by the result of multiplying the present value of the portfolio by the counterparty's published credit spread. Portfolios in a liability position are adjusted by the same calculation; however, a spread representing our credit spread is used. Our credit spread, and the credit spread of other counterparties not publicly available are approximated by using the spread of similar companies in the same industry, of similar size and with the same credit rating.

At this time, we have no credit-risk-related contingent features in our agreements with the financial institutions that would require us to post collateral for derivative positions in a liability position.

Additional information about credit risk is incorporated herein by reference to Note 26 and Note 29 to the consolidated financial statements contained in this U.K. Annual Report.

Outlook

Historically, we have generated our liquidity and capital resources primarily through operations and, when needed, through our credit facility. We have $533.0 million of capacity available under our revolving credit facility that we expect to utilize if working capital needs temporarily increase. The volatility in credit, equity and commodity markets creates

some uncertainty for our business. Any payment deferrals or discounts on pricing granted to clients in prior years may adversely affect our results of operations and cash flows in 2020 and beyond.

We project spending approximately $450 million in 2020 for capital expenditures. However, projected capital expenditures for 2020 do not include any contingent capital that may be needed to respond to a contract award.

We implemented a U.K. court-approved reduction of our capital, which was completed on June 29, 2017, in order to create distributable profits to support the payment of future dividends or future share repurchases. Our board of directors authorized $500 million for the repurchase of shares which was completed in 2018. The Board of Directors authorized an extension of this program, adding $300 million in December 2018 for a total of $800 million in ordinary shares.

During 2020, we expect to make contributions of approximately $6.9 million to our international pension plans, representing primarily the Netherlands qualified pension plans and U.K qualified pension plans. Actual contribution amounts are dependent upon plan investment returns, changes in pension obligations, regulatory environments and other economic factors. We update our pension estimates annually during the fourth quarter or more frequently upon the occurrence of significant events. We do not expect to make any contributions to our U.S. Qualified Pension Plan and our U.S. Non-Qualified Defined Benefit Pension Plan in 2020.

Prior to the filing of this document and consequent to the balance sheet date of December 31, 2019, there has been a decline in oil prices and uncertainty in the economy triggered by certain global events in 2020. It is too early to quantify the impact of this, however the Company will continue to monitor the ongoing events and the implications for existing forecasts. We enter this period with solid backlog and significant revenue coverage for 2020, however our business is subject to oil and gas price volatility.

Market Risk

We are subject to financial market risks, including fluctuations in foreign currency exchange rates and interest rates. In order to manage and mitigate our exposure to these risks, we may use derivative financial instruments in accordance with established policies and procedures. We do not use derivative financial instruments where the objective is to generate profits solely from trading activities. At December 31, 2019 and December 31, 2018, substantially all of our derivative holdings consisted of foreign currency forward contracts and foreign currency instruments embedded in purchase and sale contracts.

These forward-looking disclosures only address potential impacts from market risks as they affect our financial instruments and do not include other potential effects that could impact our business as a result of changes in foreign currency exchange rates, interest rates, commodity prices or equity prices.

Foreign Currency Exchange Rate Risk

We conduct operations around the world in a number of different currencies. Many of our significant foreign subsidiaries have designated the local currency as their functional currency. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. We do not hedge this translation impact on earnings. A 10% increase or decrease in the average exchange rates of all foreign currencies at December 31, 2019, would have changed our revenue and income before income taxes attributable to TechnipFMC by approximately $140.6 million and $5.5 million, respectively.

When transactions are denominated in currencies other than our subsidiaries' respective functional currencies, we manage these exposures through the use of derivative instruments. We primarily use foreign currency forward contracts to hedge the foreign currency fluctuation associated with firmly committed and forecasted foreign currency denominated payments and receipts. The derivative instruments associated with these anticipated transactions are usually designated and qualify as cash flow hedges, and as such the gains and losses associated with these instruments are recorded in other comprehensive income until such time that the underlying transactions are recognized. Unless these cash flow

contracts are deemed to be ineffective or are not designated as cash flow hedges at inception, changes in the derivative fair value will not have an immediate impact on our results of operations since the gains and losses associated with these instruments are recorded in other comprehensive income. When the anticipated transactions occur, these changes in value of derivative instrument positions will be offset against changes in the value of the underlying transaction. When an anticipated transaction in a currency other than the functional currency of an entity is recognized as an asset or liability on the balance sheet, we also hedge the foreign currency fluctuation of these assets and liabilities with derivative instruments after netting our exposures worldwide. These derivative instruments do not qualify as cash flow hedges.

Occasionally, we enter into contracts or other arrangements containing terms and conditions that qualify as embedded derivative instruments and are subject to fluctuations in foreign exchange rates. In those situations, we enter into derivative foreign exchange contracts that hedge the price or cost fluctuations due to movements in the foreign exchange rates. These derivative instruments are not designated as cash flow hedges.

For our foreign currency forward contracts hedging anticipated transactions that are accounted for as cash flow hedges, a 10% increase in the value of the U.S. dollar would have resulted in an additional loss of $83.8 million in the net fair value of cash flow hedges reflected in our consolidated balance sheet at December 31, 2019.

Interest Rate Risk

At December 31, 2019, we had commercial paper of approximately $2.0 billion with a weighted average interest rate of 1.41%. Using sensitivity analysis to measure the impact of a 10% adverse movement in the interest rate, or eighteen basis points, would result in an increase to interest expense of $2.8 million.

We assess effectiveness of forward foreign currency contracts designated as cash flow hedges based on changes in fair value attributable to changes in spot rates. We exclude the impact attributable to changes in the difference between the spot rate and the forward rate for the assessment of hedge effectiveness and recognize the change in fair value of this component immediately in earnings. Considering that the difference between the spot rate and the forward rate is proportional to the differences in the interest rates of the countries of the currencies being traded, we have exposure in the unrealized valuation of our forward foreign currency contracts to relative changes in interest rates between countries in our results of operations. To the extent any one interest rate increases by 10% across all tenors and other countries' interest rates remain fixed, and assuming no change in discount rates, we would expect to recognize a decrease of $0.5 million in unrealized earnings in the period of change. Based on our portfolio as of December 31, 2019, we have material positions with exposure to interest rates in the United States, Canada, Australia, Brazil, the United Kingdom, Singapore, the European Community, and Norway.

Corporate Responsibility and Sustainability – Non-financial Information Statement

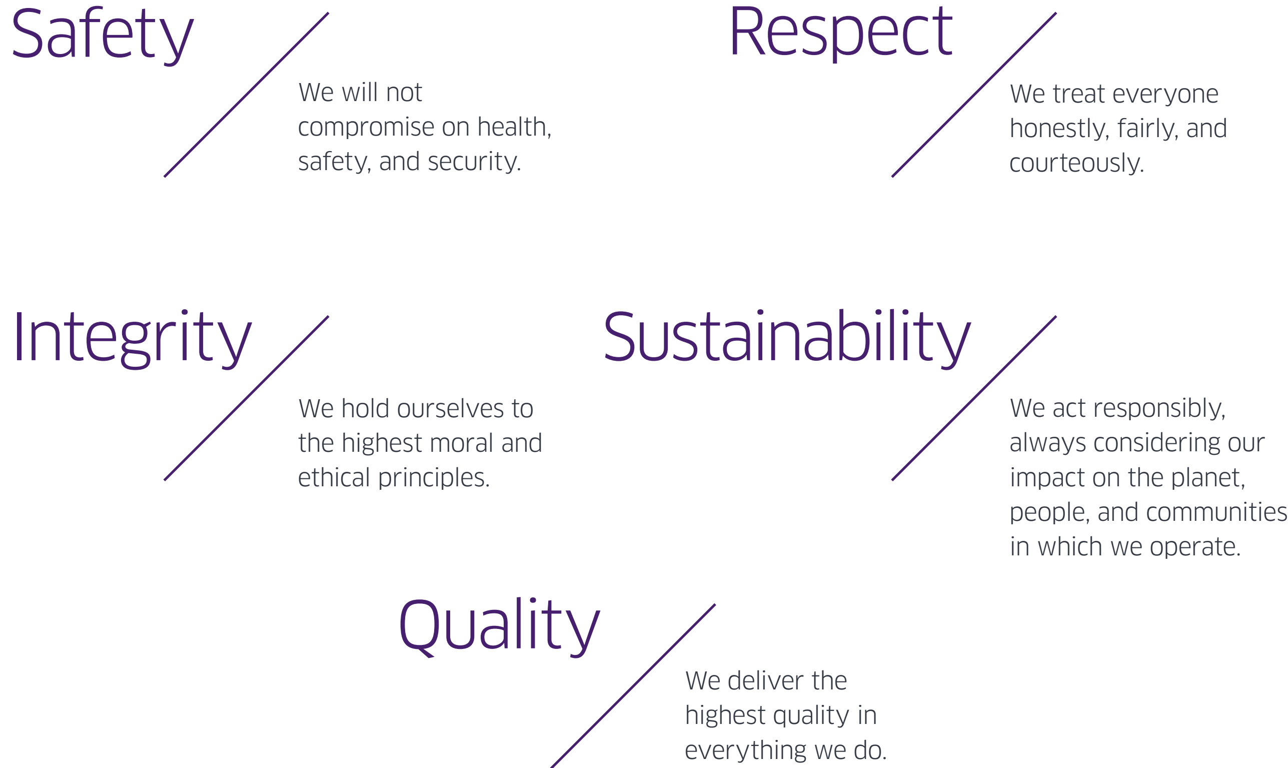
We are a global leader in oil and gas projects, technologies, systems, and services and provide our clients deep expertise across subsea, onshore/offshore, and surface projects. Our vision to enhance the performance of the world's energy industry is supported by a relentless drive of every individual at TechnipFMC.

Our decisions regarding corporate responsibility, governance, and sustainability are founded on the principles that guide our Company. Our core values provide the framework for all of our decision making and are based on our Foundational Beliefs.

Core Values and Foundational Beliefs

Our core values are the drivers that guide how we act in a distinctly TechnipFMC way, so we can deliver on our purpose and achieve our vision. We bring our values to life through our behaviors—specific, observable, and measurable actions.

Our Foundational Beliefs are the cornerstone of our values that describe how we fundamentally do business and what we never compromise on, no matter the circumstances.



Code of Business Conduct

Our Code of Business Conduct is built on our Foundational Beliefs and gives our directors, officers, and employees a common language and playbook for decisions and actions that help us live our core values. We are committed to establishing and maintaining an effective compliance program that is intended to increase the likelihood of preventing, detecting, and correcting violations of Company policy and the law. Moreover, we have a hotline in place for employees, officers, directors, and external parties to anonymously report violations of our Code of Business Conduct or complaints regarding accounting and auditing practices. Reports of possible violations of financial or accounting policies are reported to our Audit Committee.

We will disclose amendments to, or waivers of, our Code of Business Conduct that are required to be disclosed under the U.S. Securities and Exchange Commission ("**SEC**") and NYSE rules or any other applicable laws, rules, and regulations. Any waiver of our Code of Business Conduct for our officers and directors must be approved by the Board or a relevant Board committee. We have not made any such waivers, and do not anticipate making any such waiver.

Sustainability

We believe corporate responsibility and sustainability is a key element of our Company's long-term success and is, therefore, one of our Foundational Beliefs. To ensure that the Company is collectively focused on making meaningful and tangible changes, we have focused our sustainability efforts under three pillars.

Corporate Responsibility & Sustainability Pillars	Supporting Communities	Advancing Gender Diversity	Respecting the Environment
Main Objectives	**We make a long-term positive impact in the communities where we live and work through active engagement in health, education, and local employment**	**We create an environment that encourages everyone to reach their full potential**	**We develop solutions and operations to minimize carbon intensity and the impact on the planet**
	▸ Go beyond our commercial obligations to create in-country value through initiatives in health, education, and local employment ▸ Enable employees to volunteer and support initiatives ▸ Support and develop Science. Technology, Engineering, and Math (STEM) initiatives	▸ Ensure gender pay equity everywhere we operate ▸ Improve gender balance in the organization, across all functions and levels ▸ Promote women fairly and equally through the career development process	▸ Reduce the carbon footprint of our facilities, products, and solutions ▸ Provide the carbon footprint of all our deliverables to clients through conceptual studies ▸ Set up an internal carbon price for the entire Company, projects, and operations to impact investment decisions

Each year, we set key performance targets for each of these pillars and report our performance against these targets to our Board and other stakeholders. In addition to these annual objectives, the Company demonstrates its commitment in other ways.

For instance, in 2019, TechnipFMC reaffirmed its support of the Ten Principles of the United Nations (UN) Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption. The UN Global Compact requires an annual Communication on Progress, which is submitted and made publicly available on the UN Global Compact website.

Additionally, our Code of Business Conduct requires that we, among other things:

- Design sustainable development initiatives with a focus on long-term added value
- Engage with local communities impacted by our activities in close coordination with our clients and contribute to social and economic self-sustainability
- Anticipate and minimize potential disruptions to the community
- Mitigate any negative impacts to local communities from our activities
- Contribute to local employment growth by fostering training and transfer of skills and technology
- Respect local cultures and be aware of local practices and traditions, legislation, and cultural factors that may impact behaviors and decisions

Our Code of Business Conduct also covers many sustainability issues, from fair employment practices and equal opportunity to Health, Safety, and Environment ("**HSE**"), human rights, and community involvement. We also have a Quality, Health, Safety, Environment and Security ("**QHSES**") program aimed at preventing accidents and incidents, ensuring personal and corporate accountability, and simplifying practices and processes across our Company. Backed by our Foundational Beliefs, our HSE and QHSES teams create a culture of engagement to develop the leadership behaviors that deliver enhanced performance and business results. For example, the Company is a proud member of Building Responsibly — an industry-led collaborative initiative enabling construction and engineering companies to collaborate around their shared values, advance their compliance programs, and agree on common approaches regarding worker welfare and human rights. We are specifically advancing compliance in recruitment, working conditions, and supply chain practices. In addition, we have a specific Environmental Working Group ("**EWG**") that reports to the Company's Corporate HSE team and coordinates a network of environmental specialists from all of our business units. The EWG sets environmental programs, supports the enhancement of environmental performance, and develops global environmental initiatives involving all of our assets and projects.

Supporting Communities

Supporting Communities is our first sustainability pillar. Our Code of Business Conduct encourages employees to engage with local communities where we live and work, to contribute to their social and economic self-sustainability, and to ensure that TechnipFMC is a responsible corporate citizen in our communities. It is the foundation of that responsibility that forges our commitment to local communities.

Supporting Communities – Objectives

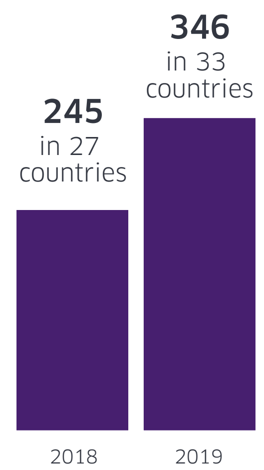
TechnipFMC supports and encourages its employees to volunteer and support their community development programs in line with our Code of Business Conduct and our Supporting Communities pillar, whose objectives include the following:

- **Go beyond our commercial obligations to create in-country value** through initiatives in health, education, and local employment
- **Support and develop initiatives related to Science, Technology, Engineering, and Mathematics (“STEM”)**
- **Enable employees to volunteer and support initiatives**

Go beyond our commercial obligations to create in-country value

Overall, in 2019, 346 initiatives were organized in 33 countries where TechnipFMC operates, which is a significant increase from 245 initiatives in 27 countries in 2018. Employees spent approximately 26,500 volunteer hours in 2019 creating in-country value through actions in health, education, STEM, local employment, environment, gender diversity, and other relevant and impactful local issues. Examples of initiatives launched or continued in 2019 in several countries are described below.

Increasing the number of community initiatives



Support and develop STEM initiatives

In 2019, we focused on topics related to STEM and 58 initiatives were organized in 17 countries, which was a significant increase from 14 initiatives in eight countries in 2018.

Our target of having at least one STEM initiative in each Company entity with more than 300 employees will be achieved by the end of the first quarter 2020. Initiatives developed in 2019 could be grouped in three main areas: working with schools and/or organizations to promote STEM for children, promoting STEM careers for students and young professionals, and promoting STEM for employees' children.

58
STEM initiatives around the world (vs 14 in 2018)

96%
of entities with >300 employees in 2019 had STEM initiatives

Enable employees to volunteer and support initiatives

In 2019, we launched our global volunteering program, iVolunteer, that enables employees to support initiatives in the communities where they live and work. The key purpose is to have a positive, tangible, and collective impact on these communities.

iVolunteer allows entities and countries to develop volunteering initiatives to further engage employees. Globally, approximately 12,650 of our employees participated in local initiatives and spent approximately 26,500 hours volunteering in 2019, which is over double the 10,000 hours volunteered in 2018.

iVolunteer launched in 2019

12,650
employees volunteered in 2019 (vs. 2,600 in 2018)

Below are some examples of our outreach in our communities in 2019:

United States	We participate regularly in numerous events, including Women's Initiative Day of Caring, Target Hunger Day of Caring, and the Veterans Program. Other initiatives include being part of the Houston Heart Walk, an annual fundraising event dedicated to spreading awareness about health, and being a sponsor for the Energy Day Festival to promote the STEM fields for thousands of local schoolchildren.
United Kingdom	Our volunteers have raised funds for, and partner with, local and national charities chosen by employees, including the Scotland Animal Welfare Charity, Chest, Heart and Stroke Scotland, Charlie House, Kayleighs Wee Stars, and Alzheimer Scotland. We also support events and network with other organizations that promote health, welfare, education, and diversity.
France	TechnipFMC in France supports the non-profit organization, *Elles Bougent* (Girls on the Move). *Elles Bougent* promotes gender diversity in STEM, as well as more accessibility to young female students in technical and industrial careers. We also arrange for the collection of clothes, books, and toys in Paris for donation to local charities for children, the homeless, and vulnerable families. TechnipFMC also makes donations to schools and associations in France to finance educational programs. Moreover, since 2018, our employees participated in the *Enfants sans Cancer* (Children without Cancer) city race to raise funds and awareness for this cause.
Brazil	In Brazil, we engage in a series of social and environmental programs involving underprivileged children and young students from neighboring communities to help them become better citizens and have equal opportunities. Also, in 2019, our volunteers organized a beach cleaning activity in Rio de Janeiro where half a ton of garbage was collected.
Colombia	In Colombia, we promote the respect of human rights of vulnerable populations through workshops, donations, and assistance, particularly the recyclers, street vendors, and homeless communities near our Bogota office.
Norway	Since 2018, our employees in Norway have participated in city walks, as part of our iVolunteer program, to raise money for local charities of employees' choice, including children's support charities, mental health charities, local hospitals, and charitable sports organizations.

Italy	TechnipFMC in Italy, in collaboration with Technical School Enrico Fermi based in Rome, is involved in the Alternanza Scuola-Lavoro (Education-Work Rotation) project. Our Rome Operating Center is committed to deliver 400 individual hours of on-the-job training to 11 students on our premises. This collaboration enriches school programs with energy sector experience focused on oil and gas, enabling students to better understand the added value offered by working in our industry and at TechnipFMC.
India	In India, our impact-driven sustainable initiative, Seed of Hope, benefitted more than 10,000 lives by enabling STEM education for girls, skill development workshops for youth, and sponsoring school fees for underprivileged children. We have also installed 100 biogas units in a rural area and plastic recycling units to minimize our carbon footprint. Our commitment towards community well-being and UN Sustainable Development Goals has been recognized by the Ministry of Corporate Affairs with a National CSR Award 2019, conferred by the Honorable, President of India.
Malaysia	In Malaysia, we adopted four schools under the PINTAR School Adoption program, targeted at underprivileged schools with poor academic performance and students of lower socioeconomic status. Our TechnipFMC school adoption initiative dates back to 2011, and the initiative has helped approximately 500 students, equipping them with the necessary knowledge and skills through creative, innovative, and mentally stimulating teaching methods.
Indonesia	Our "Share to Care" campaign in Indonesia included the adoption of a home that houses farmers' children and abandoned kids. This long-term program aims to provide the program's children with education, training, and internships to sustain themselves. Currently, one child is interning in our Jakarta office, while another is interning in our Cakung manufacturing plant.
Mozambique	In March 2019, tropical cyclone Idai devastated Mozambique. Large parts of the country's second largest city, Beira, were damaged, and entire villages and towns completely flooded. TechnipFMC donated $100,000 to assist disaster relief and recovery efforts. The funds helped with ongoing rescue efforts by the Red Cross and helped provide shelter and basic commodities for victims. Our employees also volunteered to work at the Maputo Bay to pack emergency relief kits that were sent to the communities impacted by the cyclone.

Advancing Gender Diversity

Advancing Gender Diversity is our second sustainability pillar, and we believe it is not only a matter of responsibility, but also a business imperative for our success. We do not tolerate unlawful discrimination related to employment, and our Code of Business Conduct requires that employment decisions related to recruitment, selection, evaluation, compensation, and development, among others, are not influenced by race, color, religion, gender, age, ethnic origin, nationality, sexual orientation, marital status, or disability. We also ensure that our suppliers, customers, and business partners are aware of our goal of creating a diverse and tolerant workforce.

In the first quarter of 2018, we developed a global framework and key performance indicators for 2018 and beyond to promote and accelerate the development of women in all functions of our global organization

Advancing Gender Diversity – Objectives

Our Advancing Gender Diversity objectives include the following:

- **Ensure gender pay equity** everywhere we operate and review all jobs to ensure gender pay equity and monitor them through a full review every three years
- **Improve gender balance** in the organization, across all functions and levels
- **Promote women fairly and equally** through the career development process

Ensure gender pay equity

In 2018, we reviewed 100% of our Company job functions to ensure pay equity. We identified areas for improvement and completed all necessary salary adjustments in 2019 to ensure fair compensation for all of our employees. A job review and any necessary adjustments will be performed every three years to ensure that no pay gaps arise.

100%

of jobs reviewed to ensure pay equity; salary adjustments completed in 2019

Improve gender balance

In 2019, to foster a diverse and inclusive culture, the Company launched its "Diversity & Inclusion – it Matters!" e-learning module with an aim to raise awareness of our differences and help our employees improve as people and professionals.

Our Company also fosters Employee Resource Groups ("**ERGs**"), which are voluntary, employee-led focus groups dedicated to a diverse and inclusive work environment. We currently have seven active ERGs with approximately 1,800 members in the United States, the United Kingdom, and Brazil, covering Diversity in STEM, Mothers Network, Black Organization for Leadership & Development, Young Professionals Group, Military Veterans & Friends Network, and Handicap Inclusion.

Our ambition is to encourage participation in ERGs throughout the whole Company. ERGs discuss and promote topics related to diversity and inclusion, develop and organize workshops internally and externally, support local initiatives, and propose actions to improve accessibility and inclusivity for all at the workplace.

Top 2019 initiatives:

The launch of **"Diversity & Inclusion – it Matters!"** learning module

Diversity in STEM:
7 employee resource groups (ERG) with ~1,800 members

23%

women employees in 2019
(vs. 22% in 2018)

As of December 31, 2019, TechnipFMC had the following number of employees:

	Male Employees		Female Employees		Total		% of Female Employees	
	2018	2019	2018	2019	2018	2019	2018	2019
Executive officers	8	7	3	4	11	11	27%	36%
Senior managers	98	84	17	24	115	108	15%	22%
Employees on payroll (overall)	28,987	28,760	8,157	8,407	37,144	37,167	22%	23%

Promote women fairly and equally

Continuous discussions around improving representation of women in the organization helps us promote women fairly and equally throughout their career development process within our Company. In 2019, our People and Culture team reviewed all senior management succession plans to ensure that female candidates were considered and included. As a result, 70% of our succession plans in 2019 include at least one woman, which is a significant increase from 35% in 2018.

70% of succession plans include one woman (vs. 35% in 2018)

22% of senior managers in 2019 were women (vs. 15% in 2018)

36% of executive officers in 2019 were women (vs. 27% in 2018)

Respecting the Environment

Respecting the Environment is the third of our three sustainability pillars. We believe our environmental responsibility requires us to operate in a manner that minimizes the impact of our operations on the environment, develop sustainable solutions to reduce carbon emissions within our overall environmental footprint, and avoid any environmental incidents in our operations and activities.

Respecting the Environment – Objectives

Our Respecting the Environment objectives include the following:

- **Reduce the carbon footprint** of our facilities, products, and solutions and reduce our greenhouse gas emissions
- **Provide the carbon footprint of all our deliverables to clients**
- **Establish an internal carbon price** for the entire Company, including projects and operations, to inform and impact investment decisions

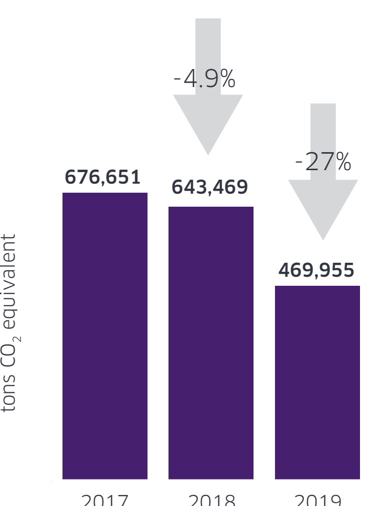
Reduce our carbon footprint

TechnipFMC is committed to reducing carbon emissions and its overall environmental footprint by developing new, innovative, and sustainable solutions in the oil and gas market. In 2019, the Company adopted a Global Greenhouse Gas Management standard to enhance the Company's capabilities in greenhouse gas ("**GHG**") reduction in the Company's business. In 2019, total GHG emissions decreased by 27% from 643,469 tons of CO_2 equivalent in 2018 to 469,955 tons of CO_2 equivalent in 2019. The reduction is mainly linked to the closure of important engineering, procurement, and construction ("**EPC**") projects that completed the energy consuming phases in the first quarter of 2019.

In addition to our efforts in reducing our carbon emissions within our operations, TechnipFMC is also working to ensure our next generation of products are less carbon intensive. For example, our Subsea 2.0™ design included a lifecycle GHG analysis that demonstrated how our innovations for the production of trees may allow up to a 46% reduction in our carbon footprint as compared to the previous design.

Moreover, a comprehensive Carbon Footprint Training Program was also launched by the Company's HSE department for all business levels and projects. As of December 31, 2019, over 30 training sessions for engineers and managers had been delivered in key Company locations. This program is focusing on extended knowledge transfer, from the lifecycle perspective, and carbon footprint concepts to empower engineers in the implementation of a complete GHG analysis for all business lines and to increase managers' competencies on the reduction of our carbon footprint at any company level.

Greenhouse Gas Emissions



30+

Carbon Footprint Training sessions in 2019 for engineers and managers

The annual quantity of GHG emissions measured in tons of CO_2 equivalent resulting from activities for which the Company is responsible and has operational control, is described in the table below:

Total GHG Emissions (in metric tons CO_2 equivalent)	2018		2019	
	Direct emissions Scope 1	Indirect emissions Scope 2	Direct emissions Scope 1	Indirect emissions Scope 2
Our Assets	254,535	60,401	283,545	39,932
Industrial sites	*10,968*	*40,778*	*9,701*	*21,375*
Fleet	*242,117*	*21*	*272,292*	*0*
Offices	*1,450*	*19,602*	*1,551*	*18,558*
Our Projects including Construction sites and Yards/Bases:	319,523	9,010	132,572	13,906
Onshore/Offshore	*284,055*	*3,898*	*51,780*	*9,128*
Subsea	*29,658*	*2,840*	*76,023*	*2,873*
Other	*5,810*	*2,272*	*4,769*	*1,905*
GHG Emissions by Scope	**574,058**	**69,411**	**416,117**	**53,838**
Total GHG Emissions	**643,469**		**469,955**	

To ease yearly comparison and trend analysis, industrial sites, offices, and fleet are presented under Our Assets, being TechnipFMC's permanent sites fully owned and operationally managed. Construction sites and Yards/Bases are aggregated under Our Projects and presented separately as they are usually temporary sites that are not owned by TechnipFMC but operationally managed during the construction phase. They are subject to important variations from one year to another, depending on the number and type of ongoing projects and the type of construction activities (e.g., early site work, civil work, construction, pre-commissioning, commissioning, or start-up).

Within our Assets, Scope 1, direct emissions ("**Scope 1**"), increased minimally, due to fleet activities compared to the same period in 2018, while Scope 2, indirect emissions ("**Scope 2**"), decreased by 34% compared to the same period in 2018. This reduction is associated with the Company's asset energy transition in place in different countries where businesses are shifting towards certified renewables in offices and manufacturing plants. As part of the transition, 4,210 tons of CO_2 equivalent have been saved by renewable energy in use in offices and manufacturing areas.

With respect to TechnipFMC projects, a 59% reduction of Scope 1 emissions was registered in 2019 compared to the same period in 2018 due to the closure of several EPC projects in the first part of 2019. Scope 2 emissions increased slightly due to the restart of activities in several yards for new projects starting in the second part of 2019.

The annual quantity of emissions from the purchase of electricity, heat, steam, or cooling by the Company is described in the table below:

Total GHG Emissions from purchase of (in metric tons CO_2 equivalent)	2018	2019
Electricity	69,304	53,725
Heat	87	0
Steam	0	0
Cooling	20	113
Total Emissions	69,411	53,838

GHG Emissions Intensity

The Company's GHG emissions' intensity factor is calculated using both direct and indirect emissions (Scope 1 and Scope 2 emissions) as a numerator and the environmental hours worked (corresponding to sites that contributed to environmental data reporting)[1] as a denominator. Hours worked has been acknowledged as being the information that is the most representative of the Company's overall activity and is frequently used in HSE standards in the industry.

(in kg eq. CO_2/hours worked)	2018	2019
Total GHG Emissions Intensity	4.07	2.99

Methodology

Environmental data is collected through our HSE reporting system, Synergi, a global, integrated software solution. Each of the Company's reporting entities is required to consolidate and record its environmental data in Synergi on a monthly basis. This data reflects the environmental performance of entities involved in the offices, construction sites, yards and spoolbases, manufacturing, and fleet operations when we own or manage the site in question and when we are responsible for managing the work.

Environmental data is aggregated for the analysis in Asset and Projects categories: industrial sites, fleet, and offices are consolidated as *Our Assets* since these three categories represent TechnipFMC's permanent sites (owned or leased) under full operational control, while the EPC Construction sites and Yards/Bases are not all owned sites but are all under the operational control and responsibility of the Company for short- to medium-term periods (less than five years of activities). These definitions are set out in the Company's guidelines on environmental reporting and are in line with our HSE principles and standards.

The reporting period is the 2019 calendar year. Figures for environmental indicators have been extracted from the Company reporting tool for the period from January 1, 2019 to December 31, 2019.

To calculate Scope 1 and Scope 2 GHG emissions, energy data registered by sites for electricity consumption and fuel consumption are converted using emission factors from the IPCC Guidelines for National Greenhouse Gas Inventories, 2006, and from CAIT v8.0, 2011. Emission factors are different depending on the type of fuel, method of generating electricity, and country. They are then integrated into the reporting tool that calculates the resulting CO_2 emissions.

(1) Environmental Coverage is defined as the ratio between Environmental Worked Hours in locations reporting environmental data and HSE worked hours in all Company locations. Environmental Coverage in 2019 was 93.8%, which was stable compared to 93.6% in 2018. In 2019, approximately 234 locations, projects, and vessels reported environmental data compared to 213 locations, projects, and vessels in 2018.

Provide the carbon footprint to our clients

Our second Respecting the Environment objective aims to provide the carbon footprint of all our deliverables to clients through conceptual studies to help introduce our clients to new, low-carbon options in early stages of projects and highlight the carbon footprint differences between concepts as early as possible. In 2019, carbon footprint calculation modules were developed and are under implementation in both Onshore/Offshore and Subsea conceptual studies.

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Carbon footprint studies completed for subsea products and fleets

Internal carbon price

Since 2019, TechnipFMC has been developing a mechanism to establish an internal carbon price for the Company, focused on our assets, which should be implemented as part of the future Company's investment decisions for capital expenditures. We followed the highest international standards on this topic, and, in 2019, we formed a business integrated Internal Carbon Price Workgroup with the participation of our HSE, EWG, Strategy, Finance, and Sustainability experts. The purpose of the workgroup was to assess the potential impact of an internal carbon price on TechnipFMC's capital expenditures. A case study was performed and several internal carbon price methodologies were applied. The case study emphasized the improvement of the Company's cumulative cash flow, internal rate of return, and the reduction of the payback period, and valorized the most sustainable solutions in terms of carbon emissions reduction. As a result of the case study, we are further progressing the development of a global internal carbon price standard and guiding principles that will be implemented in the future.

Mechanism applied to hybrid battery on vessels

Environmental Certifications

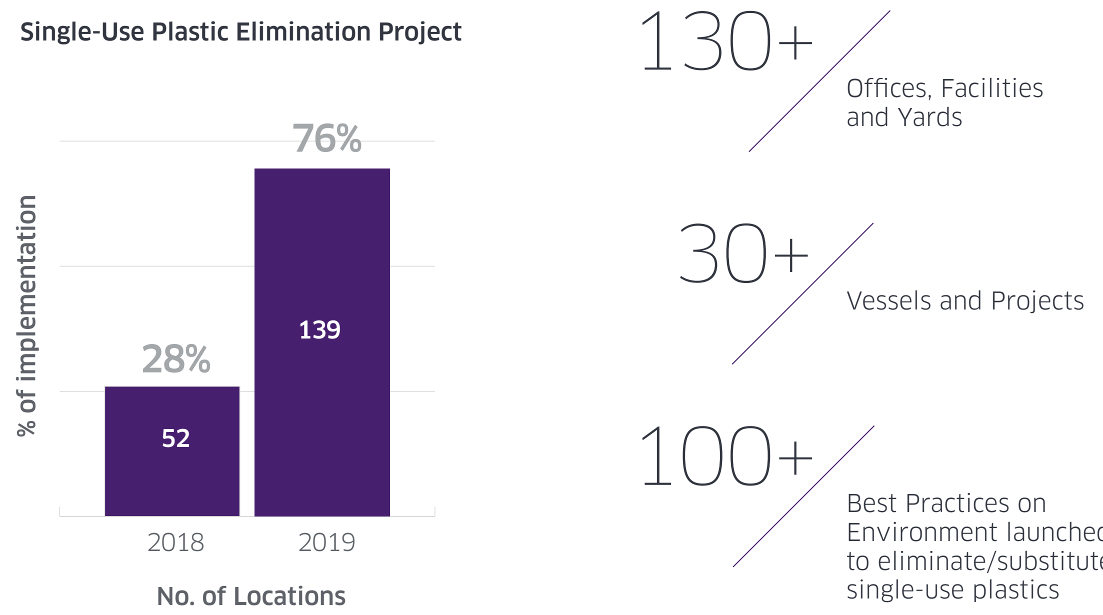
Despite operating in a complex industry, we are committed to successfully managing our environmental impacts by effectively measuring our environmental performance. The Company is operated in a manner that minimizes the environmental impact of, and risks associated with, our activities through effective environmental management standards that are implemented in an extended lifecycle perspective.

The Company maintains a policy of seeking to implement environmental certification ISO 14001 where practicable. To meet this commitment, TechnipFMC has implemented an environmental management framework. As of December 31, 2019, 64 entities have completed the transition to the new ISO 14001:2015 standard, including all head offices and managed projects, industrial sites, and fleet. For each of these entities, the environmental management system was verified and certified by an independent third party.

2019 Environmental Initiatives

TechnipFMC has also joined global initiatives for the protection of the oceans from plastic pollution. Plastic is a valuable resource that needs to be responsibly used. The Company is committed to reducing its use of single-use plastic in day-to-day working activities. A Single-Use Plastic Elimination ("**SUPE**") project was launched in 2018 in 52 locations, comprising 28% of Company locations, and in the fleet with the aim of eliminating single-use plastic or substituting it with more sustainable and reusable items. In 2018, the SUPE project saved approximately 167,000 plastic bottles and 2.3 million plastic cups.

In 2019, the SUPE project has been extended to over 40 countries. Approximately 139 locations, comprising 76% of Company locations, and over 30 vessels and projects have completed the elimination of single-use plastic bottles and cups.



For details on the principal environmental risks related to our operations and our management of those risks see the section entitled "*Principal Risks and Uncertainties*" of this Strategic Report.

Employee and Social Matters

People and Culture are at the heart of our development strategy. People are our wealth and strength. We are committed to our employees, and our employee guidelines are specified in our Code of Business Conduct, which applies to all employees, regardless of their roles, and no matter where they work.

We believe that all of our employees are entitled to fair treatment, courtesy, and respect, wherever they work – in the office, on vessels, on industrial and construction sites, or in client offices. We do not tolerate any form of abuse or harassment, and we will not tolerate any action, conduct, or behavior that is humiliating, intimidating, or hostile.

Furthermore, our hiring and employee development decisions are fair and objective. Employment decisions are based only on relevant qualifications, performance, demonstrated skills, experience, and other job-related factors, with our goal of creating a diverse, tolerant, and inclusive workforce.

Workforce Overview

Breakdown of total workforce per contract:

Achieved Performance	December 31, 2018	December 31, 2019
Permanent employees	33,528	34,454
Temporary employees (fixed-term)	3,616	2,713
Employees on payroll	**37,144**	**37,167**
Contracted workforce	3,458	5,310
Total Workforce	**40,602**	**42,477**

Developing and Keeping Talent

Enabling our people to grow and develop is a significant priority.

- In October 2018, we launched a global learning hub as part of our global Human Resources (“**HR**”) portal. This hub is a learning experience platform with a modern and easy-to-use interface. Over 9,000 pieces of creative and innovative learning content and ongoing releases of new and meaningful courses are available to support skills development for our employees and enhance their performance in their job.
- In 2019, we continued our journey to offer best-in-class development opportunities to our people by enhancing our processes and practices.
  - We launched a new platform dedicated to continuous development feedback on behaviors, strengths, and development areas. The platform is open to all employees to receive and provide constructive feedback to/from their peers, colleagues, team members, and managers. This approach is in line with the continuous improvement mindset. This platform offers a fully mobile access to learning content anywhere, anytime, and from any device. This is a new key milestone in supporting our employees in realizing their potential by providing them with the tools, processes, and data to effectively manage their career development.
  - Our yearly performance appraisal process was kicked off for all TechnipFMC payroll employees in October 2019. This process, supported by our HR portal, was released in a more stream-lined version compared to 2018. A stronger focus was put on employees’ behaviors, as part of our core values framework, and the workflow for employees and managers was also simplified.

- To support our talent acquisition efforts, we launched a new employer brand in 2019, reflecting what our people say about TechnipFMC: we work on breakthrough projects, in a global playground and, as a result, our people live inspiring experiences. This is the key message we want potential future employees to associate with TechnipFMC.

“We work on breakthrough projects, in a global playground and, as a result, our people live inspiring experiences”

Promoting Cultural and Ethnic Diversity

The Company focuses on our broad cultural and ethnic diversity, which we constantly promote and develop throughout the Company and our subsidiaries, through the internationalization of our teams, multicultural programs, and international mobility.

Advancing gender diversity is a strategic objective for the Company. Details are available in the section entitled “*Diversity Policy*” of the Corporate Governance Report.

Providing Employment to People with Disabilities

Three of the Company’s Foundational Beliefs — integrity, respect, and sustainability — are tangibly embedded in fair employment practices and equal opportunity. The Company’s policy is that our employment decisions related to recruitment, selection, evaluation, compensation, and development, among others, are not influenced by unlawful or unfair discrimination on the basis of race, religion, gender, age, ethnic origin, nationality, sexual orientation, gender or gender reassignment, marital status, or disability.

It is the Company’s policy to encourage and give full and fair consideration to applications for employment from disabled people, and to assist with their training and development in light of their aptitudes and abilities. If an existing employee becomes disabled, it is the Company’s policy wherever practicable to provide continuing employment under our usual terms and conditions, and to provide training, career development, and promotion opportunities to the disabled employee to the fullest extent possible.

Strengthening Social Dialogue

The Company has developed a culture that is based on the values of trust, mutual respect, and dialogue. In accordance with local legislation, regular meetings with trade union-appointed and/or works council representatives are organized for information and/or consultation.

The Company’s European Works Council (“**EWC**”) meets at least twice a year. All of our European entities were within the EWC by the end of 2019.

Internal Communication

The Company has a robust internal communications strategy and supports communication channels that ensure that all employees are communicated to within a timely and relevant way. The effectiveness of internal communication is continually monitored and adjusted based on a focus group feedback program that reaches multiple levels across the Company. Employees are regularly consulted and provided with information on changes and events that may affect them through channels such as regular meetings, employee representatives, and the Company’s intranet site. These consultations and meetings ensure that employees are kept informed of the financial and economic factors affecting the Company’s performance and matters of concern to them as employees.

Labor Relations and Collective Agreements

The Company seeks to maintain constructive relationships with works councils and trade unions, and to comply with relevant local laws and collective agreements in relation to collective or individual labor relations. The Company also operates through local subsidiaries in many countries, a number of which, including France, Germany, Norway, and Italy, have legal requirements for works councils, which include employee representatives.

We send regular information to all employees to share information about business success, change to the organizational structure, and any major impact to the business or the company. The same approach of sharing information and maintaining a regular dialogue with employees exists at a local level through the action of the local communications teams and the managers. In countries where staff representatives or work councils are in place, the Company seeks to maintain an effective and regular dialogue. To get the direct feedback of employees, employees surveys are performed in some countries or business, such as Norway, the Surface Americas Business Unit, and the Asia Pacific region. Every quarter, all employees receive a direct communication from the Chairman and CEO about the financial results of the Company and main business information. While traveling to a Company center, the Executive Leadership Team members take this as an opportunity to engage with employees, either through town halls or informal meetings.

Our Compliance Program

How TechnipFMC conducts its business across the world is as important as why TechnipFMC does business. We act in accordance with our core values and our Foundational Beliefs in all that we do. We aspire to develop business relationships with like-minded partners who are guided by a similar set of principles of business conduct. Integrity is one of the most critical cornerstones of the way we conduct business, and, at TechnipFMC, we hold ourselves to the highest moral and ethical principles that drive our compliance program.

Our Code of Business Conduct is built on our Foundational Beliefs of safety, integrity, quality, respect, and sustainability, and gives us a common language and playbook for decisions and actions that help us live our core values. Available in 13 languages, our Code of Business Conduct helps us recognize and address the ethical dimensions to our everyday decisions. In addition to our Code of Business Conduct, we maintain a world-class compliance program that is designed on a risk-based approach and focuses on the following priorities:

- Human rights: The protection of human rights is an essential business principle we promote for our employees in the workplace and across our supply chain.
- Trade controls and foreign boycotts: We implement policies and procedures pertaining to international trade laws and regulations imposed by applicable authorities.
- Data privacy: We implement appropriate security and access measures to protect personal data stored in information systems.
- Anti-bribery and corruption: Our standards and processes provide a clear and comprehensive framework for our business in all of the countries in which we operate, in compliance with all applicable laws.

Our compliance program is supported by a global team of professionals embedded across our organization, who are responsible for the provision of advice, counsel and training, and auditing of our program and its controls. This is designed to mitigate and monitor compliance risk in support of our operations. Our program is led by a Chief Compliance Officer, who reports dually to our Executive Vice President and Chief Legal Officer, and to the Chair of the Board of Directors' Nominating and Corporate Governance Committee. Our Chief Compliance Officer regularly reports compliance matters to management and formally reports to the Committee quarterly. These reports include continuous enhancements to our compliance program and allegations regarding potential non-compliance with our Code of Business Conduct.

We believe it is up to all of us to uphold the principles in our Code of Business Conduct. We encourage employees and others to raise questions and concerns to ensure that we are leading by example. Suspected breaches of our Code of Business Conduct can be reported through various means, including through an independent third party via the dedicated reporting hotline. TechnipFMC has a zero-tolerance policy on retaliation against employees for reporting suspected violations of our policies or Code of Business Conduct.

Human Rights

Respect is one of our Foundational Beliefs. It guides how we fundamentally do business and what we never compromise on, no matter the circumstances. We believe that everyone is entitled to honest, fair, and courteous treatment. We do not tolerate any form of modern slavery and do express a strong commitment for respecting human rights and against the use of child, forced, indentured, or involuntary labor, regardless of where we conduct business.

Our Code of Business Conduct requires that all directors, officers, employees, and employees of subsidiaries and affiliates ensure our business partners and suppliers do not engage in inappropriate labor practices, including child or indentured labor.

TechnipFMC has published its statement on slavery and human trafficking for the financial year ending December 31, 2018 in accordance with section 54 of the U.K. Modern Slavery Act 2015. This document is available on our website at ***www.TechnipFMC.com*** under the heading "*About us > Ethics and Compliance > Slavery and Human Trafficking Statement*".

Our employees are encouraged and expected to report violations or suspected violations of our Code of Business Conduct. Various channels are available, including the option to report concerns to their managers, to anyone in the corporate compliance or legal department, the employee's human resources representative, or an independent third party via a dedicated reporting helpline and website.

We treat all reports of suspected violations of our Code of Business Conduct confidentially and will share the information only with those who have the responsibility and authority to investigate and properly resolve the issue. In addition, we have a zero-tolerance policy on retaliation against employees for reporting suspected violations of our policies or Code of Business Conduct or for cooperating with an investigation. We encourage employees and others to raise questions and concerns to ensure that we are leading by example.

The Company endeavors to ensure compliance with human rights within the scope of our operations and in accordance with the following international human rights regulations and principles:

- The United Nations Guiding Principles on Business and Human Rights
- The 1948 Universal Declaration of Human Rights
- The International Labour Organization's Fundamental Conventions regarding the freedom of association, the eradication of discrimination and forced labor and the abolition of child labor

The Company also remains a member of the United Nations Global Compact.

In addition, the Company has become a member of Building Responsibly, a group of leading engineering and construction companies that are working together to promote the rights and welfare of workers across the industry, representing more than 573,000 employees and operating in about 100 countries. Together the membership is working on publication of ten guidance notes to provide minimum standards in human rights and worker welfare compliance, which forms the basis of our strategic approach. We continue to work on our human rights strategy to address human rights risks internally and in our supply chain, and enhance workers' welfare. We have created an internal Human Rights Working Group bringing together our support functions and operations to foster and ensure a better working environment for our employees and our suppliers. The group is currently conducting an internal human rights risk assessment to assess our processes against human rights international standards, Building Responsibly principles, and our clients' human rights expectations. We are also working on the standardization of our processes across the Company and on our human rights expectations towards our suppliers.

Anti-Corruption and Anti-Bribery Compliance Controls

The Company is committed to conducting business across the world ethically, lawfully, and in accordance with our core values and our Foundational Beliefs. Therefore, all employees, as well as our business partners and supply chain, are expected to conduct their activities in an ethical and lawful manner on a day-to-day basis.

All acts of fraud and corruption (including bribes, kickbacks, and self-dealing) are strictly forbidden. We compete fairly on the strength of our technology, service, and execution excellence. We do not tolerate corruption in any form and do not make or accept improper payments to obtain or retain business with those in government or the private sector or as a reward for awarding subcontractor or supplier contracts. We are committed to complying with all international and national legislation against illegal payments, including prohibitions on facilitation payments (to expedite routine and administrative government action) except in extraordinary circumstances where the safety or security of an employee is in immediate danger.

To ensure that our partners share our commitment to ethical business practices, and to ensure that our partners' other relationships (including family relationships) do not create the appearance of a potential conflict of interest, we conduct detailed due diligence of all potential business partners before entering into a relationship. Our Code of Business Conduct highlights our commitment to integrity, and in conjunction with our standards and procedures, we have implemented a variety of anti-bribery and corruption-related operational standards that translate our general principles into concrete operating procedures.

We have also developed an Anti-Bribery and Corruption Standard, which applies to all our directors, officers, employees, and contracted personnel, aimed at providing a clear and comprehensive operational framework for the conduct of our business in all of the countries in which we operate. The Anti-Bribery and Corruption Standard sets out the Company's principles for strict compliance with applicable anti-bribery and corruption laws.

The Company pays particular attention to indicators that could cast doubt on the honesty and integrity of third parties involved in our business. We have developed a Business Partner Standard, which applies to all our directors, officers, employees, and contracted personnel, that establishes the due diligence requirements and procedures for third-party government intermediaries and joint ventures/consortia partners, and enables us to assess and manage bribery and corruption risks while conducting business globally.

We have a Gifts, Hospitality, and Travel Standard, which applies to all our directors, officers, employees, and contracted personnel, setting forth our rules related to the receipt or provision of gifts, hospitality, or travel, and establishing procedures for the approval, reporting, and accounting of such. The Gifts, Hospitality, and Travel Standard serves to assist employees in ensuring that gifts and hospitality, whether given or received as part of a usual courtesy of business, are not and cannot be considered as bribes.

We also have a Social Donations, Sponsorships, and Charitable Contributions Standard, which applies to all our directors, officers, employees, and contracted personnel, setting forth our rules related to the making of contributions to our communities. As a responsible corporate citizen, TechnipFMC believes in contributing to the communities where we conduct business around the world by supporting worthy causes, donations, and activities. Under appropriate circumstances, social donations, sponsorships, and charitable contributions provide an important way for TechnipFMC to play a constructive role in the societies and communities in which we live, work, and conduct business. This standard, which applies to all our directors, officers, employees, and contracted personnel, sets forth our rules associated with these activities to ensure our contributions are not misused for improper purposes, such as to disguise illegal payments to government officials.

Our Code of Business Conduct and its related standards are applicable to all employees, business partners, and supply chain members, as well as all of our business transactions, and all of our majority-owned or controlled subsidiaries. We will also use our best efforts to induce our joint venture and consortium members to adopt the standards or agree to abide by an equivalent set of standards. In sum, our compliance program is designed to effectively mitigate and monitor risks relevant to our enterprise to ensure we are preserving the interests of our stakeholders in accordance with our core values and Foundational Beliefs.

Supply Chain and Customer Matters

In line with our aspiration to develop business relationships with like-minded clients, sub-contractors, suppliers, and business partners who are guided by a similar set of principles of business conduct, it is our policy that our Code of Business Conduct be shared and discussed with clients, suppliers, and our business partners to better explain our rules of conduct and reinforce our culture of accountability. We will do business only with those suppliers who respect human rights and uphold labor laws. In undertaking sourcing, we focus on sustainability and consider our impact on the planet, people, and communities in which we operate.

Our Code of Business Conduct requires directors, officers, and employees to ensure that:

- Our suppliers, customers, and business partners are aware of our commitment to creating a diverse and tolerant workforce.
- Managers make contractors and suppliers aware of applicable Health, Safety, Environment, and Security ("**HSES**") rules, procedures, and expected behaviors, and their role in HSES culture wherever we operate.
- Our business partners and suppliers do not engage in inappropriate labor practices, including child or indentured labor.
- Appropriate due diligence is conducted on all consultants, suppliers, business partners, and agents, and ensures that third parties understand TechnipFMC's policy of zero tolerance for corruption.
- We exercise appropriate due diligence on subcontractors, suppliers, and other vendors to prevent money laundering.
- All payments to subcontractors, suppliers, consultants, and agents are made in accordance with our financial standards, including the requirement that payment be made in the country in which the work was performed.

We aspire to develop business relationships with like-minded clients, subcontractors, suppliers, and business partners who are guided by a similar set of principles of business conduct. Our goal is to build and sustain long-lasting relationships with governments, customers, partners, suppliers, and local communities where we have operations. Stakeholder considerations are embedded throughout our discussions and decisions, including in the discussions and decisions of our board of directors during the past financial year. The supply of goods and services is critical to our success as a business. We implement processes and procedures to enable us to manage our supply chain and supplier relationships effectively. As part of these processes and procedures we work to identify and engage suppliers who can meet the demands of our business at a competitive cost.

Our local procurement teams are essential in this process and facilitate regular dialogue with our suppliers, while navigating local cultural, language, and time zone differences.

We regularly assess the performance of our suppliers to ensure they meet our standards and expectations in the delivery, quality, and response to supply chain matters. We are committed to operating our business with a focus on safety, integrity, quality, respect, and sustainability and we aspire to work with suppliers who are guided by a similar set of principles of business conduct. We actively assess and monitor our suppliers' compliance with rules, regulations, principles, and guidelines relating to modern slavery, sustainability, human rights, anti-bribery, tax evasion, and data protection, amongst others.

Health and Safety

We manage Health, Safety, Environmental, and Security ("**HSES**") as an integral part of our business, based on a genuine care and concern for the people and environment. Safety is one of our Foundational Beliefs and is at the heart of everything we do. We are all responsible for creating a safe and secure workplace.

We believe that all injuries are preventable. By fostering an incident-free environment, we drive our clients' success without compromising safety, health, security, or environmental sustainability. We act responsibly and openly at every step, assuring our customers and partners of our competence and inspiring their trust.

Pulse Program

At the core of our HSES system, Pulse, our HSES culture and engagement program, is an enabler to create one common, strong HSES culture. Through this culture and engagement program, individuals learn leadership and communication skills to more effectively use existing HSES tools and techniques. We focus on three key behaviors to drive change throughout our organization, prevent incidents, and create leaders for HSES at all levels: Inspire, Interact, Intervene.

Safety Performance

In 2019 we continued to focus on assessing and lowering risks to prevent incidents in all the work we do. We continued to regularly evaluate the Company's full HSES risk profile within the context of our operations, our contractors, subcontractors, and customer relationships. A standard risk matrix is used to evaluate our profile, followed by the application of mitigation measures based on a hierarchy of controls to proactively prevent an incident.

Serious Incident and Fatality Prevention (SIFP) Program

A proactive high Impact Risk Prevention Program has been developed and fully implemented. It aims to facilitate to shift the organization mindset from reactive to proactive risk reduction. The SIFP program is meant to identify potential hazards within our operations that has the potential to cause Catastrophic or Substantial Loss to people and/or the environment as defined by the Risk Matrix and provides a process for mitigation design, approval, and implementation. The objectives are to prevent Serious Injuries, to proactively de-risk our overall risk profile by putting mitigation strategies in place, and to bring visibility to critical issues requiring the support of leadership.

As a member of the International Association of Oil & Gas Producers ("**IOGP**") TechnipFMC is fostering industry standardization and has adopted since 2018 the new set of the IOGP Life-Saving Rules and will continue working with the rest of industry to prevent serious incidents in the workplace.

In 2019, 167.1 million hours were worked at the Company's facilities and project sites worldwide.

SAFETY PERFORMANCE	2017	2018	2019
Total Recordable Incident Rate (TRIR)[1]	0.28	0.26	0.17
Lost Time Injury Frequency (LTIF)[1]	0.05	0.06	0.04
Leadership & Management Walkthrough Frequency[1]	13.18	16.03	12.76
Fatal Accident Frequency[1]	0	0.0012	0.0012

(1) The frequencies are calculated across 200,000 hours worked. Incidents as defined by the U.S. Department of Labor's Occupational Safety and Health Administration standards are considered. The cut-off date is December 31, 2019.

Decision making and section 172 of the Companies Act

Our success depends on our ability to engage effectively with our stakeholders. Our Board considers, both individually and collectively, that they have acted in a way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to matters set out in section 172(1)(a) to (f) of the Companies Act in the decisions taken during the financial year ending December 31, 2019. In particular, we refer to:

- **Likely consequences of any decision in the long term:** We operate a sophisticated, global business in a highly competitive industry that has been negatively impacted by low commodity prices. Enhancement of our performance and competitiveness is a key component of our strategy, and this is achieved through technology innovation and differentiation, seamless execution, and simplification that drives cost down. We are targeting profitable and sustainable growth, seizing market growth opportunities, expanding our range of services, and managing our assets efficiently to ensure that we are well-positioned to benefit from the opportunities we see in many of the segments we serve in order to deliver a long-term beneficial impact on the company and our clients.
- **Interests of employees:** Each of our more than 37,000 employees is critical to delivering the strategy and success of the company. We are committed to our employees, and our employee guidelines are specified in our Code of Business Conduct, which applies to all employees, regardless of their roles, and no matter where they work. Employee matters is one of our primary considerations in the way we do business (further details are set out in the paragraph entitled "*Employee and Social Matters*" of this Strategic Report).
- **Fostering relationships with suppliers, customers, and others:** In line with our aspiration to develop business relationships with like-minded clients, sub-contractors, suppliers, and business partners who are guided by a similar set of principles of business conduct, it is our policy that our Code of Business Conduct be shared and discussed with clients, suppliers, and our business partners to better explain our rules of conduct and reinforce our culture of accountability. Our goal is to build and sustain long-lasting relationships with governments, customers, partners, suppliers, and local communities where we have operations (further details are set out in the paragraph entitled "*Supply Chain and Customer Matters*" of this Strategic Report).
- **Impact of operations on the community and the environment:** Respecting the Environment is the first of our three Sustainability pillars. We believe our environmental responsibility requires us to operate in a manner that minimizes the impact of our operations on the environment, develop sustainable solutions to reduce carbon emissions within our overall environmental footprint, and avoid any environmental incidents in our operations and activities. We also support and encourage our employees to volunteer and support their community development programs in line with our Code of Business Conduct and our Supporting Communities pillar (further details are set out in the paragraphs entitled "*Respecting the Environment*" and "*Supporting Communities*" of this Strategic Report).
- **Maintaining a reputation for high standards of business conduct:** Our Code of Business Conduct is built on our Foundational Beliefs of safety, integrity, quality, respect, and sustainability, and gives us, including our directors and each and every employee, a common language and playbook for decisions and actions that help us live our core values. Available in 13 languages, our Code of Business Conduct helps us recognize and address the ethical dimensions to our everyday decisions (further details are set out in the paragraph entitled "*Our Compliance Program*" of this Strategic Report).
- **The need to act fairly as between shareholders of the company:** To provide the opportunity to better understand shareholder views, our Board and executive team maintain a shareholder engagement program to solicit feedback across a number of shareholder matters. We believe this engagement is important as we seek to develop long-term relationships with our shareholders and ensure that they fully understand our strategy and the ways in which we seek to unlock value across our business portfolio. Our intention is to treat our shareholders fairly and equally. Our 2019 Off-Season Shareholder Outreach Campaign involved our active outreach to 37 shareholders representing approximately 59% of TechnipFMC's ordinary shares in issue with respect to our board leadership and governance, executive compensation, and corporate responsibility and sustainability (further details are set out in the paragraph entitled "*Shareholder Engagement*" of the Remuneration Report).

Principal Risks and Uncertainties

Principal risks and uncertainties that could impact our ability to achieve our anticipated operating results and growth plan goals are presented below. The following principal risks and uncertainties should be read in conjunction with discussions of our business and the factors affecting our business located elsewhere in this U.K Annual Report and in our other public filings.

Risks Related to Our Business and Industry

We operate in a highly competitive environment and unanticipated changes relating to competitive factors in our industry, including ongoing industry consolidation, may impact our results of operations.

We compete on the basis of a number of different factors, such as product offerings, project execution, customer service, and price. In order to compete effectively we must develop and implement innovative technologies and processes, and execute our clients' projects effectively. We can give no assurances that we will continue to be able to compete effectively with the products and services or prices offered by our competitors.

Our industry, including our customers and competitors, has experienced unanticipated changes in recent years. Moreover, the industry is undergoing vertical and horizontal consolidation to create economies of scale and control the value chain, which may affect demand for our products and services because of price concessions for our competitors or decreased customer capital spending. This consolidation activity could impact our ability to maintain market share, maintain or increase pricing for our products and services or negotiate favorable contract terms with our customers and suppliers, which could have a significant negative impact on our financial condition, results of operations or cash flows. We are unable to predict what effect consolidations and other competitive factors in the industry may have on prices, capital spending by our customers, our selling strategies, our competitive position, our ability to retain customers or our ability to negotiate favorable agreements with our customers.

Demand for our products and services depends on oil and gas industry activity and expenditure levels, which are directly affected by trends in the demand for and price of crude oil and natural gas.

We are substantially dependent on conditions in the oil and gas industry, including (i) the level of exploration, development and production activity, (ii) capital spending, and (iii) the processing of oil and natural gas in refining units, petrochemical sites, and natural gas liquefaction plants by energy companies that are our customers. Any substantial or extended decline in these expenditures may result in the reduced pace of discovery and development of new reserves of oil and gas and the reduced exploration of existing wells, which could adversely affect demand for our products and services and, in certain instances, result in the cancellation, modification, or re-scheduling of existing orders in our backlog. These factors could have an adverse effect on our revenue and profitability. The level of exploration, development, and production activity is directly affected by trends in oil and natural gas prices, which historically have been volatile and are likely to continue to be volatile in the future.

Factors affecting the prices of oil and natural gas include, but are not limited to, the following:

- demand for hydrocarbons, which is affected by worldwide population growth, economic growth rates, and general economic and business conditions;
- costs of exploring for, producing, and delivering oil and natural gas;
- political and economic uncertainty, and socio-political unrest;
- governmental laws, policies, regulations and subsidies related to or affecting the production, use, and exportation/importation of oil and natural gas;

- available excess production capacity within the Organization of Petroleum Exporting Countries ("**OPEC**") and the level of oil production by non-OPEC countries;
- oil refining and transportation capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- technological advances affecting energy consumption;
- development, exploitation, relative price, and availability of alternative sources of energy and our customers' shift of capital to the development of these sources;
- volatility in, and access to, capital and credit markets, which may affect our customers' activity levels, and spending for our products and services; and
- natural disasters.

The oil and gas industry has historically experienced periodic downturns, which have been characterized by diminished demand for oilfield services and downward pressure on the prices we charge. While oil and natural gas prices have partially rebounded from the downturn that began in 2014, the market remains quite volatile and the sustainability of the price recovery and business activity levels is dependent on variables beyond our control, such as geopolitical stability, OPEC's actions to regulate its production capacity, changes in demand patterns, and international sanctions and tariffs. Continued volatility or any future reduction in demand for oilfield services could further adversely affect our financial condition, results of operations, or cash flows.

Our success depends on our ability to develop, implement, and protect new technologies and services.

Our success depends on the ongoing development and implementation of new product designs, including the processes used by us to produce and market our products, and on our ability to protect and maintain critical intellectual property assets related to these developments. If we are not able to obtain patents, trade secrets or other protection of our intellectual property rights, if our patents are unenforceable or the claims allowed under our patents are not sufficient to protect our technology, or if we are not able to adequately protect our patents or trade secrets, we may not be able to continue to develop our services, products and related technologies. Additionally, our competitors may be able to independently develop technology that is similar to ours without infringing on our patents or gaining access to our trade secrets. If any of these events occurs, we may be unable to meet evolving industry requirements or do so at prices acceptable to our customers, which could adversely affect our financial condition, results of operations, or cash flows.

The industries in which we operate or have operated expose us to potential liabilities, including the installation or use of our products, which may not be covered by insurance or may be in excess of policy limits, or for which expected recoveries may not be realized.

We are subject to potential liabilities arising from, among other possibilities, equipment malfunctions, equipment misuse, personal injuries, and natural disasters, any of which may result in hazardous situations, including uncontrollable flows of gas or well fluids, fires, and explosions. Our insurance against these risks may not be adequate to cover our liabilities. Further, the insurance may not generally be available in the future or, if available, premiums may not be commercially justifiable. If we incur substantial liability and the damages are not covered by insurance or are in excess of policy limits, or if we were to incur liability at a time when we were not able to obtain liability insurance, such potential liabilities could have a material adverse effect on our business, results of operations, financial condition or cash flows.

We may lose money on fixed-price contracts.

As customary for some of our projects, we often agree to provide products and services under fixed-price contracts. We are subject to material risks in connection with such fixed-price contracts. It is not possible to estimate with complete certainty the final cost or margin of a project at the time of bidding or during the early phases of its execution. Actual expenses incurred in executing these fixed-price contracts can vary substantially from those originally anticipated for several reasons including, but not limited to, the following:

- unforeseen additional costs related to the purchase of substantial equipment necessary for contract fulfillment or labor shortages in the markets where the contracts are performed;
- mechanical failure of our production equipment and machinery;
- delays caused by local weather conditions and/or natural disasters (including earthquakes and floods); and
- a failure of suppliers, subcontractors, or joint venture partners to perform their contractual obligations.

The realization of any material risks and unforeseen circumstances could also lead to delays in the execution schedule of a project. We may be held liable to a customer should we fail to meet project milestones or deadlines or to comply with other contractual provisions. Additionally, delays in certain projects could lead to delays in subsequent projects that were scheduled to use equipment and machinery still being utilized on a delayed project.

Pursuant to the terms of fixed-price contracts, we are not always able to increase the price of the contract to reflect factors that were unforeseen at the time our bid was submitted, and this risk may be heightened for projects with longer terms. Depending on the size of a project, variations from estimated contract performance, or variations in multiple contracts, could have a significant impact on our financial condition, results of operations or cash flows.

New capital asset construction projects for vessels and manufacturing facilities are subject to risks, including delays and cost overruns, which could have a material adverse effect on our financial condition, or results of operations.

We regularly carry out capital asset construction projects to maintain, upgrade, and develop our asset base, and such projects are subject to risks of delay and cost overruns that are inherent in any large construction project, resulting from numerous factors including, but not limited to, the following:

- shortages of key equipment, materials or skilled labor;
- delays in the delivery of ordered materials and equipment;
- design and engineering issues; and
- shipyard delays and performance issues.

Failure to complete construction in time, or the inability to complete construction in accordance with design specifications, may result in the loss of revenue. Additionally, capital expenditures for construction projects could materially exceed the initially planned investments, or there could be delays in putting such assets into operation.

Our failure to timely deliver our backlog could affect future sales, profitability, and relationships with our customers.

Many of the contracts we enter into with our customers require long manufacturing lead times due to complex technical and logistical requirements. These contracts may contain clauses related to liquidated damages or financial incentives regarding on-time delivery, and a failure by us to deliver in accordance with customer expectations could subject us to liquidated damages or loss of financial incentives, reduce our margins on these contracts, or result in damage to existing customer relationships. The ability to meet customer delivery schedules for this backlog is dependent upon a number of factors, including, but not limited to, access to the raw materials required for production, an adequately trained and capable workforce, subcontractor performance, project engineering expertise and execution, sufficient manufacturing plant capacity, and appropriate planning and scheduling of manufacturing resources. Failure to deliver backlog in accordance with expectations could negatively impact our financial performance.

We face risks relating to our reliance on subcontractors, suppliers, and our joint venture partners.

We generally rely on subcontractors, suppliers, and our joint venture partners for the performance of our contracts. Although we are not dependent upon any single supplier, certain geographic areas of our business or a project or group of projects may depend heavily on certain suppliers for raw materials or semi-finished goods.

Any difficulty in engaging suitable subcontractors or acquiring equipment and materials could compromise our ability to generate a significant margin on a project or to complete such project within the allocated time frame. If subcontractors, suppliers or joint venture partners refuse to adhere to their contractual obligations with us or are unable to do so due to a deterioration of their financial condition, we may be unable to find a suitable replacement at a comparable price, or at all. Moreover, the failure of one of our joint venture partners to perform their obligations in a timely and satisfactory manner could lead to additional obligations and costs being imposed on us as we may be obligated to assume our defaulting partner's obligations or compensate our customers.

Any delay, failure to meet contractual obligations, or other event beyond our control or not foreseeable by us, that is attributable to a subcontractor, supplier or joint venture partner, could lead to delays in the overall progress of the project and/or generate significant extra costs. Even if we are entitled to make a claim for these extra costs against the defaulting supplier, subcontractor or joint venture partner, we may be unable to recover the entirety of these costs and this could materially adversely affect our business, financial condition or results of operations.

Our businesses are dependent on the continuing services of certain of our key managers and employees.

We depend on key personnel. The loss of any key personnel could adversely impact our business if we are unable to implement key strategies or transactions in their absence. The loss of qualified employees or failure to retain and motivate additional highly-skilled employees required for the operation and expansion of our business could hinder our ability to successfully conduct research activities and develop marketable products and services.

Seasonal and weather conditions could adversely affect demand for our services and operations.

Our business may be materially affected by variation from normal weather patterns, such as cooler or warmer summers and winters. Adverse weather conditions, such as hurricanes in the Gulf of Mexico or extreme winter conditions in Canada, Russia, and the North Sea, may interrupt or curtail our operations, or our customers' operations, cause supply disruptions or loss of productivity, and may result in a loss of revenue or damage to our equipment and facilities, which may or may not be insured. Any of these events or outcomes could have a material adverse effect on our business, financial condition, cash flows, or results of operations.

Due to the types of contracts we enter into and the markets in which we operate, the cumulative loss of several major contracts, customers, or alliances may have an adverse effect on our results of operations.

We often enter into large, long-term contracts that, collectively, represent a significant portion of our revenue. These agreements, if terminated or breached, may have a larger impact on our operating results or our financial condition than shorter-term contracts due to the value at risk. Moreover, the global market for the production, transportation, and transformation of hydrocarbons and by-products, as well as the other industrial markets in which we operate, is dominated by a small number of companies. As a result, our business relies on a limited number of customers. If we were to lose several key contracts, customers, or alliances over a relatively short period of time, we could experience a significant adverse impact on our financial condition, results of operations, or cash flows.

Our operations require us to comply with numerous regulations, violations of which could have a material adverse effect on our financial condition, results of operations, or cash flows.

Our operations and manufacturing activities are governed by international, regional, transnational, and national laws and regulations in every place where we operate relating to matters such as environmental protection, health and safety, labor and employment, import/export controls, currency exchange, bribery and corruption, and taxation. These laws and regulations are complex, frequently change, and have tended to become more stringent over time. In the event the scope of these laws and regulations expand in the future, the incremental cost of compliance could adversely impact our financial condition, results of operations, or cash flows.

Our international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act ("**FCPA**"), the U.K. Bribery Act of 2010 (the "**Bribery Act**"), the anti-corruption provisions of French law n° 2016-1691

dated December 9, 2016 relating to Transparency, Anti-corruption and Modernization of the Business Practice ("**Sapin II Law**"), the Brazilian Anti-Bribery Act (also known as the Brazilian Clean Company Act), and economic and trade sanctions, including those administered by the United Nations, the European Union, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**U.S. Treasury**"), and the U.S. Department of State. The FCPA prohibits corruptly providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. We may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments, and penalties. Economic and trade sanctions restrict our transactions or dealings with certain sanctioned countries, territories, and designated persons.

As a result of doing business in foreign countries, including through partners and agents, we are exposed to a risk of violating anti-corruption laws and sanctions regulations. Some of the international locations in which we currently operate or may, in the future, operate, have developing legal systems and may have higher levels of corruption than more developed nations. Our continued expansion and worldwide operations, including in developing countries, our development of joint venture relationships worldwide, and the employment of local agents in the countries in which we operate increases the risk of violations of anti-corruption laws and economic and trade sanctions. Violations of anti-corruption laws and economic and trade sanctions are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts), and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

We have implemented internal controls designed to minimize and detect potential violations of laws and regulations in a timely manner but we can provide no assurance that such policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents, or partners. The occurrence of any such violation could subject us to penalties and material adverse consequences on our business, financial condition, results of operations, or cash flows.

Compliance with environmental and climate change-related laws and regulations may adversely affect our business and results of operations.

Environmental laws and regulations in various countries affect the equipment, systems, and services we design, market, and sell, as well as the facilities where we manufacture our equipment and systems, and any other operations we undertake. We are required to invest financial and managerial resources to comply with environmental laws and regulations, and believe that we will continue to be required to do so in the future. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties, the imposition of remedial obligations, the issuance of orders enjoining our operations, or other claims and complaints. Additionally, our insurance and compliance costs may increase as a result of changes in environmental laws and regulations or changes in enforcement. These laws and regulations, as well as any new laws and regulations affecting exploration and development of drilling for crude oil and natural gas, are becoming increasingly strict and could adversely affect our business and operating results by increasing our costs, limiting the demand for our products and services, or restricting our operations.

Existing or future laws and regulations relating to greenhouse gas emissions and climate change may adversely affect our business.

Climate change continues to attract considerable public and scientific attention. As a result, numerous laws, regulations, and proposals have been made and are likely to continue to be made at the international, national, regional, and state levels of government to monitor and limit emissions of carbon dioxide, methane, and other "greenhouse gases" ("**GHGs**"). These efforts have included cap-and-trade programs, carbon taxes, GHG reporting and tracking programs and regulations that directly limit GHG emissions from certain sources. Such existing or future laws, regulations, and proposals concerning the release of GHGs or that concern climate change (including laws, regulations, and proposals that seek to mitigate the

effects of climate change) may adversely impact demand for the equipment, systems and services we design, market and sell. For example, oil and natural gas exploration and production may decline as a result of such laws, regulations, and proposals, and as a consequence, demand for our equipment, systems and services may also decline. In addition, such laws, regulations, and proposals may also result in more onerous obligations with respect to our operations, including the facilities where we manufacture our equipment and systems. Such decline in demand for our equipment, systems and services and such onerous obligations in respect of our operations may adversely affect our financial condition, results of operations, or cash flows.

Disruptions in the political, regulatory, economic, and social conditions of the countries in which we conduct business could adversely affect our business or results of operations.

We operate in various countries across the world. Instability and unforeseen changes in any of the markets in which we conduct business, including economically and politically volatile areas could have an adverse effect on the demand for our services and products, our financial condition, or our results of operations. These factors include, but are not limited to, the following:

- nationalization and expropriation;
- potentially burdensome taxation;
- inflationary and recessionary markets, including capital and equity markets;
- civil unrest, labor issues, political instability, disease outbreaks, terrorist attacks, cyber terrorism, military activity, and wars;
- supply disruptions in key oil producing countries;
- the ability of OPEC to set and maintain production levels and pricing;
- trade restrictions, trade protection measures, price controls, or trade disputes;
- sanctions, such as prohibitions or restrictions by the United States against countries that are the targets of economic sanctions, or are designated as state sponsors of terrorism;
- foreign ownership restrictions;
- import or export licensing requirements;
- restrictions on operations, trade practices, trade partners, and investment decisions resulting from domestic and foreign laws, and regulations;
- regime changes;
- changes in, and the administration of, treaties, laws, and regulations including in response to public health issues;
- inability to repatriate income or capital;
- reductions in the availability of qualified personnel;
- foreign currency fluctuations or currency restrictions; and
- fluctuations in the interest rate component of forward foreign currency rates.

DTC and Euroclear may cease to act as depository and clearing agencies for our shares.

Our shares were issued into the facilities of The Depository Trust Company ("**DTC**") with respect to shares listed on the NYSE and Euroclear with respect to shares listed on Euronext Paris (DTC and Euroclear being referred to as the "**Clearance Services**"). The Clearance Services are widely used mechanisms that allow for rapid electronic transfers of securities between the participants in their respective systems, which include many large banks and brokerage firms. The

Clearance Services have general discretion to cease to act as a depository and clearing agencies for our shares. If either of the Clearance Services determine at any time that our shares are not eligible for continued deposit and clearance within its facilities, then we believe that our shares would not be eligible for continued listing on the NYSE or Euronext Paris, as applicable, and trading in our shares would be disrupted. Any such disruption could have a material adverse effect on the trading price of our shares.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets, and our business.

We are based in the United Kingdom and have operational headquarters in Paris, France; Houston, Texas, United States; and in London, United Kingdom, with worldwide operations, including material business operations in Europe. The United Kingdom formally withdrew from the European Union on January 31, 2020 and entered into a transition period, which will end on or after December 31, 2020. During the transition period, the United Kingdom and the European Union will continue to negotiate their future customs and trading arrangements, and other aspects of their relationship. Political and economic uncertainty remains about whether the terms of the relationship will differ materially from the terms before withdrawal, as well as the possibility that a so-called "no deal" separation will occur if negotiations are not completed by the end of the transition period.

These developments could have a material adverse effect on global economic conditions and the stability of the global financial markets and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates, and credit ratings may be especially subject to increased market volatility. In addition, a lack of clarity about the future relationship between the United Kingdom and the European Union, and their respective laws and regulations, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws, employment laws, and other rules that would apply to us and our subsidiaries, could increase our costs, restrict our access to capital within the United Kingdom and the European Union, depress economic activity, and further decrease foreign direct investment in the United Kingdom. For example, withdrawal from the European Union could, depending on the negotiated terms of such withdrawal, eliminate the benefit of certain tax-related E.U. directives currently applicable to U.K. companies such as us, including the Parent-Subsidiary Directive and the Interest and Royalties Directive, which could, subject to any relief under an available tax treaty, raise our tax costs.

Any of these factors could have a material adverse effect on our business, financial condition, or results of operations.

As an English public limited company, we must meet certain additional financial requirements before we may declare dividends or repurchase shares and certain capital structure decisions may require stockholder approval which may limit our flexibility to manage our capital structure. We may not be able to pay dividends or repurchase shares of our ordinary shares in accordance with our announced intent, or at all.

Under English law, we will only be able to declare dividends, make distributions, or repurchase shares (other than out of the proceeds of a new issuance of shares for that purpose) out of "distributable profits." Distributable profits are a company's accumulated, realized profits, to the extent that they have not been previously utilized by distribution or capitalization, less its accumulated, realized losses, to the extent that they have not been previously written off in a reduction or reorganization of capital duly made. In addition, as a public limited company incorporated in England and Wales, we may only make a distribution if the amount of our net assets is not less than the aggregate of our called-up share capital and non-distributable reserves and to the extent that the distribution does not reduce the amount of those assets to less than that aggregate.

Following the Merger, we implemented a court-approved reduction of our capital, which was completed on June 29, 2017, in order to create distributable profits to support the payment of possible future dividends or future share repurchases. Our articles of association permit us by ordinary resolution of the stockholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the Board of Directors. The directors may also decide to pay interim dividends if it appears to them that the profits available

for distribution justify the payment. When recommending or declaring payment of a dividend, the directors are required under English law to comply with their duties, including considering our future financial requirements.

In addition, the Board of Directors' determinations regarding dividends and share repurchases will depend on a variety of other factors, including our net income, cash flow generated from operations or other sources, liquidity position, and potential alternative uses of cash, such as acquisitions, as well as economic conditions and expected future financial results. Our ability to declare and pay future dividends and make future share repurchases will depend on our future financial performance, which in turn depends on the successful implementation of our strategy and on financial, competitive, regulatory, technical, general economic conditions, demand and selling prices for our products and services, and other factors specific to our industry or specific projects, many of which are beyond our control. Therefore, our ability to generate cash depends on the performance of our operations and could be limited by decreases in our profitability or increases in costs, regulatory changes, capital expenditures, or debt servicing requirements.

Any failure to pay dividends or repurchase shares of our ordinary shares could negatively impact our reputation, harm investor confidence in us, and cause the market price of our ordinary shares to decline.

Our existing and future debt may limit cash flow available to invest in the ongoing needs of our business and could prevent us from fulfilling our obligations under our outstanding debt.

We have substantial existing debt. As of December 31, 2019, our total debt is $4.5 billion. We also have the capacity under our $2.5 billion credit facility, in addition to our bilateral facility, to incur substantial additional debt. Our level of debt could have important consequences. For example, it could:

- make it more difficult for us to make payments on our debt;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions, distributions, and other general partnership purposes;
- increase our vulnerability to adverse economic or industry conditions;
- limit our ability to obtain additional financing to react to changes in our business; or
- place us at a competitive disadvantage compared to businesses in our industry that have less debt.

Additionally, any failure to meet required payments on our debt or to comply with any covenants in the instruments governing our debt, could result in an event of default under the terms of those instruments. In the event of such default, the holders of such debt could elect to declare all the amounts outstanding under such instruments to be due and payable.

The London Interbank Offered Rate ("**LIBOR**") and certain other interest "benchmarks" may be subject to regulatory guidance and/or reform that could cause interest rates under our current or future debt agreements to perform differently than in the past or cause other unanticipated consequences. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks to submit LIBOR rates after 2021, and it is unclear if LIBOR will cease to exist or if new methods of calculating LIBOR will evolve. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, interest rates on our current or future debt obligations may be adversely affected.

A downgrade in our debt rating could restrict our ability to access the capital markets.

The terms of our financing are, in part, dependent on the credit ratings assigned to our debt by independent credit rating agencies. We cannot provide assurance that any of our current credit ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency. Factors that may impact our credit ratings include debt levels, capital structure, planned asset purchases or sales, near- and long-term production growth opportunities, market position, liquidity, asset quality, cost structure, product mix, customer and geographic

diversification, and commodity price levels. A downgrade in our credit ratings, particularly to non-investment grade levels, could limit our ability to access the debt capital markets or refinance our existing debt or cause us to refinance or issue debt with less favorable terms and conditions. Moreover, our revolving credit agreement includes an increase in interest rates if the ratings for our debt are downgraded, which could have an adverse effect on our results of operations. An increase in the level of our indebtedness and related interest costs may increase our vulnerability to adverse general economic and industry conditions and may affect our ability to obtain additional financing, as well as have a material adverse effect on our business, financial condition, or results of operations.

Uninsured claims and litigation against us, including intellectual property litigation, could adversely impact our financial condition, results of operations, or cash flows.

We could be impacted by the outcome of pending litigation, as well as unexpected litigation or proceedings. We have insurance coverage against operating hazards, including product liability claims and personal injury claims related to our products or operating environments in which our employees operate, to the extent deemed prudent by our management and to the extent insurance is available. However, our insurance policies are subject to exclusions, limitations, and other conditions and may not apply in all cases, for example where willful wrongdoing on our part is alleged. Additionally, the nature and amount of that insurance may not be sufficient to fully indemnify us against liabilities arising out of pending and future claims and litigation. Additionally, in individual circumstances, certain proceedings or cases may also lead to our formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. Our financial condition, results of operations, or cash flows could be adversely affected by unexpected claims not covered by insurance.

In addition, the tools, techniques, methodologies, programs, and components we use to provide our services may infringe upon the intellectual property rights of others. Infringement claims generally result in significant legal and other costs. The resolution of these claims could require us to enter into license agreements or develop alternative technologies. The development of these technologies or the payment of royalties under licenses from third parties, if available, would increase our costs. If a license were not available, or we are not able to develop alternative technologies, we might not be able to continue providing a particular service or product, which could adversely affect our financial condition, results of operations, or cash flows.

Currency exchange rate fluctuations could adversely affect our financial condition, results of operations, or cash flows.

We conduct operations around the world in many different currencies. Because a significant portion of our revenue is denominated in currencies other than our reporting currency, the U.S. dollar, changes in exchange rates will produce fluctuations in our revenue, costs, and earnings, and may also affect the book value of our assets and liabilities and related equity. We hedge transaction impacts on margins and earnings where a transaction is not in the functional currency of the business unit, but we do not hedge translation impacts on earnings. Our efforts to minimize our currency exposure through such hedging transactions may not be successful depending on market and business conditions. Moreover, certain currencies in which we conduct operations, specifically currencies in countries such as Angola and Nigeria, do not actively trade in the global foreign exchange markets and may subject us to increased foreign currency exposures. As a result, fluctuations in foreign currency exchange rates may adversely affect our financial condition, results of operations, or cash flows.

Our acquisition and divestiture activities involve substantial risks.

We have made and expect to continue to pursue acquisitions, dispositions, or other investments that may strategically fit our business and/or growth objectives. We cannot provide assurances that we will be able to locate suitable acquisitions, dispositions, or investments, or that we will be able to consummate any such transactions on terms and conditions acceptable to us. Even if we do successfully execute such transactions, they may not result in anticipated benefits, which could have a material adverse effect on our financial results. If we are unable to successfully integrate and develop acquired businesses, we could fail to achieve anticipated synergies and cost savings, including any expected increases in revenues and operating results. We may not be able to successfully cause a buyer of a divested business to assume the

liabilities of that business or, even if such liabilities are assumed, we may have difficulties enforcing our rights, contractual or otherwise, against the buyer. We may invest in companies or businesses that fail, causing a loss of all or part of our investment. In addition, if we determine that an other-than-temporary decline in the fair value exists for a company in which we have invested, we may have to write down that investment to its fair value and recognize the related write-down as an investment loss.

A failure of our IT infrastructure, including as a result of cyber attacks, could adversely impact our business and results of operations.

The efficient operation of our business is dependent on our IT systems. Accordingly, we rely upon the capacity, reliability, and security of our IT hardware and software infrastructure and our ability to expand and update this infrastructure in response to changing needs. We have been subject to cyber attacks in the past, including phishing, malware, and ransomware. No such attack has had a material adverse effect on our business, however this may not be the case with future attacks. Our systems may be vulnerable to damages from such attacks, as well as from natural disasters, failures in hardware or software, power fluctuations, unauthorized access to data and systems, loss or destruction of data (including confidential customer information), human error, and other similar disruptions, and we cannot give assurance that any security measures we have implemented or may in the future implement will be sufficient to identify and prevent or mitigate such disruptions.

We rely on third parties to support the operation of our IT hardware, software infrastructure, and cloud services, and in certain instances, utilize web-based and software-as-a-service applications. The security and privacy measures implemented by such third parties, as well as the measures implemented by any entities we acquire or with whom we do business, may not be sufficient to identify or prevent cyber attacks, and any such attacks may have a material adverse effect on our business. While our IT vendor agreements typically contain provisions that seek to eliminate or limit our exposure to liability for damages from a cyber attack, we cannot ensure such provisions will withstand legal challenges or cover all or any such damages.

Threats to our IT systems arise from numerous sources, not all of which are within our control, including fraud or malice on the part of third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to our property or assets, outbreaks of hostilities, or terrorist acts. The failure of our IT systems or those of our vendors to perform as anticipated for any reason or any significant breach of security could disrupt our business and result in numerous adverse consequences, including reduced effectiveness and efficiency of operations, inappropriate disclosure of confidential and proprietary information, reputational harm, increased overhead costs, and loss of important information, which could have a material adverse effect on our business and results of operations. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future. Our insurance coverage may not cover all of the costs and liabilities we incur as the result of any disruptions or security breaches, and if our business continuity and/or disaster recovery plans do not effectively and timely resolve issues resulting from a cyber attack, we may suffer material adverse effects on our business.

We are subject to governmental regulation and other legal obligations related to privacy, data protection, and data security. Our actual or perceived failure to comply with such obligations could harm our business.

We are subject to international data protection laws, such as the General Data Protection Regulation, or GDPR, in the European Economic Area, or EEA. The GDPR imposes several stringent requirements for controllers and processors of personal data which have increased our obligations, including, for example, by requiring more robust disclosures to individuals, notifications, in some cases, of data breaches to regulators and data subjects, and a record of processing and other policies and procedures to be maintained to adhere to the accountability principle. In addition, we are subject to the GDPR's rules on transferring personal data outside of the EEA (including to the United States), and some of these rules are currently being challenged in the courts. Failure to comply with the requirements of GDPR and the local laws implementing or supplementing the GDPR could result in fines of up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, as well as other administrative penalties. We are

likely to be required to expend significant capital and other resources to ensure ongoing compliance with the GDPR and other applicable data protection legislation, and we may be required to put in place additional control mechanisms which could be onerous and adversely affect our business, financial condition, results of operations, or cash flows.

The IRS may not agree that we should be treated as a foreign corporation for U.S. federal tax purposes and may seek to impose an excise tax on gains recognized by certain individuals.

Although we are incorporated in the United Kingdom, the U.S. Internal Revenue Service (the "**IRS**") may assert that we should be treated as a U.S. "domestic" corporation (and, therefore, a U.S. tax resident) for U.S. federal income tax purposes pursuant to Section 7874 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). For U.S. federal income tax purposes, a corporation (i) is generally considered a "domestic" corporation (or U.S. tax resident) if it is organized in the United States or of any state or political subdivision therein, and (ii) is generally considered a "foreign" corporation (or non-U.S. tax resident) if it is not considered a domestic corporation. Because we are a U.K. incorporated entity, we would be considered a foreign corporation (and, therefore, a non-U.S. tax resident) under these rules. Section 7874 of the Code ("**Section 7874**") provides an exception under which a foreign incorporated entity may, in certain circumstances, be treated as a domestic corporation for U.S. federal income tax purposes.

We do not believe this exception applies. However, the Section 7874 rules are complex and subject to detailed regulations, the application of which is uncertain in various respects. It is possible that the IRS will not agree with our position. Should the IRS successfully challenge our position, it is also possible that an excise tax under Section 4985 of the Code (the "**Section 4985 Excise Tax**") may be assessed against certain "disqualified individuals" (including former officers and directors of FMC Technologies, Inc.) on certain stock-based compensation held thereby. We may, if we determine that it is appropriate, provide disqualified individuals with a payment with respect to the Section 4985 Excise Tax, so that, on a net after-tax basis, they would be in the same position as if no such Section 4985 Excise Tax had been applied.

In addition, there can be no assurance that there will not be a change in law or interpretation, including with retroactive effect, that might cause us to be treated as a domestic corporation for U.S. federal income tax purposes.

U.S. tax laws and/or guidance could affect our ability to engage in certain acquisition strategies and certain internal restructurings.

Even if we are treated as a foreign corporation for U.S. federal income tax purposes, Section 7874, U.S. Treasury regulations, and other guidance promulgated thereunder may adversely affect our ability to engage in certain future acquisitions of U.S. businesses or to restructure the non-U.S. members of our group. These limitations, if applicable, may affect the tax efficiencies that otherwise might be achieved in such potential future transactions or restructurings.

In addition, the IRS and the U.S. Treasury have issued final and temporary regulations providing that, even if we are treated as a foreign corporation for U.S. federal income tax purposes, certain intercompany debt instruments issued on or after April 4, 2016 will be treated as equity for U.S. federal income tax purposes, therefore limiting U.S. tax benefits and resulting in possible U.S. withholding taxes. Although recent guidance from the U.S. Treasury removes certain documentation requirements that would otherwise be imposed with respect to covered debt instruments, announces an intention to further modify and possibly withdraw certain classification rules relating to covered debt instruments, and further indicates that these rules generally are the subject of continuing study and may be further materially modified, the current regulations may adversely affect our future effective tax rate and could also impact our ability to engage in future restructurings if such transactions cause an existing intercompany debt instrument to be treated as reissued for U.S. federal income tax purposes.

We are subject to the tax laws of numerous jurisdictions; challenges to the interpretation of, or future changes to, such laws could adversely affect us.

We and our subsidiaries are subject to tax laws and regulations in the United Kingdom, the United States, France, and numerous other jurisdictions in which we and our subsidiaries operate. These laws and regulations are inherently complex, and we are, and will continue to be, obligated to make judgments and interpretations about the application

of these laws and regulations to our operations and businesses. The interpretation and application of these laws and regulations could be challenged by the relevant governmental authorities, which could result in administrative or judicial procedures, actions, or sanctions, which could be material.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law in the United States, which made extensive changes to the U.S. taxation of multinational companies, and is subject to future regulatory and possible legislative changes. In addition, the U.S. Congress, the U.K. Government, the European Union, the Organization for Economic Co-operation and Development (the "**OECD**"), and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. New tax initiatives, directives, and rules, such as the U.S. Tax Cuts and Jobs Act, the OECD's Base Erosion and Profit Shifting initiative, and the European Union's Anti-Tax Avoidance Directives, may increase our tax burden and require additional compliance-related expenditures. As a result, our financial condition, results of operations, or cash flows may be adversely affected. Further changes, including with retroactive effect, in the tax laws of the United States, the United Kingdom, the European Union, or other countries in which we and our affiliates do business could also adversely affect us.

We may not qualify for benefits under tax treaties entered into between the United Kingdom and other countries.

We operate in a manner such that we believe we are eligible for benefits under tax treaties between the United Kingdom and other countries. However, our ability to qualify for such benefits will depend on whether we are treated as a U.K. tax resident, the requirements contained in each treaty and applicable domestic laws, on the facts and circumstances surrounding our operations and management, and on the relevant interpretation of the tax authorities and courts. For example, because of Brexit, we may lose some or all of the benefits of tax treaties between the United States and the remaining members of the European Union, and face higher tax liabilities, which may be significant. Another example is the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "**MLI**"), which entered into force for participating jurisdictions on July 1, 2018. The MLI recommends that countries adopt a "limitation-on-benefit" rule and/or a "principle purposes test" rule with regards to their tax treaties. The scope and interpretation of these rules as adopted pursuant to the MLI are presently under development, but the application of either rule might deny us tax treaty benefits that were previously available.

The failure by us or our subsidiaries to qualify for benefits under tax treaties entered into between the United Kingdom and other countries could result in adverse tax consequences to us (including an increased tax burden and increased filing obligations) and could result in certain tax consequences of owning and disposing of our shares.

We intend to be treated exclusively as a resident of the United Kingdom for tax purposes, but French or other tax authorities may seek to treat us as a tax resident of another jurisdiction.

We are incorporated in the United Kingdom. English law currently provides that we will be regarded as a U.K. resident for tax purposes from incorporation and shall remain so unless (i) we are concurrently a resident in another jurisdiction (applying the tax residence rules of that jurisdiction) that has a double tax treaty with the United Kingdom and (ii) there is a tiebreaker provision in that tax treaty which allocates exclusive residence to that other jurisdiction.

In this regard, we have a permanent establishment in France to satisfy certain French tax requirements imposed by the French Tax Code with respect to the Merger. Although it is intended that we will be treated as having our exclusive place of tax residence in the United Kingdom, the French tax authorities may claim that we are a tax resident of France if we were to fail to maintain our "place of effective management" in the United Kingdom. Any such claim would be settled between the French and U.K. tax authorities pursuant to the mutual assistance procedure provided for by the tax treaty concluded between France and the United Kingdom. There is no assurance that these authorities would reach an agreement that we will remain exclusively a U.K. tax resident; an adverse determination could materially and adversely affect our business, financial condition, results of operations, or cash flows. A failure to maintain exclusive tax residency in the United Kingdom could result in adverse tax consequences to us and our subsidiaries and could result in certain adverse changes in the tax consequences of owning and disposing of our shares.

Pirates endanger our maritime employees and assets.

We face material piracy risks in the Gulf of Guinea, the Somali Basin, and the Gulf of Aden, and, to a lesser extent, in Southeast Asia, Malacca, and the Singapore Straits. Piracy represents a risk for both our projects and our vessels, which operate and transport through sensitive maritime areas. Such risks have the potential to significantly harm our crews and to negatively impact the execution schedule for our projects. If our maritime employees or assets are endangered, additional time may be required to find an alternative solution, which may delay project realization and negatively impact our business, financial condition, or results of operations.

Risks Related to the Proposed Separation Transaction

The proposed separation transaction announced on August 26, 2019 is contingent upon the satisfaction of a number of conditions, may require significant time and attention of our management, and may not achieve the intended results.

As previously disclosed, our Board of Directors unanimously approved a plan to separate into two independent, publicly traded companies. For more information, please refer to Note 1 to our consolidated financial statements of this U.K. Annual Report. The completion of the transaction, which is expected to be structured as a separation of our Onshore/Offshore segment including Genesis, a leader in front-end engineering and design, as well as Loading Systems, a leader in cryogenic material transfer products, and Cybernetix, a technology leader in process automation, is contingent upon the final approval of our Board of Directors as well as market conditions and the receipt of regulatory approvals, which are beyond our control, as well as consultation of employee representatives, where applicable. We may also choose to abandon the separation at any time. For these and other reasons, the separation may not be completed in the expected timeframe or at all. Additionally, the execution of the proposed separation will likely continue to require significant time and attention of our management, which could impact other strategic initiatives. Our employees may also be uncertain about their future roles within the separate companies pending the completion of the separation, which could lead to departures.

Also, in connection with the separation, we will indemnify Technip Energies for certain liabilities and Technip Energies will indemnify us for certain liabilities. If we are required to act on these indemnities to Technip Energies, our financial results could be negatively impacted. Additionally, any indemnity from Technip Energies may not be sufficient to insure us against the full amount of liabilities for which we are responsible and Technip Energies may not be able to satisfy its indemnification obligations in the future.

Any such difficulties could have an adverse effect on our business, financial condition, or results of operations, and cause the combined market value of us and Technip Energies after the separation to fall short of the market value of our shares prior to the separation. Substantial sales of our shares may also occur in connection with the separation, which could cause our share price to decline.

On behalf of the Board

Douglas J. Pferdehirt

Chairman and CEO

March 13, 2020

Directors' Report

The Board of Directors (the "**Board**") presents its report together with the audited financial statements of the Company and our consolidated subsidiaries for the year ended December 31, 2019.

The Corporate Governance statement as required by Rule 7.2.1 of the Disclosure Guidance and Transparency Rules (the "**DTRs**") of the U.K.'s Financial Conduct Authority is satisfied by the Corporate Governance Report set out in this U.K. Annual Report. All information detailed in the Corporate Governance Report is incorporated by reference into this Directors' Report and is deemed to form part of this Directors' Report.

For the purposes of DTR 4.1.5R(2) and DTR 4.1.8, this Directors' Report and the Strategic Report comprise the Management Report.

Directors

The directors of the Company who held office during the year ended December 31, 2019 were as follows:

Executive Directors

Executive Chairman	Chairman and CEO
Thierry Pilenko (until May 1, 2019)	Douglas J. Pferdehirt (Chairman from May 1, 2019)

Non-Executive Directors

Eleazar de Carvalho Filho	John O'Leary
Arnaud Caudoux	Olivier Piou
Pascal Colombani	Kay G. Priestly
Marie-Ange Debon	Joseph Rinaldi
Claire S. Farley	James M. Ringler
Didier Houssin	John Yearwood
Peter Mellbye	

The appointment and replacement of the directors is governed by the Companies Act and the Company's articles of association (the "**Articles of Association**").

The Board is responsible for promoting the long-term success of the Company. The Board is responsible for implementation, understanding, and pursuit of a sound strategy for the success of the Company, relying upon a framework of corporate governance and internal controls that are designed to protect the Company's assets. The day-to-day management of the business is delegated to the executive leadership team apart from matters specifically reserved for the Board's decision. The Board delegates some of its duties and powers to Board committees, each of which has a written charter, available on the Company's website.

The current directors of the Company have been appointed pursuant to the Articles of Association. Subject to the Articles of Association and the Companies Act, a director may be appointed by an ordinary resolution at an annual meeting of shareholders or by a decision of the Board.

Subject to the provisions of the Companies Act, the Articles of Association, the business of the Company is managed by the Board, which may exercise all the powers of the Company whether relating to the management of the business of the Company or not. The Board may delegate authorities to committees, and may delegate the day-to-day management and decision making to the Chief Executive Officer.

Share Capital and Articles of Association of the Company

As at the close of business on February 28, 2020, being the latest practicable date prior to the publication of this Directors' Report, the issued and fully paid share capital of the Company was as follows:

Class of shares	Number of shares	Nominal value
Ordinary	447,446,836	$447,446,836

There are no specific restrictions on the size of a holding or on the transfer of shares. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. The Board is not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights.

Following the Merger, the reserves arising out of the Merger were capitalized by the allotment and issuance by TechnipFMC of a bonus share, which was paid up using such reserves, such that the amount of reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to our share premium account. We implemented a court-approved reduction of our capital by way of a cancellation of the bonus share and share premium account which completed on June 29, 2017, to create distributable profits to support the payment of future dividends or future share repurchases. On November 27, 2019, the Company redeemed 50,000 redeemable shares of £1 each and cancelled one deferred ordinary share of £1 in the capital of the Company.

Specific powers relating to the allotment, issuance and the ability of the Company to repurchase ordinary shares are included within the Articles of Association. Under the Articles of Association, the Directors have the authority to allot shares up to a maximum aggregate nominal amount representing 20% of the shares in the capital of the Company in issue on January 16, 2017 with a five-year validity period. This is in addition to an authority to allot shares in accordance with the provisions of section 570 of the Companies Act, as if section 561(1) of that Act did not apply, pursuant to a shareholders' resolution dated January 11, 2017 with a five-year validity period.

Shareholders shall not be entitled to vote at any shareholders' meetings or at a separate meeting of the holders of any class of shares, either in person or by representative or proxy, in respect of any share held by them unless all amounts presently payable by them in respect of that share have been paid.

Subject to the Articles of Association and the Companies Act, a shareholder (or any person appearing to be interested in any such shareholder's shares) may be served with a notice under section 793 of the Companies Act. If the Board is satisfied that such shareholder or person has failed to supply to the Company the required information for the prescribed period, or in purported compliance with the section 793 notice, has made a statement that is materially false or inadequate, the Board may direct that the shareholder shall not be entitled to attend or vote in respect of these shares.

The Company operates a TechnipFMC Incentive Award Plan for which certain employees are eligible. Details are set out in Note 18 to the consolidated financial statements contained in this U.K. Annual Report, and in the Proxy Statement available on our website at ***www.TechnipFMC.com*** under the heading "*Investors > Events and presentations > Shareholders' meeting*".

The process of amending the Articles of Association is subject to the procedure outlined in the Companies Act.

Share Repurchases

A share repurchase program authorization was granted by our then shareholder on January 11, 2017 with a five-year validity period from that date. In April 2017, our Board authorized the repurchase of up to $500 million of ordinary shares. The Company implemented the share repurchase program in September 2017, and it was completed on December 18, 2018. In December 2018, our Board authorized an additional share repurchase program to repurchase up to $300 million of ordinary shares through open market purchases, granted under the same shareholder authority. The Company terminated its share repurchase program on July 3, 2019.

In 2019, the Company purchased a total of 4,012,752 of our own ordinary shares with a nominal value of $1.00 each, representing almost 0.9% of the issued share capital on December 31, 2019 for a total amount of $68,740,031.25 and €20,848,802.55 on the NYSE and on Euronext Paris, respectively. All weekly reports on share repurchases can be found at: ***https://investors.TechnipFMC.com/stock-information/share-repurchase-program***.

The Company does not currently hold any treasury shares and all ordinary shares repurchased under the share repurchase program are cancelled and not held as treasury shares. The objective of the share repurchase program is to reduce the Company's issued share capital. Purchases of the Company's ordinary shares under the share repurchase program are carried out on the NYSE and Euronext Paris.

The Company established our Employee Benefit Trust ("**EBT**"), an offshore discretionary employee benefit trust, in 2017, for the purposes of administering the Company's share-based awards granted under shareholder approved incentive plans. As at the close of business on February 28, 2020, being the latest practicable date prior to the publication of this Directors' Report, the EBT held 140 ordinary shares of the Company.

Significant Shareholdings

As at the close of business on February 28, 2020, being the latest practicable date prior to the publication of this Directors' Report, the Company's significant shareholders who had notified the Company in accordance with the DTRs that they hold 3% or more of the Company's ordinary shares were as follows:

Name and Address of Beneficial Owner	Shares	Percent of Class[1]
Invesco Ltd. 1555 Peachtree Street NE, Suite 1800 Atlanta, Georgia 30309	34,142,771[2]	7.63%
First Eagle Investment Management, LLC 1345 Avenue of the Americas New York, New York 10105	32,271,892[3]	7.21%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355	29,406,224[4]	6.57%
Bpifrance Participations S.A. 27–31, avenue du Général Leclerc 94710 Maisons-Alfort Cedex France	24,688,691[5]	5.51%
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	22,701,632[6]	5.07%
State Street Corporation One Lincoln Street Boston, Massachusetts 02111	21,353,029[7]	4.77%

(1) The calculation of percentage of ownership of each listed beneficial owner is based on 447,446,836 Ordinary Shares outstanding on February 28, 2020.

(2) Based on a Schedule 13G/A filed with the SEC on February 12, 2020, Invesco Ltd. has sole voting power over 32,768,781 Ordinary Shares and sole dispositive power over 34,142,596 Ordinary Shares. Invesco Ltd., in its capacity as a parent holding company to its investment advisers, may be deemed to beneficially own 34,142,771 Ordinary Shares. However, no one individual has greater than 5% economic ownership. The shareholders of the Fund have the right to receive or the power to direct the receipt of dividends and proceeds from the sale of securities.

(3) Based on a Schedule 13G/A filed with the SEC on February 10, 2020, First Eagle Investment Management, LLC ("**FEIM**") has sole voting power over 30,730,041 Ordinary Shares and sole dispositive power over 32,271,892 Ordinary Shares. FEIM, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is deemed to be the beneficial owner of 32,271,892 Ordinary Shares as a result of acting as investment adviser to various clients. Clients of FEIM have the right to receive and the ultimate power to direct the receipt of dividends from, or the proceeds of the sale of, such securities.

(4) Based on a Schedule 13G/A filed with the SEC on February 12, 2020, The Vanguard Group, Inc. has sole voting power over 748,097 Ordinary Shares, shared voting power over 129,243 Ordinary Shares, sole dispositive power over 28,553,856 Ordinary Shares, and shared dispositive power over 852,368 Ordinary Shares. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 610,922 Ordinary Shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 370,927 Ordinary Shares as a result of its serving as investment manager of Australian investment offerings.

(5) Based on a Schedule 13D filed with the SEC on May 30, 2017, Bpifrance Participations S.A., jointly with Caisse des Dépôts et Consignations, EPIC Bpifrance, and Bpifrance S.A., have shared voting power over 24,688,691 Ordinary Shares and shared dispositive power over 24,688,691 Ordinary Shares.

(6) Based on a Schedule 13G filed with the SEC on February 7, 2020, BlackRock, Inc. has sole voting power over 19,747,763 Ordinary Shares and sole dispositive power over 22,701,632 Ordinary Shares. BlackRock, Inc. reports that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from, the sale of Ordinary Shares, and no one person's interest in the Company is more than 5% of the total outstanding Ordinary Shares.

(7) Based on a Schedule 13G filed with the SEC on February 13, 2020, State Street Corporation and its direct or indirect subsidiaries have shared voting power over 18,454,907 Ordinary Shares and shared dispositive power over 21,350,343 Ordinary Shares.

Directors' Indemnities

Each of our directors is covered by appropriate directors' and officers' liability insurance, and there are also deeds of indemnity in place between the Company and each director. These were executed in 2017 upon the closing of the Merger and provide for the Company to indemnify the directors in respect of any proceedings brought by third parties against them personally in their capacity as directors of the Company. The Company would also fund ongoing costs in defending a legal action as they are incurred rather than after judgment has been given. In the event of an unsuccessful defense in an action against directors in a criminal or civil action, individual directors would be liable to repay defense costs to the extent funded by the Company.

Company Details and Branches Outside the United Kingdom

The Company is a public limited company incorporated in England and Wales with registered number 09909709, and with our registered office at One St. Paul's Churchyard, London EC4M 8AP.

The Company has one branch outside of the United Kingdom, which is located in Paris, France.

Dividend

For each quarter in the year ended December 31, 2019, the Board declared an interim quarterly dividend of $0.13 per share.

Employee Engagement and Business Relationships

Further information on our work on strengthening social dialogue and internal communication, as part of our labor relations along with information on how we promote cultural and ethnic diversity, including the provision of employment to people with disabilities, is described in the section entitled "*Employee and Social Matters*" of the Strategic Report. Advancing gender diversity is a strategic objective for the Company. More information can be found in the section entitled "*Advancing Gender Diversity*" of the Strategic Report as well as in the section entitled "*Diversity Policy*" of the Corporate Governance Report. More information on how we take into consideration the need to engage with our employees and foster business relationships, can be found in the section entitled "*Decision making and section 172 of the Companies Act*" of the Strategic Report.

Greenhouse Gas Emissions

The annual quantity of GHG emissions measured in tons of CO_2 equivalent resulting from activities for which the Company is responsible and has operational control, is described in the section entitled "*Respecting the Environment*" of the Strategic Report.

Events since December 31, 2019

No significant events since December 31, 2019 are reported.

Future Developments

Expected future developments of the Company and our subsidiaries are set out in the Strategic Report.

Change in Control

The Companies Act requires the Company to identify (i) those significant arrangements to which the Company is party that take effect, alter, or terminate upon a change of control of the Company following a takeover bid, (ii) the effects of any such agreements, and (iii) any agreements with the Company and our directors or employees for compensation for loss of office or employment that occurs because of a takeover bid.

Provisions under executive severance agreements entered into by each of the Company's executives, except for our Executive Chairman, may be triggered in the event of a change of control if certain conditions are met.

The impact of a change in control on the remuneration of the directors of the Company is set out in the paragraph entitled "*Potential Payments upon Change in Control*" of the Directors' Remuneration Policy.

Political Donations

The Company has not made any political donations or incurred any political expenditure during the year ended December 31, 2019. In addition, the Company has not made any contributions to a non-E.U. political party during the year ended December 31, 2019.

Financial Risk Management Objectives/Policies and Hedging Arrangements

Please refer to the paragraph entitled "*Risk Management of Financial Reporting*" of the Corporate Governance report and Note 29 of the consolidated financial statements contained in this U.K. Annual Report for information on the Company's financial risk management objectives/policies and hedging arrangements.

Research and Development

Please refer to the paragraph entitled "*Research and Development*" of the Strategic Report.

Directors’ Responsibility Statements

The directors are responsible for our U.K. Annual Report, containing the Strategic Report, this Directors’ Report, the Corporate Governance Report, the Directors’ Remuneration Report, and the financial statements contained herein, in accordance with applicable law and regulations. The Companies Act requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the consolidated financial statements in accordance with international financial reporting standards as issued by the International Accounting Standards Board and as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

Under the Companies Act, the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and its consolidated subsidiaries and of the profit or loss of the Company and its consolidated subsidiaries for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable IFRS as adopted by the European Union have been followed for the consolidated financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and its consolidated subsidiaries will continue in business

The directors are responsible for ensuring that the Company keeps adequate accounting records that are sufficient to show and explain the Company’s and its consolidated subsidiaries’ transactions and disclose with reasonable accuracy at any time the financial position of the Company and its consolidated subsidiaries and enable them to ensure that the financial statements and the U.K. Annual Report comply with the Companies Act and, as regards the consolidated financial statements, Article 4 of the E.U. IAS Regulation. They are also responsible for safeguarding the assets of the Company and its consolidated subsidiaries and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to the U.K. Annual Report

The directors consider that this U.K. Annual Report and financial statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company’s and its consolidated subsidiaries’ performance, business model, and strategy.

Each of the directors, whose names and functions are listed in the section entitled “*Directors*” of this Report, confirms that to the best of his/her knowledge:

- The financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Directors’ Report and Strategic Report include a fair review of the development or performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Statement as to Disclosure to Auditors

The directors confirm that:

- So far as they are each aware, there is no relevant audit information of which the Company's and its consolidated subsidiaries' auditor is unaware.
- They have each taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's and its consolidated subsidiaries' auditor is aware of that information.

On behalf of the Board

Douglas J. Pferdehirt

Chairman and CEO

March 13, 2020

Corporate Governance Report

The Board believes that the purpose of corporate governance is to facilitate effective oversight and management of the Company to maximize shareholder value in a manner consistent with our vision statement, purpose, core values, Foundational Beliefs, Code of Business Conduct, and all applicable legal requirements.

The Board provides accountability, objectivity, perspective, judgment, and, in some cases, specific industry or technical knowledge or experience. In carrying out its responsibilities to our shareholders, the fundamental role of the Board is to ensure continuity of leadership; the implementation, understanding, and pursuit of a sound strategy for the success of our Company; and the availability of financial and management resources and the implementation of control systems to carry out that strategy.

Board Composition and Independence

The Company's current Board consists of 14 members, 13 of whom are independent under the rules of the NYSE. Directors' biographies can be found at ***https://www.TechnipFMC.com/en/who-we-are/board-of-directors***.

Criteria for Board Membership in Governance Guidelines

Our Governance Guidelines state that candidates for our Board, in order to be nominated by our Nominating and Corporate Governance Committee (or a subcommittee thereof), must be qualified and eligible to serve under applicable law, our articles of association ("**Articles**"), and the NYSE and Euronext rules, and should have:

- A high level of personal and professional integrity
- Strong ethics and values
- The ability to make mature business judgments

In addition, the Governance Guidelines provide that the Nominating and Corporate Governance Committee, or relevant subcommittee, may consider additional factors when determining whether a candidate is qualified to serve on our Board, including the candidate's:

- Experience in corporate management, as a board member of another publicly held company, and in finance and accounting and/or compensation practices
- Professional and academic experience relevant to our industry
- Leadership skills
- Cultural perspective and diversity of thought
- Ability to commit the time required for service on our Board

Board Composition, Refreshment, and Succession Planning

The Nominating and Corporate Governance Committee regularly evaluates the composition of our Board and considers whether the Board has the right set of backgrounds, experience, skills, diversity, and qualifications to effectively oversee our Company's strategy and our executives' execution of that strategy. One of the key goals of our Board composition is to ensure we have the right skills and experience on our Board to execute our strategic goals successfully and efficiently. Our current directors possess a diversity of skills, experience, and expertise that are relevant to our business, such as experience in the following:

- Executive leadership
- Industry experience
- Corporate governance and legal
- Strategy and risk management
- Cultural and gender diversity
- Sustainability and emerging technologies
- Outside public company board service
- Finance and audit
- Acquisition, divestment, and investment portfolio management

In 2019, two of our directors, Messrs. Thierry Pilenko and Richard Pattarozzi, retired at our 2019 Annual Meeting. Our Nominating and Corporate Governance Committee, with the assistance of Spencer Stuart, a nationally recognized director search firm, identified, screened, and assessed the capabilities of potential new director candidates. This rigor assisted the Company in identifying and retaining two new Board members in 2019, Messrs. Olivier Piou and John Yearwood, as part of our ongoing Board refreshment focus.

In addition to evaluating directors' skills and experience that tie directly to our business strategy, the Nominating and Corporate Governance Committee also regularly considers any changes in the professional status, independence, outside commitments, and other public company directorships of our directors to assess the potential impact of these changes on the Board's effectiveness.

As further described in our Governance Guidelines, a non-executive director whose birth date occurs prior to July 1st must retire at the annual general meeting of shareholders of the Company during the year of such director's 72nd birthday, and a non-executive director whose birth date occurs on or after July 1st must retire at the annual general meeting of shareholders of the Company the year following such director's 72nd birthday. Our Board may waive this policy on a case-by-case basis on the recommendation of the Nominating and Corporate Governance Committee if it deems a waiver to be in the best interests of the Company and its shareholders.

Enterprise Risk Management

Executive management is responsible for the day-to-day management of the risks the Company faces, while our Board, as a whole and through its various committees, has responsibility for the oversight of risk management for the Company. The Company has an Enterprise Risk Management ("**ERM**") process and framework to identify and evaluate varying levels of risk and their potential impact on the Company, as well as steps to further mitigate those risks. As part of the ERM framework, our senior management, led by our CEO, undertakes a process that identifies, categorizes, and analyzes the relative severity and likelihood of the various risks to which the Company is or may be subject. In addition, our Board and its committees receive periodic reports from senior management that identify and assess significant enterprise-related risks and address mitigation strategies and plans implemented or proposed for each key risk. In 2019, the Company retained external consultants to review our ERM program and benchmark our risk identification and mitigation processes against best practices within the industry.

In addition, while the Board has ultimate responsibility for overall risk management oversight, it has designated each of its four Board committees with oversight of certain risks within their own areas of responsibility, as indicated in the table below.

Audit	Compensation	Nominating and Corporate Governance	Strategy
▸ Financial reporting ▸ Liquidity ▸ Contract management ▸ Cybersecurity ▸ Legal and regulatory compliance related to financial statements and disclosures ▸ Information-related risks, such as cybersecurity, taxes, and foreign exchange ▸ Insurance	▸ Compensation policies and practices (including employee benefit plans and administration of equity plans)	▸ Legal and regulatory corporate governance compliance ▸ Director succession ▸ Crisis management preparedness ▸ Emergency procedures for management succession ▸ Environmental, sustainability, and governance	▸ Global strategy related to emerging or evolving competitive activity, governmental or legislative developments, and global economic conditions

Committees of the Board

Our Board has an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and a Strategy Committee, each of which comprises at least four directors, selected by the Board upon the recommendation of the Nominating and Corporate Governance Committee. Each member of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee meets the heightened independence standards as defined under the NYSE's listing standards and SEC rules, as applicable, to which we are subject as a result of our listing on the NYSE. Additionally, each member of our Audit Committee qualifies as an "audit committee financial expert" as defined by SEC rules.

Following our announced spin-off transaction, TechnipFMC and Technip Energies will each have an Environmental, Sustainability, and Governance Committee to better reflect our focus on these critical areas. For TechnipFMC, this committee will replace its current Nominating and Corporate Governance Committee.

The Board receives regular updates from its committees on individual categories of risk, including strategy, financial/operations, cybersecurity, people, technology, investment, legal/compliance, political/legislative/regulatory, and corporate responsibility and sustainability. Each of these committees operates pursuant to a written charter setting out the functions and responsibilities of the committee, which is reviewed annually, and may be viewed on our website at ***www.TechnipFMC.com*** under the heading "*About us > Governance*."

Audit Committee

2019 Meetings: 5	
Members	**Primary Responsibilities**
Marie-Ange Debon (Chair) Eleazar de Carvalho Filho Arnaud Caudoux Kay G. Priestly Joseph Rinaldi	▸ Oversight of the financial management and control of the Company, as well as oversight of the Company's independent registered public accounting firm ▸ Monitoring the Company's financial reporting process ▸ Reviewing the Company's consolidated financial statements and internal controls with management and the independent auditor ▸ Monitoring the Company's compliance with its internal accounting and control policies, as well as legal and regulatory requirements to the extent such compliance relates to the consolidated financial statements and financial disclosures ▸ Selecting, subject to shareholder approval, the Company's independent auditor, and reviewing the qualifications, independence, performance, and remuneration of such independent auditor ▸ Reviewing the effectiveness and performance of the Company's internal audit function ▸ Considers risks relating to cybersecurity and receives regular reports on the Company's cyber readiness, adversary assessment, risk profile status, and any countermeasures being undertaken or considered by the Company ▸ Reviewing the effectiveness of processes for reviewing and escalating financial-related allegations reported through the Company's allegation hotline

Compensation Committee

2019 Meetings: 5	
Members	**Primary Responsibilities**
James M. Ringler (Chair) Claire S. Farley John O'Leary Joseph Rinaldi John Yearwood	▸ Reviewing, evaluating, and approving the agreements, plans, policies, and programs of the Company to compensate its independent directors, the Chairman and CEO, and other officers ▸ Consistent with equity plans approved by the Company's shareholders, reviewing, evaluating, and approving all equity awards by the Company to executive officers and approving the number of equity securities or equity derivatives that the CEO is authorized to allocate to all other employees at his discretion ▸ Reviewing the compensation disclosures in the Company's U.K. annual report and proxy statement for the Company's annual general meeting of shareholders ▸ Producing the Compensation Committee Report to be included in the Company's proxy statement ▸ Reviewing, evaluating, and approving the directors' remuneration policy and the directors' remuneration report ▸ Otherwise discharging the Board's responsibilities related to compensation of the Company's executive officers and directors

Nominating and Corporate Governance Committee

2019 Meetings: 6	
Members	**Primary Responsibilities**
Peter Mellbye (Chair) Pascal Colombani Didier Houssin Olivier Piou John Yearwood	▸ Advising and making recommendations to the Board regarding appropriate corporate governance practices and assisting the Board in implementing those practices ▸ Monitoring the development and implementation of the Company's compliance program (including procedures for allegation reporting, investigation, and remediation) to ensure that the Company operates in compliance with the principles of ethical conduct and good governance ▸ Reviewing the Company's corporate responsibility and sustainability program and key performance indicators ▸ Reviewing the Company's succession plans for the Chairman and CEO, and other executive officers ▸ Identifying individuals qualified to become members of the Board and recommending director nominees for election at the annual general meeting of shareholders or for appointment to fill vacancies on the Board ▸ Recommending directors to serve on each committee of the Board and recommending the Lead Independent Director ▸ Leading the Board in the annual performance evaluation of the Board and its committees

Strategy Committee

2019 Meetings: 5	
Members	**Primary Responsibilities**
Douglas J. Pferdehirt (Chair) Pascal Colombani Claire S. Farley Didier Houssin Peter Mellbye Olivier Piou	▸ Reviewing the development and implementation of the Company’s long-term global strategy, risks, and opportunities relating to such strategy ▸ Reviewing strategic decisions regarding major asset acquisitions, divestitures, joint ventures, and strategic alliances by the Company

Internal Control over Financial Reporting

The Board has overall responsibility for the Company’s internal control over financial reporting. It is one of the responsibilities that has been delegated to the Audit Committee. As set out in the paragraph entitled “*Committees of the Board*” above, the Audit Committee is responsible for reviewing the Company’s internal controls (including reporting structures), monitoring compliance with its internal accounting and control policies, and the effectiveness of the Company’s internal audit function.

As part of its role, the Audit Committee is required to review, at least annually, the budget and current and future programs of the Company’s internal audit department to assure it contains resources necessary to complete the annual audit plan in accordance with appropriate professional standards for internal auditors and review summaries of formal audit reports issued by the internal audit department.

In addition, each quarter, under the direction of the CEO and Chief Financial Officer, the Company is required to evaluate the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the United States Securities Act of 1934, as amended (the “**Exchange Act**”).

Evaluation of Disclosure Controls and Procedures

As of December 31, 2019, and under the direction of our CEO and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based upon this evaluation, our CEO and Chief Financial Officer concluded as of December 31, 2019, that our disclosure controls and procedures were effective.

Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act.

Management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this evaluation, management concluded that our internal control over

financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein.

Remediation Activities of Previously Disclosed Material Weaknesses

As of December 31, 2018, our management concluded that we had not maintained effective internal control over financial reporting in the following areas:

i. period-end financial reporting

ii. accounting for income taxes.

Both material weaknesses were remediated as of December 31, 2019, as noted below.

Period-end Financial Reporting - Remediated as of December 31, 2019

We previously reported that in certain locations, we did not design and maintain effective controls over the period-end financial reporting process. We had ineffective controls over the documentation, authorization, and review of adjustments to and reconciliations of financial information.

These deficiencies did not result in a material misstatement of the financial statements; however, the deficiencies, when aggregated, could have resulted in material misstatements of the consolidated financial statements and disclosures that would not have been prevented or detected. Accordingly, our management determined that these deficiencies, in the aggregate, constituted a material weakness.

Management took the following corrective actions to address this material weakness:

- Provided additional training and continuous guidance to finance team members on the requirements around control processes;
- Improved the timeliness and effectiveness of our review and approval procedures; and
- Improved the control activities and execution thereof related to the review of adjustments to and reconciliations of financial information.

As a result of these remediation activities and based on testing of the new and modified controls for operating effectiveness, our management concluded that we remediated the material weakness related to period-end financial reporting as of December 31, 2019.

Accounting for income taxes - Remediated as of December 31, 2019

We previously reported that we did not design and maintain effective controls over the completeness, accuracy, and presentation of our accounting for income taxes, including the income tax provision and related income tax assets and liabilities.

These deficiencies did not result in a material misstatement of the financial statements; however, the deficiencies, when aggregated, could have resulted in material misstatements of the consolidated financial statements and disclosures that would not have been prevented or detected. Accordingly, our management determined that these deficiencies, in the aggregate, constituted a material weakness.

Management took the following corrective actions to address this material weakness:

- Reinforced the proper usage of the Company's global taxation tool, implemented in 2018, by issuing detailed instructions and application descriptions;
- Provided additional training to finance team members on the appropriate use of the global taxation tool;

- Improved the timeliness and effectiveness of our review and approval procedures; and
- Improved the control activities and execution thereof related to our accounting for income taxes.

As a result of these remediation activities and based on testing of the new and modified controls for operating effectiveness, our management concluded that we remediated the material weakness related to accounting for income taxes as of December 31, 2019.

Changes in Internal Control over Financial Reporting
Other than steps taken in connection with the completion of the remediation activities described above, there were no changes in our internal control over financial reporting during the three months ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Risk Management of Financial Reporting

The Board believes that one of its most important roles is the oversight of the Company's management of risk, which the Board accomplishes through its Enterprise Risk Management program. Management presents to the Board the risk areas that it believes to be the most significant and the plan for the assessment, monitoring and management of those risks. The Board has ultimate responsibility for overall risk management oversight; however, it has designated the Audit Committee with oversight of financial risk. The Audit Committee discusses with management on a regular basis financial reporting, liquidity, contract management, legal and regulatory compliance, information-related risks, including cybersecurity, taxes, and foreign exchange. The Audit Committee reviews the potential financial impacts of these risks, the steps the Company takes to ensure that appropriate processes are in place to identify, manage, and control financial and business risks and that the Company has adequate insurance coverage to mitigate these risks. In cases where a practice or procedure is identified, or an operational incident occurs that could heighten the possibility of a negative impact on our operations or financial results, our management reports to the Board the steps to be taken to ensure that the risk is appropriately managed.

Code of Business Conduct

Our Code of Business Conduct is built on our Foundational Beliefs and gives our directors, officers, and employees a common language and playbook for decisions and actions that help us live our core values. We are committed to establishing and maintaining an effective compliance program that is intended to increase the likelihood of preventing, detecting, and correcting violations of Company policy and the law. Moreover, we have a hotline in place for employees, officers, directors, and external parties to anonymously report violations of our Code of Business Conduct or complaints regarding accounting and auditing practices. Reports of possible violations of financial or accounting policies are reported to our Audit Committee.

We will disclose amendments to, or waivers of, our Code of Business Conduct that are required to be disclosed under SEC and NYSE rules or any other applicable laws, rules, and regulations. Any waiver of our Code of Business Conduct for our officers and directors must be approved by the Board or a relevant Board committee. We have not made any such waivers and do not anticipate making any such waiver.

The Code of Business Conduct can be found on our website at ***www.TechnipFMC.com*** under the heading "*About us > Governance*".

Diversity Policy

The Code of Business Conduct focuses on fair employment practices and equal opportunity, requiring decisions not influenced by race, color, religion, gender, age, ethnic origin, nationality, sexual orientation, marital status, or disability. More details are set out in the section entitled "*Corporate Responsibility and Sustainability–Non-financial Information Statement*" of the Strategic Report.

Significant Shareholdings

Details of the significant shareholdings of the Company are set out above in the section entitled "*Significant Shareholdings*" of the Directors' Report.

On behalf of the Board

Douglas J. Pferdehirt

Chairman and CEO

March 13, 2020

Directors' Remuneration Report

Introduction and Compliance Statement

The purpose of this Directors' Remuneration Report is to inform shareholders of the remuneration of the directors of TechnipFMC for the period ended December 31, 2019. This report is divided into two sections:

i. The letter from the Chair of the Compensation Committee

ii. The Annual Report on Remuneration for 2019 including an upfront "*At-a-Glance*" section to highlight the key aspects of remuneration policy

Note that the Remuneration Policy is not required in this year's report following shareholder acceptance on June 14, 2018. Our Remuneration Policy is set out in this U.K. Annual Report after this Directors' Remuneration Report to enable you to easily review our report in the context of the policy to which it applies.

Pursuant to English law, the Directors' Remuneration Report forms part of the statutory annual report of the Company for the year ended December 31, 2019 and has been prepared by the Compensation Committee on behalf of the Board in accordance with the laws, rules, and regulations applicable to the Company.

The Annual Report on Remuneration (elements of which are audited) describes the directors' fixed and variable pay, share awards, benefits, and pension arrangements, as required by Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "**U.K. Regulations**"). The Annual Report on Remuneration will be subject to a non-binding advisory shareholder vote at the 2020 Annual Meeting on April 24, 2020.

Letter from the Chairman of the Compensation Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report of the Company, covering the period from January 1, 2019 to December 31, 2019. This is our third report since TechnipFMC was formed and the year has proven to be transformative with our announced separation into two diversified, pure-play market leaders – TechnipFMC and Technip Energies – planned to be completed in the second quarter of 2020, contingent upon the final approval of our Board of Directors as well as market conditions and the receipt of regulatory approvals. The separation will enable both companies to benefit from distinct and compelling market opportunities across the energy value chain; dedicated focus of management; resources and capital; and unique value propositions with differentiated investment appeal.

The year was also marked by the retirement of Thierry Pilenko as Executive Chair at our AGM on May 1, 2019, with Douglas Pferdehirt assuming the combined role of Chairman and CEO from May 1, 2019.

This means that Douglas Pferdehirt is now our sole Executive Director, a structure whilst relatively uncommon in the United Kingdom is typical of U.S.-listed corporations. Details of Mr. Pilenko's departure provisions and Mr. Pferdehirt's remuneration are provided in our Annual Report on Remuneration and summarized in the section below.

Notwithstanding these changes the executive leadership of TechnipFMC remained focussed on execution of strategy during 2019, the key highlights of which are summarized below as they relate to compensation outcomes.

Our Compensation Philosophy and How that Informs Decision Making

We are a global leader in oil and gas projects, technologies, systems, and services and provide our clients with deep expertise across subsea, onshore/offshore, and surface projects. Our vision to enhance performance of the world's energy industry is supported by the relentless drive of every individual at TechnipFMC. We are united by one single purpose: to bring together the scope, knowledge, and determination to transform our clients' project economics. Our executive compensation is designed to help us achieve our vision by:

- Motivating our executive officers to achieve and exceed our short-term and long-term goals and objectives
- Aligning the interest of our executive officers with the interests of our shareholders by focusing our executive compensation program on drivers of sustainable shareholder value and by ensuring a majority of executive compensation is at-risk
- Providing market competitive levels of compensation to help us retain and attract exceptionally talented individuals who can deliver on our vision

Remuneration Arrangements in 2019

With the departure of Mr. Pilenko and appointment of Mr. Pferdehirt as combined Chairman and CEO during the year, the Committee reviewed and approved both the retirement payments and compensation package for each executive, respectively. All payments were in line with our shareholder approved Remuneration Policy.

Mr. Pilenko left the Board of Directors effective May 1, 2019. In accordance with his service agreement, the Committee determined that Mr. Pilenko would be entitled to receive a pro-rata annual cash incentive target of 120% of his annual base salary, based on his service from January 1, 2019 to May 1, 2019, in addition to those payments due to him. Further information can be found in the paragraph entitled "*Payments for Loss of Office*".

Shareholder Engagement

Our Compensation Committee takes shareholder input seriously, carefully reflecting on the results of shareholder advisory votes and feedback received during shareholder engagement. At our 2019 annual general meeting of shareholders, 79.9% of votes cast approved our 2018 Remuneration Report with 20.1% voting against the report. While this represented majority support, the Compensation Committee wanted to better understand the reasons some shareholders voted against our 2018 executive compensation.

Through our shareholder engagement efforts, our Board and executive leadership team solicited feedback specifically on our 2018 executive compensation program and considered shareholders' input within the context of our pay-for-performance philosophy, business, and strategies.

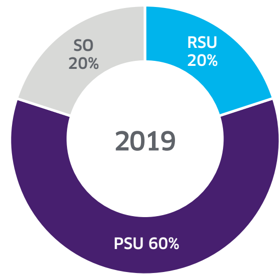
In response to shareholder feedback received in 2019, we took the following actions:

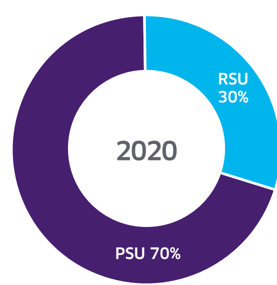
- Eliminated the role of Executive Chairman following completion of post-Merger integration and reduced to a single, CEO-level compensation structure.
- Discontinued the use of stock options so that performance-based equity will represent 70% of all annual equity awards beginning in 2020, and annual equity awards will comprise only performance stock units ("**PSUs**") (70%) and restricted stock units ("**RSUs**") (30%).
- Retained the metric, EBITDA as a Percentage of Revenue, under our annual incentive plan to reinforce the link between annual incentive metrics and business strategy.
- Continued the use of Return on Invested Capital ("**ROIC**") in our long-term equity incentive plan, in addition to relative Total Shareholder Return ("**TSR**"). ROIC is an absolute financial metric that measures management's ability to efficiently allocate capital, and performance for ROIC is measured against an internal target. The relative TSR metric is based on share price performance relative to an external peer group. Due to the cyclical nature of the oil and gas industry, shareholders have supported inclusion of both internal and external metrics in long-term equity incentive plans.
- Based a portion of our Chairman and CEO's annual cash incentive bonus on certain sustainability measures to further reinforce the Company's commitment to our Foundational Beliefs.
- Updated our compensation and performance peer groups to reflect changes in our business environment.
- Simplified disclosures in our Remuneration Report to provide additional details and calculations, including enhanced descriptions of the individual performance component of our annual cash incentive bonus plan, as well as our target-setting process and our peer group selection rationale.

Proposed Remuneration Arrangements in 2020

For 2020 we are proposing modest modifications to the implementation of our executive compensation program, in line with our shareholder approved Remuneration Policy, and informed by feedback we received from our shareholders during engagement in 2019.

The most significant change is a rebalancing of our long-term incentive mix with the removal of stock options. While the Committee believed this to be an appropriate performance-based vehicle, given its inherent link to long-term sustainable value creation, our shareholders did not universally agree. Furthermore, as we navigate the separation and strategic realignment there is the risk of unintended windfalls primarily driven by stock price volatility. The 20% of the long-term incentive mix that was previously delivered in stock options will be reallocated equally to PSUs and RSUs as follows:





We decided to base a portion of our CEO's annual cash incentive bonus on certain sustainability measures to further reinforce the Company's commitment to our Foundational Beliefs.

Looking Ahead

As the Company continues to evolve, particularly with the announced separation to create two companies: TechnipFMC and Technip Energies, it is important that we maintain a close eye on our executive compensation program to ensure it remains aligned to our strategy and responsive to shareholder feedback, and tailored to their specific business needs.

We look forward to hearing your views on our executive compensation arrangements, and your continued support at the 2020 Annual Meeting.

Yours sincerely,

James M. Ringler

Director and Compensation Committee Chairman

March 13, 2020

Annual Report on Remuneration: At-a-Glance – 2019 Highlights

TechnipFMC 2019 Performance

TechnipFMC operates a sophisticated, global business in a highly competitive industry that has been negatively impacted by an extended period of low commodity prices. Our solutions add value to some of the largest capital investments in the world. We identified an opportunity to change the way projects are conceived and executed in the industry with the introduction of our subsea integrated engineering, procurement, construction, and installation ("**iEPCI**") business model aimed at lowering project costs and accelerating the delivery of initial hydrocarbon production.

In 2019, the value of these integrated subsea awards to TechnipFMC more than doubled versus the prior year, representing more than 40% of all Subsea inbound orders. The increase was driven by further adoption of the integrated business model, particularly with those clients where we have unique alliances. With the industry's most comprehensive and only truly integrated market offering, we have continued to expand the deepwater opportunity set for our customers.

TechnipFMC's expertise does not end with the development of hydrocarbons. Because of its best-in-class project design and execution capabilities, enabled by a portfolio of proprietary technologies, TechnipFMC continues to secure and deliver projects that further enable our clients to monetize resources — from liquefaction of gas, both onshore and on floating vessels, to refining and production facilities, through new energy solutions and applications for the world's energy transition.

13 iEPCI™ awards

40%+ of all inbound Subsea orders are iEPCI™

On August 26, 2019, the Company announced that it will separate into two diversified, pure-play market leaders – TechnipFMC, focused on subsea and surface hydrocarbon production, and Technip Energies, focused on downstream EPC project execution. We expect to complete the transaction in the first half of 2020, subject to financing, general market conditions, regulatory approvals, consultation of employee representatives, where applicable, and final approval from our Board of Directors. The separation will enable both companies to benefit from distinct and compelling market opportunities across the energy value chain; dedicated focus of management, resources, and capital; and unique value propositions with differentiated investment appeal.

TechnipFMC (RemainCo)	Technip Energies (SpinCo)
TechnipFMC will be a fully integrated technology and services provider, driving energy development across deepwater, conventional, and unconventional resources. The Company will continue to demonstrate leadership in integrated subsea project delivery and will focus on replicating this success through the development of integrated production models for the surface production market. TechnipFMC is also poised to benefit from service opportunities resulting from the world's largest installed base of subsea production equipment, umbilicals, risers, and flowlines.	**Technip Energies** will be a leading engineering and construction provider, with a robust project delivery model, strong technical capabilities, and proven track record as demonstrated by the successful execution of some of the world's most iconic EPC projects. The new company will continue to leverage its industry-leading process technology portfolio, particularly in the areas of ethylene and hydrogen, while pursuing further opportunities to enhance and differentiate this portfolio.

Creating Two Industry Leaders

Distinct and compelling market opportunities

Unique business profiles with differentiated investment appeal

Strong balance sheets and tailored capital structures

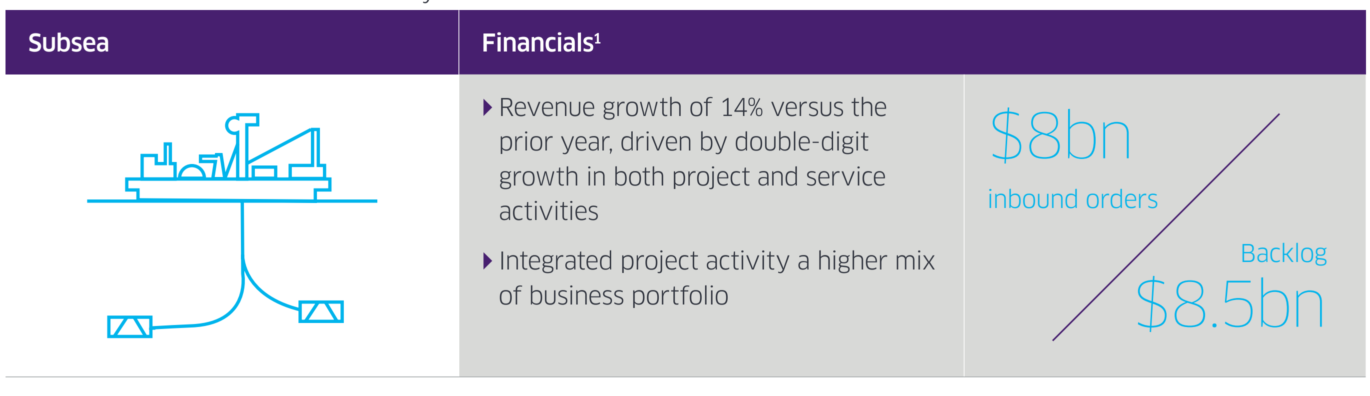
Focus, agility, and strategic flexibility

Continuing to reshape the energy industry and create value for all stakeholders

We expect that the executive compensation programs for these two companies will continue to emphasize performance and will be tailored to each company's business and strategy.

Key Strategic Achievements in 2019

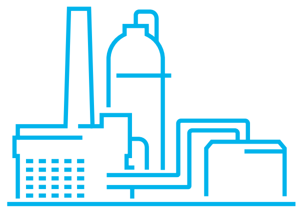
We have summarized some of our key 2019 results and achievements below.



Subsea | **Financials[1]**

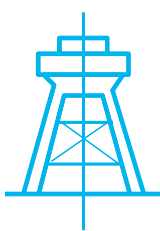
- Revenue growth of 14% versus the prior year, driven by double-digit growth in both project and service activities
- Integrated project activity a higher mix of business portfolio

Onshore/Offshore

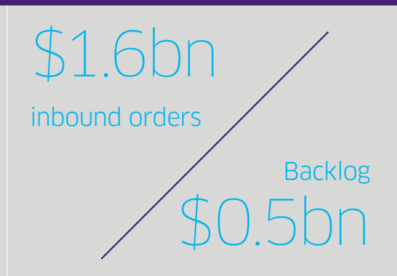


- Three quarters of sequential revenue growth, as segment revenue has inflected above the 2018 trough
- Revenue growth excluding the Yamal LNG project exceeded 25% versus the prior year

Surface Technologies



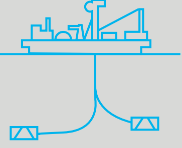
- Revenue growth of more than 15% in markets outside of North America versus the prior year
- Surface international revenues account for more than 50% of total segment



(1) Reported financial results for the twelve months ended December 31, 2019 and inbound and backlog as of December 21, 2019 as reported in our financial statements as contained in this U.K. Annual Report.

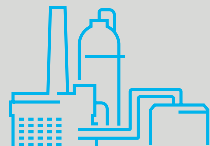
Market Leadership

Subsea



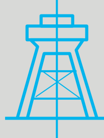
- Inbound order growth exceeded 50% versus the prior year driven by integrated (iEPCI™) awards, subsea services, and new technologies
- Continued growth in adoption of the integrated model across multiple clients and regions including the Mozambique LNG Subsea project, our largest integrated subsea award to date
- Awarded industry's first 20,000 psi high-pressure, high-temperature system for LLOG's Shenandoah project in the U.S. Gulf of Mexico
- Further enhanced our competitive position through newly formed strategic partnerships, with particular focus on expanding the number of clients engaged in iEPCI alliances
- Entered into a strategic collaboration agreement with Allseas to jointly pursue deepwater projects where the assets, products, and capabilities of both companies are complementary and support the execution of our differentiated iEPCI business model

Onshore/Offshore



- Inbound order growth exceeded 75% versus the prior year driven by EPC contract awards for LNG projects including:
  - Novatek Arctic LNG 2 project which leverages our proven track record in delivering harsh environment mega projects
  - ExxonMobil Rovuma LNG project which builds upon our local content and expands our capabilities in Africa; the full value of the EPC contract will be included in backlog upon issuance of full notice to proceed, most likely in conjunction with project FID
- Strong order activity also supported by project awards in the downstream and gas monetization sectors:
  - MIDOR Refinery modernization and expansion in Egypt
  - ExxonMobil Refinery crude expansion project in the U.S. Gulf of Mexico
  - BP Greater Tortue Ahmeyim gas FPSO offshore Africa
- Entered into EPICEROL® strategic license agreement with Meghmani Finechem, marking our first "green" epichlorohydrin (ECH) technology license in India

Surface Technologies



- Capitalized on our high degree of vertical integration and technology differentiation outside North America where revenue increased more than 20% versus the prior year
- Successful introduction of several new product development items from our Frac 2.0 suite
- Successful introduction of our first Automated Well Testing Unit in the Bakken
- Applying our subsea integrated model to the U.S. land production market to further transform our North American business
- Awarded loading arms for a LNG project in Asia Pacific, one of our largest orders to date

Disciplined Capital Allocation

Total shareholder distributions of $326 million:

- Dividend payments of $233 million
- Repurchase of Ordinary Shares of $93 million

Capital expenditures* of $378 million:

- Continued to fund targeted growth initiatives
- Capital expenditures were below depreciation

* Excludes $80 million associated with dive support vessel acquisition

Further optimization of Subsea fleet:

- Disposal of a pipelay vessel while retaining predetermined operational access
- Consolidation of pipelay support vessel joint venture to maximize fleet optionality

While 2019 presented a competitive and challenging environment, our relentless focus on strong project execution and cost reduction drove solid operational performance. Our integrated business models have further reinforced our market leadership. We achieved robust year-over-year growth in inbound orders and backlog in both Subsea and Onshore/Offshore, providing improved revenue visibility for 2020 and beyond. We are capitalizing on the offshore recovery and current LNG cycle through early customer engagement, demonstrated engineering capabilities, and multicenter execution. Additionally, in Surface Technologies, we are taking aggressive restructuring actions in North America to further realign our product and service offering to the changing markets, while leveraging our strong international franchise for the growth we see in markets outside of the United States. In support of the overall strategy, we continue to focus on quality, health, safety, and environment with the implementation of our quality and safety program.

For detailed information regarding our 2019 results, please see our financial statements, as reported in this U.K. Annual Report.

2019 Performance Impact on Compensation

The table below outlines the elements of our compensation program that are directly tied to Company performance, along with 2019 performance and resulting payouts.

Compensation Element	Objective	2019 Performance Measures		2019 Performance		2019 Payout
Long-Term Equity	To drive and reward the achievement of long-term results and align interests of an executive director with shareholder interests	30% PSUs 3-year ROIC	>	2017-2019 performance of 6.9%[1]	>	0% of target[1]
		30% PSUs 3-year relative TSR	>	2017-2019 performance of 5th rank[1]	>	100% of target[1]
	The remaining 40% of the long-term equity incentive was delivered in the form of stock options (20%) and RSUs (20%), the delivered value of which will also depend on share price appreciation, and thus is aligned with shareholder interests.					
Annual Cash Incentive Bonus	To drive and reward the achievement of short-term Company strategic goals and individual contributions	25% EBITDA	>	$1,667 million[2] - 162% performance rating	>	162% of target
		25% EBITDA as a Percentage of Revenue	>	12.4% - 155% performance rating	>	155% of target
		25% Working Capital Days	>	74 days - 200% performance rating	>	200% of target
		25% Annual Individual Performance	>	Ranging from 140% to 180% performance rating	>	140% to 180% of target

(1) Payout for the 2017-2019 grant has been provided instead of payout for the 2019-2021 grant, since payout for the latter will only be determined at the end of 2021.
(2) Please refer to Note 33 of the consolidated financial statements of this U.K. Annual Report for a reconciliation to the most directly comparable GAAP measure.

Our pay-for-performance program aims to motivate our Chairman and CEO to achieve and exceed both our short-term and long-term goals and objectives by including an appropriate mix of long-term equity compensation and annual cash incentive bonus compensation. As intended by our program, our Chairman and CEO's compensation was directly impacted by our performance.

Long-Term Equity

The majority of our Chairman and CEO's variable compensation is in the form of long-term equity compensation, comprising 85% of 2019 total target variable compensation. Our Chairman and CEO achieved a payout of 50% of target on his 2017 performance-based, long-term equity incentive awards, based on the following:

- For the ROIC measure, we did not meet the threshold performance for the 2017-2019 performance period, and as a result, the ROIC component of the 2017 PSU awards paid out at 0%

- For the three-year relative TSR measure, we achieved above-target performance for relative TSR for the 2017-2019 performance period based on our performance relative to our 2017 Performance Peer Group as defined in our 2017 U.K. Annual Report ("**2017 Performance Peer Group**"). However, our absolute TSR performance was negative given the overall oil and gas market conditions during the same period. Therefore, our payout under our incentive plan was capped at target (100%) given the absolute TSR performance.

Annual Cash Incentive Bonus

For 2019, our annual cash incentive comprised 15% of total target variable compensation for our Chairman and CEO. Performance targets related to our annual cash incentive are set at "stretch" targets that are difficult and challenging but achievable with superior execution based on our long-range plans. Given the cyclical nature of our sectors, as well as the variability in some of our metrics caused by the lifecycle progression of a few very large projects, our targets will not always increase, in absolute terms, over prior year targets but are set to ensure that achievement will require the same or increased execution to achieve the targets.

In setting performance goals, the Compensation Committee considers the Company's annual financial plans, strategic initiatives, and projections, which are impacted by the following factors:

- The overall business climate and the cyclical nature of our business
- Underlying market conditions for our products and services
- Volatility in commodity prices
- Our competitors' performance
- Anticipated changes in customer activity
- Our prior-year performance

These inputs inform discussions regarding both the targets and the ranges around the target to ensure the goals are sufficiently difficult without incentivizing inappropriate risk taking.

In setting our 2019 targets, the Compensation Committee considered the market outlook for each of our business segments and for the Company as a whole. In particular, we considered the projected decline for our Subsea segment due to the volatile, and generally low, crude oil price environment over the last several years that led many of our customers to reduce their capital spending plans or defer new deepwater projects. This led to the winding down of certain projects, and an expected decline in operating margins due to the competitive environment in 2019. During this time, we focused on growing our order backlog.

As a result in 2019, our performance exceeded the targets for the EBITDA, EBITDA as a Percentage of Revenue, and Working Capital Days measures due to accelerated market adoption of our new subsea technologies, our strong execution and disciplined capital spending, and achieving an unprecedented level of backlog. As a result, our annual cash incentive bonus plan paid out with an overall weighted rating of 174%, including the impact of annual individual performance indicator results.

Overview of our Compensation Practices

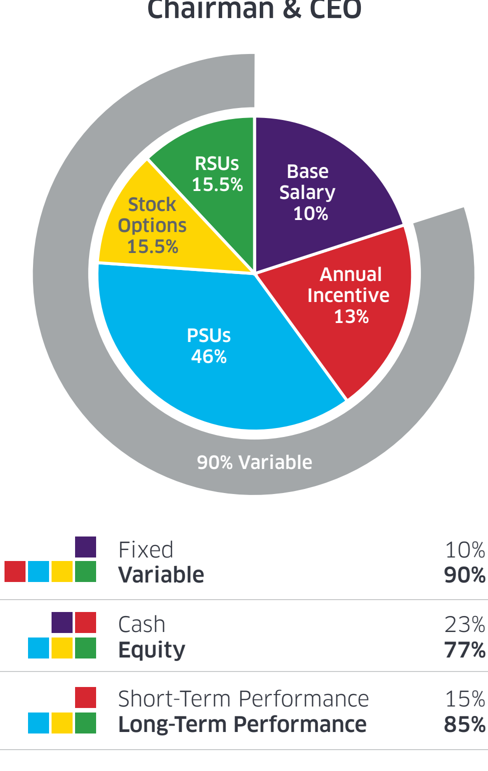
What We Do:	What We Don't Do:
‣ Pay for performance by aligning performance measures with our strategy and shareholder interests	‣ No single-trigger vesting upon a change-in-control
‣ Majority of executive director compensation is performance-based, "at-risk" long-term compensation	‣ No guaranteed bonuses
‣ Maintain a clawback policy in the event of malfeasance or fraud	‣ No uncapped incentives
‣ Require robust executive and director share ownership requirements	‣ No tax gross-ups on any severance payments
‣ Engage an independent, external compensation consultant	‣ No excessive perquisites, benefits, or pension payments
‣ Benchmark compensation against relevant global and industry peer groups	‣ No discounting, reloading, or repricing of stock options
‣ Cap PSU payout at target when relative TSR exceeds peers' but absolute TSR is negative	‣ No hedging and pledging of Company securities

Annual Report on Remuneration: Report for the Year Ended December 31, 2019

The Compensation Committee presents the Annual Report on Remuneration, which will be submitted to shareholders as an advisory vote at the 2020 Annual Meeting. Some of the information contained in the Annual Report on Remuneration is subject to audit. Where the information is subject to audit, the information is identified in the relevant heading.

As intended by our pay-for-performance program, and as outlined in the sections below, our 2019 compensation for our Chairman and CEO was directly impacted by our performance against key financial, operational, and individual metrics.

Below is an illustration of the Chairman and CEO's remuneration.



Note: All percentages provided are rounded to the closest whole percentage.
Stock options are considered variable as they require the stock price to increase before they yield any value.
The delivered value of RSUs is variable based on share price at vesting.

Single Total Figure of Remuneration (Audited Information)

The below table sets forth the single figure of remuneration for each of the Company's executive directors for the periods ended December 31, 2019 and 2018.

A proportion of the annual incentive and long-term incentive awards (the variable and at-risk element) – 89% – is subject to share price appreciation. During 2019 we did not exercise the use of discretion as a result of share price appreciation

Executive Directors' Single Figure Table

Year	Salary[1]	Taxable Benefit[2]	Annual Incentive Awards[3]	Long-Term Incentive Awards[4]	Pension-Related Benefits	Total
Chairman and CEO: Douglas J. Pferdehirt						
2019	$1,236,000	$84,989	$4,843,364	$1,455,003	$241,779	$7,861,135
CEO: Douglas J. Pferdehirt						
2018	$1,230,000	$122,231	$3,894,477	$0	$190,796	$5,437,504
Executive Chairman: Thierry Pilenko						
2019	$335,391	$46,193	$402,470	$901,545	$9,665	$1,695,264
2018	$1,061,194	$110,492	$1,758,397	$0	$29,983	$2,960,066

(1) Salary provides a fixed level of market competitive compensation to our executive directors that reflects their major responsibilities. Base pay is set with reference to market median, based on responsibility, experience, individual performance, and contributions to the business.
Salary for our Chairman and CEO is unchanged since March 1, 2018.

(2) The Taxable Benefits for 2019 for the Chairman and CEO includes: (i) personal use of Company automobile of $4,977; (ii) spouse travel for Company business functions of $42,699; (iii) financial planning and personal tax assistance of $20,935; and (iv) security services of $16,378.
Taxable Benefits for the Executive Chairman include premiums for (i) medical, life, and disability insurance of $3,457, (ii) financial planning and personal tax assistance of $25,581, and (iii) spouse travel for Company business functions of $17,155.

(3) The amount disclosed in the Annual Incentive Awards column for our Chairman and CEO represents the sum of annual cash incentive bonus and time-based (non-performance based) RSUs awarded in 2019. In 2019, our Chairman and CEO's annual cash incentive was $2,903,364 calculated using a target bonus of 135% of salary, a BPI rating of 172%, and an API rating of 180%. The time-vested (non-performance based) RSUs awarded in 2019 were valued at $1,940,000, comprising 20% of the Chairman and CEO's long-term equity incentive target value of $9,700,000.
Amounts disclosed in the Annual Incentive Awards column for our Chairman and CEO represent the sum of annual cash incentive bonus and time-based (non-performance based) RSUs awarded in 2018. In 2018, our Chairman and CEO received a cash bonus of $2,154,499 calculated using a target bonus of 135% of salary, a BPI rating of 123%, and an API rating of 150%. The time-vested (non-performance) RSUs awarded in 2018 were valued at $1,739,978, comprising 20% of the Chairman and CEO's long-term equity incentive value of $8,700,000.
The Executive Chairman was not awarded any time-based RSUs in 2019. The amount disclosed in 2019 as annual incentive awards reflects only the target annual cash incentive bonus awarded to Mr. Pilenko, pro-rated January 1 to May 1, 2019.
The Executive Chairman was not awarded any time-based RSUs in 2018. The amount disclosed in 2018 as annual incentive reflects only the annual cash incentive bonus awarded to Mr. Pilenko.
The payments for loss of office received by Mr. Pilenko are detailed in the paragraph entitled "*Payments for Loss of Office*".
For more details on the Company's executive director compensation program, please see the section "*Elements of 2019 Executive Director Compensation*".

(4) Amounts disclosed in the Long-Term Incentive Awards column for our Chairman and CEO and Executive Chairman represent the value of performance-based RSUs subject to performance (ROIC) and market-based (TSR) vesting conditions with a performance period ending December 31, 2019. It does not include the performance (ROIC) or market-based (TSR) RSUs or market value of stock options awarded in 2019. The value was calculated using the share price of $14.84 on the vesting date of February 28, 2020.
The long-term incentive awards disclosed in our 2018 U.K. Annual Report were the time-based (non-performance based) RSUs, performance-based RSUs subject to performance (ROIC) and market-based (TSR) vesting conditions with a performance period ending December 31, 2020, and grant date value of market value stock options awarded to our Chairman and CEO in 2018. The value of the time-based (non-performance based) RSUs has been moved to the Annual Incentive Award column (see footnote (3) above). No long-term incentive value related to performance-based or market-based RSUs was realized in 2018, therefore this value has been excluded. The value of the market value stock options has also been excluded since the exercise price of these options is equal to the grant price.
Note: Numbers may not add due to rounding. The amounts reported as Salary, Taxable Benefits, Annual Incentive Awards, and Pension-Related Benefits to our former Executive Chairman were paid in Euros. These amounts were converted to U.S. dollars utilizing an average of the Euro to U.S. dollar exchange rates on the last day of each month during each reporting year (for 2019: EUR 1 to USD 1.117971). For 2019, the table includes all compensation paid during the period he served as Executive Chairman, from January 1 to May 1, 2019.

Thierry Pilenko	Executive Chairman	January 1, 2019 – May 1, 2019
Douglas J. Pferdehirt	CEO	January 1, 2019 – May 1, 2019
	Chairman and CEO	May 1, 2019 – December 31, 2019

Executive Director Remuneration Received in Respect of 2019

One of the Compensation Committee's primary goals in establishing our executive director compensation philosophy and designing our compensation program is to ensure that compensation incentivizes executive directors to achieve key strategic goals, deliver strong operational and sustainable financial performance, and deliver long-term value for our shareholders. With this as a guiding principle, the Compensation Committee adopted a program that links a significant percentage of each executive directors' compensation to key performance objectives that, if achieved, would result in the creation of shareholder value over both the short- and long-term.

Alignment of pay and performance

The chart below presents the relative alignment of our Chairman and CEO pay to TSR performance over a two-year period compared to our 2019 Industry Peer Group. For more details on our 2019 Industry Peer Group, please see the section "*Compensation Peer Groups*."

TechnipFMC's position in the central corridor illustrates that our pay is in alignment with our performance.

Our two-year TSR performance for 2017-2018 is at the 57th percentile versus our peers, while our two-year CEO pay rank is at the 47th percentile of our peers.

TechnipFMC plc: Pay for Performance*
Two-Year CEO Pay Rank vs. Two-Year TSR Percentile Rank

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2-Year TSR Percentile Rank
J
DOV
COP
CMI
SAPM.F
FTI
Pay = 47%
TSR = 57%
BKR
NOV
FTI
Pay for Performance
Alignment
SLB
DVN
RIG
APA
HAL
WDGJ.F
FLR
MDRI.Q
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
Two-Year CEO Pay Rank

* Two-year performance and pay data was used (instead of a three-year analysis) since the Merger was completed in 2017, and peer group data for 2019 was not available at the time of this Proxy Statement.

In addition, the above table excludes the following companies from our Industry Peer Group: (i) Anadarko Petroleum Corporation and Chicago Bridge & Iron due to merger/acquisition activity; (ii) Weatherford International plc due to Chapter 11 bankruptcy filing; and (iii) Subsea 7 S.A. due to insufficient disclosure.

Base salary:

Base salary is set with reference to a competitive range around the size-adjusted market median data, reflecting factors such as individual performance, experience and business conditions within the parameters of our Directors' Remuneration Policy. For the Chairman and CEO, base salary was frozen in 2019.

Pension:

Retirement benefits for 2019 have been calculated in line with the U.K. reporting regulations. Details of the aggregate pension accrued in the U.S. Qualified Savings Plan, the U.S. Non-Qualified Savings Plan, and the French Supplemental Retirement Plan (which are defined contribution schemes) by the Chairman and CEO and Executive Chairman in respect of qualifying services are shown below. The value of the pension under the pension schemes is calculated based on the Company's contributions which are based on a percentage of employee salary.

Retirement contributions for the Chairman and CEO relate to our U.S. Qualified Savings Plan and U.S. Non-Qualified Savings Plan. 2019 pension contributions for the Executive Chairman (retired) relate to our French Supplemental Retirement Plan, known as an "Article 83" pension.

Values relating to DC Schemes	Accrued Pension at Year End $000	Company Contributions Over Year $000	Normal Retirement Age
Chairman and CEO	$3,325[1]	$242	N/A
Executive Chairman (retired)	$NA	$10	62

(1) Constitutes accrued total retirement benefit.

Benefits

The Company also provides limited perquisites to our Chairman and CEO, facilitating the performance of their roles and to ensure a competitive total compensation package. The perquisites we provide to our executives may include financial planning and personal tax assistance, personal use of Company automobiles, dining club memberships and country club memberships, executive physicals, 100% match of charitable contributions up to an aggregate of $10,000 per year, and other minor expenses associated with their business responsibilities. The value of perquisites deemed to be personal is imputed as income to an executive officer and we do not gross up for the taxes due on such imputed income. Additional allowances or benefits may be granted to our Chairman and CEO, if considered appropriate and reasonable. When an executive director has to relocate from his/her home location as part of his/her duties, the Company may include relocation expenses, housing allowance, and school fees.

Reflecting the safety concerns associated with their roles, the Company provides a security program for our Chairman and CEO. The Compensation Committee believes this is in the best interests of shareholders as the personal safety and security of an executive director is critical to the stability of the Company. The security program was developed based on a risk assessment determined to be appropriate by our security team and an outside consultant. We do not consider the security measures provided to an executive director to be a personal benefit, but rather reasonable and necessary expenses for the benefit of the Company.

Elements of 2019 Executive Director Compensation

Our executive director compensation program comprises three primary elements of base salary, annual cash incentive bonus, and long-term equity awards, along with the provision of market competitive benefits and perquisites. The table below summarizes these elements, along with their purpose and key characteristics. However, a more detailed explanation is available in further sections.

Element	Purpose	Key Characteristics
Base Salary	To provide market competitive compensation for the role	▸ Fixed cash compensation ▸ Reflects major responsibilities of the role ▸ Set with reference to market median, based on responsibility, experience, and performance

Annual Cash Incentive Bonus	To drive and reward the achievement of short-term Company strategic goals and individual contributions	▸ Variable cash compensation
		▸ Target value based on role, set with reference to market median
		▸ Actual payout can range from 0% to 200% of target
		▸ Paid based on achievement of business performance targets (75%) and achievement of individual performance targets (25%)
		▸ 2019 shared business performance targets were:
		  ▸ 25% - EBITDA
		  ▸ 25% - EBITDA as a Percentage of Revenue
		  ▸ 25% - Working Capital Days

Element	Purpose	Key Characteristics
Long-Term Equity Incentives	To drive and reward the achievement of long-term results and shareholder value creation while encouraging retention	▸ Granted as combination of three vehicles: PSUs (60%), stock options (20%)[1], and RSUs (20%) ▸ Target value based on role, set with reference to market median ▸ PSUs (60% of total long-term equity grant) subject to two performance conditions measured over three years: ROIC (30% of total long-term equity grant) and relative TSR (30% of total long-term equity grant%) ▸ 50% of after-tax RSUs must be retained for at least one year following vesting ▸ All long-term incentive awards are subject to three year cliff vesting
Health and Welfare Benefits, Retirement Benefits, and Perquisites	To facilitate the performance of the role and ensure a market competitive total compensation package	▸ Health and welfare benefits, similar to what is offered to other employees of the Company in the respective countries ▸ Retirement savings offered through participation in our 401(k) and non-qualified defined contribution plans similar to plans offered to other U.S. employees ▸ Limited perquisites including financial planning, tax assistance, use of company cars, club memberships, executive physicals, and security services where necessary

(1) In 2019, the Board decided to remove stock options; beginning in 2020, equity awards will be a combination of only PSUs (70%) and RSUs (30%).

Compensation Peer Groups

In making decisions about target compensation levels, the Compensation Committee references data from two distinct peer groups. We believe that it is important to look at both global companies of similar size, complexity, and capital-intensive nature; as well as companies within the same industry with significant U.S. operations in order to get a comprehensive view of who we compete with for talent.

These two peer groups are combined to provide a holistic view for compensation benchmarking. In addition, the Compensation Committee also looks at each peer group separately in order to gain insight into variations between the two groups.

1. The Global Peer Group comprises a broadly equal weighting of U.S. and European headquartered companies, of similar size to the Company (in terms of revenue) who compete for executive talent in capital intensive industries similar to the company including the oil and gas industry, construction and engineering, and industrial manufacturing.

2. The Industry Peer Group is focused more closely on our sub-industry and is drawn from companies in the oilfield services and oil exploration and production sectors, as well as heavy engineering organizations with greater (but not exclusive) focus on North America.

The Compensation Committee does not place a specific weight on the data from either peer group, but considers the data in light of all the circumstances relevant to each director under review, as well as the Company's compensation philosophy.

For both sets of peers, we use a range of selection criteria that include among other factors, financial indicators such as revenue and market capitalization, number of employees, company size, industry, end markets, complexity, geographic footprint, and headquarters location.

Peer Group	Purpose
Global Peer Group	Similarly sized, complex, and capital-intensive global companies, including those based outside the United States.
Industry Peer Group	Companies with significant U.S. operations, reflecting competitors for critical U.S. executive talent.

Below are the companies that comprised the 2019 Compensation Peer Group. The companies below include both global peers and industry peers.

2019 Combined Compensation Peer Group Constituents	
Air Liquide S.A	Ingersoll-Rand plc
Alstom S.A.	**Jacobs Engineering Group Inc.**
Anadarko Petroleum Corporation	**John Wood Group plc**
Apache Corporation	**McDermott International, Inc.**
Baker Hughes Company	**National Oilwell Varco, Inc.**
Caterpillar Inc.	Petrofac Limited
Chicago Bridge & Iron	Repsol, S.A.
Cummins Inc.	**Saipem S.p.A.**
ConocoPhillips	**Schlumberger Limited**
Devon Energy Corporation	**Subsea 7 S.A.**
Dover Corporation	**Transocean Ltd.**
Enbridge, Inc.	VINCI S.A.
Fluor Corporation	**Weatherford International plc**
Halliburton Company	

Companies in **blue bold** comprise the Industry Peer Group.

The Compensation Committee reviews the composition of the Company's peer groups on a periodic basis. For 2019 compensation decisions, the companies noted below were included; however, we anticipate these companies will be removed from our peer groups for 2020 compensation decisions.

- Chicago Bridge & Iron merged with McDermott International, Inc. in May 2018.
- Anadarko Petroleum Corporation was acquired by Occidental Petroleum Corporation in August 2019.
- Weatherford International plc filed for bankruptcy under Chapter 11 in July 2019.
- McDermott International, Inc. filed for bankruptcy under Chapter 11 in January 2020.

When 2019 compensation decisions were made, the median revenue and median market capitalization for each of the peer groups used and the Company's relative ranking are provided below:

Peer Group	Median Revenue	TechnipFMC Revenue Ranking	Median Market Capitalization	TechnipFMC Market Capitalization Ranking
Global Peer Group	$15.7 billion	46th percentile	$17.7 billion	48th percentile
Industry Peer Group	$9.5 billion	67th percentile	$13.6 billion	57th percentile
Combined Peer Group	$15.1 billion	57th percentile	$15.1 billion	46th percentile

Accordingly, the Compensation Committee agreed that this group of companies was reasonable in terms of size for market median comparisons. Where possible, the Compensation Committee's consultant size-adjusts data to account for differences in size between the Company and the Compensation Peer Group.

Base Salary

We provide our Chairman and CEO with a market competitive base salary to compensate him for services performed during the year. We set base salary by referencing market median total target compensation. When setting the base salary, we consider factors such as individual performance, experience, and contributions to the business, while staying within an appropriate range of the market median for the role.

The Compensation Committee reviews base salary for our Chairman and CEO on an annual basis. The Compensation Committee determines and approves any changes, with input from the committee's independent compensation consultant. Our Chairman and CEO does not participate in discussions or decisions relating to his own compensation. There was no increase in 2019 for Mr. Pferdehirt.

Chairman and CEO	Base Salary (December 31, 2018)	Base Salary (December 31, 2019)	Increase
Douglas J. Pferdehirt	$1,236,000	$1,236,000	0%

Annual Cash Incentive Bonus (Audited Information)

2019 Annual Cash Incentive Bonus Targets

We provide our Chairman and CEO with an annual cash incentive bonus, in order to drive and reward the achievement of short-term Company strategic goals and individual contributions. The Chairman and CEO has an annual cash incentive bonus target, set as a percentage of base salary. The Chairman and CEO can earn from 0%-200% of their annual cash incentive bonus target, depending on performance.

The Compensation Committee reviews and approves target annual cash incentive bonus percentages for the Chairman and CEO on an annual basis, based on a review of market median total compensation data for our peers. The targets are set at appropriate levels to incentivize our Chairman and CEO to achieve the short-term financial and operational goals for the Company, as well as to provide the Chairman and CEO with market-competitive levels of total compensation.

The following are the 2018 and 2019 annual cash incentive bonus targets for our Chairman and CEO:

Chairman and CEO	2018	2019	Increase
Douglas J. Pferdehirt	135%	135%	0%

2019 Annual Cash Incentive Bonus Performance Indicators

75% of the annual cash incentive bonus is based on business performance indicators ("**BPI**"), and 25% of the plan is based on individual annual performance indicators ("**API**").

75% BPI
Assessment of overall Company performance based on EBITDA and EBITDA Percentage of Revenue and Working Capital Days

25% API
Assessment of individual performance based on qualitative factors reflected in the executive director's annual performance objectives

The payout under both the BPI and API components may range from 0% to 200% of target depending on performance.

BPI Component – 75% of Annual Cash Incentive Bonus

The Compensation Committee annually establishes BPI targets and reviews the performance measures at its February meeting. In 2019, the Compensation Committee selected three equally weighted measures, which reflected the Company's strategic priorities: EBITDA, EBITDA as a Percentage of Revenue, and Working Capital Days.

BPI Measure (Weight)	Weighting	2019 Goal	Definition	Why It Matters
EBITDA in ($M)	25%	$1,531	Earnings before interest, taxes, depreciation, and amortization	Indicative of our operating profitability and a driver of shareholder value creation; facilitates comparisons with peer companies by excluding the effect of different capital structures and financing decisions
EBITDA as a Percentage of Revenue	25%	11.4%	Earnings before interest, taxes, depreciation, and amortization, calculated as a percentage of revenue	Reflects the performance and sustainability of the business, leveraging cost efficiencies, and driving profitability improvement
Working Capital Days	25%	55 days	Average number of days to convert working capital into revenue	Measures our efficiency of using operating capital to operate the business; our contract arrangements typically result in negative working capital due to advance payments and milestone payments

The payout scale for 2019 is as follows:

Performance Level	Payout Percentage
Threshold	0%
Target	100%
Exceed	150%
Maximum	200%

Note: Payout for performance between the threshold, target, exceed, and maximum payouts are interpolated on a straight-line basis.

The 2019 performance goals and the 2019 results achieved for our Chairman and CEO are outlined below:

BPI Measure	2019 Goals			2019 Outcome			
	Threshold performance	Target Performance	Maximum Performance	Actual Performance	Payout Percentage	Weighting	Weighted Payout Percentage
EBITDA ($M)	$1,246	$1,531	$1,751	$1,667	162%	⅓	54%
EBITDA as % of Revenue	9%	11.4%	13.3%	12.4%	155%	⅓	51⅔%
Working Capital Days	48 days	55 days	61 days	74 days	200%	⅓	66⅔%
Payout Percentage	0%	100%	200%				
Final Weighted Payout Percentage (BPI)							**172%**

Note: Payout for performance between the threshold, target, and maximum payouts are interpolated on a straight-line basis. The final weighted payout percentage for BPI is rounded to the nearest whole percent for calculating the annual cash incentive payout.

In accordance with established guidelines, the goals are adjusted for the cumulative effect of changes in accounting principles, significant acquisitions and divestitures, and foreign exchange movements. These changes are intended to ensure that performance is measured on a like-for-like basis relative to the goals that were set. Financial targets and actual performance based on EBITDA exclude non-recurring charges and credits, such as impairments, restructuring costs, integration costs, as well as other items identified in TechnipFMC's quarterly and annual financial statements.

API Component – 25% of Annual Cash Incentive Bonus

Each February the individual performance goals are established for our Chairman and CEO.

These objectives are set at "stretch" levels (i.e., objectives that are difficult and challenging but should be achievable with superior execution), and are set using a rigorous evaluation process. If an executive director failed to achieve any of his or her objectives, the API multiple would likely be 0%, absent any mitigating factors. If an executive director met some, but not all of the objectives, the API multiple would fall between the range of 0% to 200%, depending upon the number of objectives accomplished, their relative importance and difficulty as determined by the Compensation Committee, and any factors that may have prevented achievement of certain objectives. Our Chairman and CEO, achieving all objectives, could potentially receive an API of 200%, although it is intended that this ranking reflects outstanding performance given the inherent degree of difficulty factored into both the objective setting and evaluation processes.

For 2019, our Executive Director received an API rating of 180% for the year.

In determining the 2019 API rating for our Chairman and CEO, the Compensation Committee took into account a comprehensive view of his performance and contributions, including performance on key objectives and results. In addition to individual goals related to Company strategy, profitable growth, and safety, his objectives also included the three pillars of our corporate responsibility and sustainability efforts to ensure that the Company makes meaningful and tangible changes in this area. The Compensation Committee considers our Chairman and CEO's overall performance relative to the accomplishment of his key objectives, the importance of each accomplishment, as well as the market conditions that impacted performance.

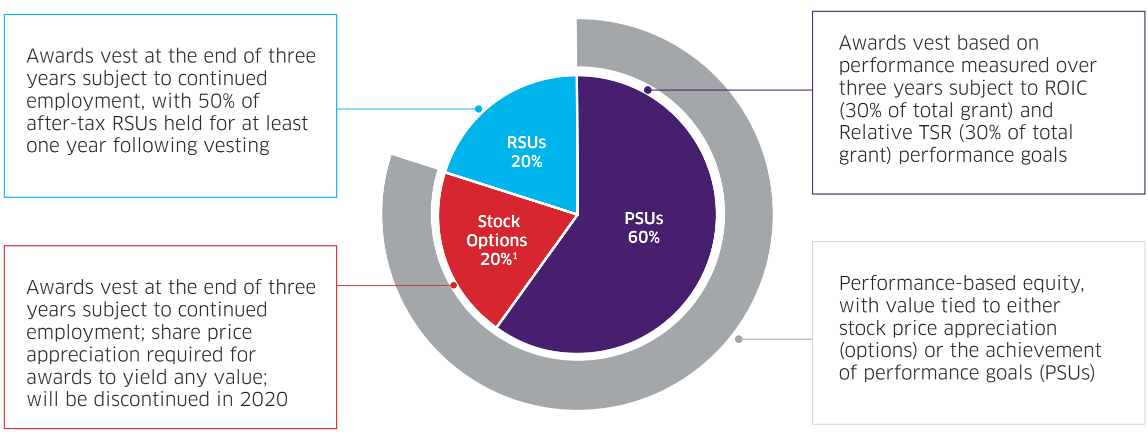
Objectives	Key Achievements	Performance Assessment		
		Below Expectations	Meets Expectations	Exceeds Expectations
Mr. Pferdehirt				
Strategy ▸ Unlock long-term shareholder value	▸ Spin-off of Technip Energies was announced.			✓
	▸ Preparations for spin-off are currently ongoing.		✓	
Profitable Growth ▸ iEPCI – 35% subsea inbound orders as iEPCI	▸ Over 40% of inbound as iEPCI			✓
▸ LNG market – secure $3 billion of LNG awards	▸ Over $8 billion of LNG inbound			✓
Corporate Responsibility and Sustainability ▸ Focus and advance sustainability efforts under three pillars – Supporting Communities, Advancing Gender Diversity, and Respecting the Environment	▸ Please see section "*Corporate Responsibility and Sustainability – Sustainability*" for a detailed description of 2019 objectives and results.			✓
Health & Safety ▸ Zero serious injuries in 2019	▸ Zero serious injury goal not achieved.	✓		
Overall Rating for Mr. Pferdehirt		180%		

Determination of 2019 Payouts under the Annual Cash Incentive Compensation Plan
Based on the performance described above, the following payouts were approved in respect of 2019 for our Chairman and CEO:

Chairman and CEO	Target Bonus (% of Salary)	BPI Rating (75% Weight)	API Rating (25% Weight)	Overall Weighted Rating	Actual Bonus (% of salary)	Actual Bonus ($)
Douglas J. Pferdehirt	135%	172%	180%	174%	234.9%	$2,903,364

Long-Term Equity Incentives

Long-term equity incentive awards, granted in the form of TechnipFMC equity, represent the largest component of our Chairman and CEO's annual target compensation opportunity grounded in our compensation philosophy of paying for performance and aligning executive directors' interests with those of our shareholders. Awards are made in the form of three complementary vehicles, providing a balanced focus on performance, sustainable long-term value creation, and retention.



(1) In 2020, we will discontinue the use of stock options, and annual equity awards will comprise only PSUs (70%) and RSUs (30%).

The Compensation Committee reviews and approves annual awards for our Executive Director on an annual basis. The awards are based on market competitiveness on total target compensation and aim at providing appropriate levels of retention and incentives for achieving the Company's long-term goals.

For 2019, the Compensation Committee set the target value of equity awards for our Chairman and CEO reference to market median total compensation data.

Named Executive Officer	2019 Long-Term Incentive Target Award
Douglas J. Pferdehirt	$9,700,000

2019 Performance Stock Unit Awards (60% of Equity Award) (Audited Information)

The Compensation Committee sets the performance targets associated with PSU awards prior to the beginning of each three-year performance period. For awards in 2019, PSU awards comprised 60% of the total long-term equity award and included the following two equally weighted measures:

PSU Measure	Weighting	Definition	Why It Matters
ROIC	30% of total long-term equity	Annual net income divided by equity plus long-term debt	Assesses our profitability and how effectively the Company is using capital over the three-year period to generate income. Given the capital-intensive nature of our business it is critical that we effectively use our investments and assets.
Relative TSR	30% of total long-term equity	Cumulative three-year increase in volume-weighted average price and reinvested dividends relative to peers.	Assesses our overall performance in the eyes of our shareholders and the broader stock market, relative to companies with whom we compete for customers and investors that are subject to similar macro-economic factors.

The relative TSR performance for our 2019 PSU awards will be measured against a group of 13 companies ("**Relative TSR Peer Group**") that the Compensation Committee believes best reflect the companies that we compete with for both investments and customers. The financial and operational performance of these companies is therefore most directly relevant to TechnipFMC, and we are all subject to similar macro-economic factors.

We use relative TSR to motivate our Chairman and CEO to achieve superior share price compared to our key competitors, thus aligning his interests with shareholder interests. We further reinforce this by requiring a minimum threshold of relative performance for payout, and by capping payout in the case of negative shareholder return.

The Compensation Committee reviewed our 2018 Performance Peer Group as defined in our 2018 U.K. Annual Report, and no changes were made for 2019 since they were deemed appropriate based on the factors stated above. For awards made in 2019, the Performance Peer Group (now referred to as our Relative TSR Peer Group) comprised the following:

2019 Relative TSR Peer Group		
Baker Hughes Company	McDermott International Inc.	Saipem S.p.A.
Chicago Bridge & Iron Company N.V.	National Oilwell Varco, Inc.	Subsea 7 S.A.
Fluor Corporation	Oceaneering International, Inc.	Weatherford International plc
Halliburton Company	Oil States International, Inc.	
John Wood Group plc	Schlumberger Limited	

The vesting date for these PSU awards is March 8, 2022, with a performance period of January 1, 2019 through December 31, 2021.

The Compensation Committee approved the following targets in relation to the 2019 PSU awards:

Performance Achievement	ROIC Performance	Relative TSR Ranking	Payout (% of earned PSUs)
Below Threshold	Below Plan	Below 25th percentile	0%
Threshold	6%	25th percentile	50%
Target	7%	42nd percentile	100%
Maximum or above	8%	75th percentile or greater	200%

Note: If the Company's TSR is negative for the performance period, the payout in respect of the TSR element will be capped at target, regardless of our relative performance.

For performance achievement between the levels identified above, payout percentage will be interpolated on a straight-line basis.

	2019 PSU Grant
Number of shares awarded	277,408
Share Price on Grant Date	$20.98
Fair Value on the date of award[1]	$5,820,020
Fair Value of award as a % salary	471%
Face Value on the date of award at maximum performance[1]	$11,640,000
Face Value of award at maximum performance as a % salary	942%

(1) Calculated using the grant price, equal to the closing price on the New York Stock Exchange on the date of grant, March 8, 2019.

2019 Stock Options (20% of Equity Award) (Audited Information)

In addition to PSUs, our Chairman and CEO received an annual grant of stock options in 2019. This award is aimed at aligning pay with the performance of our stock, aligning our Chairman and CEO's interests with our shareholders' interests, as well as retaining our Chairman and CEO over the longer term.

Based on feedback received from shareholders, we plan to eliminate stock options in 2020, thereby increasing the share of PSUs to further align pay with performance.

Our Chairman and CEO's 2019 stock option awards are subject to a three-year cliff vesting, with no phased vesting, meaning our Chairman and CEO must remain employed through the vesting date of March 8, 2022 for any of the options to become exercisable, with exceptions for retirement, death, and disability in line with market norms. Options are exercisable for a period of 10 years from the date of grant and have an exercise price equal to the closing price of the Company's Ordinary Shares, as reported by the NYSE on the grant date.

	2019 Stock Option Grant
Number of options awarded	343,727
Share Price on Grant Date	$20.98
Fair Value on the date of award[1]	$1,940,000
Fair Value of award as a % salary	157%
Face Value on the date of award[2]	$7,211,392
Face Value of award as a % salary	583%

(1) Calculated using the fair value of the stock options of $5.64, determined using the Black-Scholes method.
(2) Calculated using the grant price, equal to the closing price on the New York Stock Exchange on the date of grant, March 8, 2019.

2019 Time-Based RSU Awards (20% of Equity Award)

The final component of the long-term incentive mix is RSU awards. These awards further align our Chairman and CEO's interests with the interests of our shareholders by incentivizing them to increase share price, while reinforcing the retention impact of our compensation program.

RSUs are subject to three-year cliff vesting terms, with no phased vesting, meaning our Chairman and CEO must remain employed through the vesting date of March 8, 2022, with exceptions only for retirement, death, and disability. Once vested, our Chairman and CEO receives ownership and the voting rights of the underlying Ordinary Shares.

The number of RSUs granted to our Chairman and CEO was determined by dividing the target value set for our Chairman and CEO by the closing price of the Company's Ordinary Shares on the NYSE on the grant date.

On vesting, 50% of the after-tax number of RSUs must be held for a period of at least one year to incentivize our Chairman and CEO to retain the shares and increase share price, further aligning our Chairman and CEO's interests with our shareholders.

	2019 RSU Grant
Number of shares awarded	92,469
Share Price on Grant Date	$20.98
Face Value on the date of award	$1,940,000
Award as a % salary	157%

The share price is based on the closing price on the New York Stock Exchange on the date of grant, March 8, 2019.

Vesting of 2017 PSU Awards (Audited Information)

Following the Merger in 2017, the Compensation Committee approved PSU awards subject to a three-year performance period. As with the awards made in 2018 and 2019, vesting was contingent on performance delivered in two areas: ROIC and relative TSR. The Compensation Committee believes that the continued use of these metrics remains relevant for the long-term since they focus executives on the achievement of specific financial long-term goals directly aligned with our operating and strategic plans.

As a result of our 2017-2019 performance, our Chairman and CEO achieved a payout of 50% of target on his 2017 PSUs.

Performance Goals:

Goal/Weightings	Performance Measure	Threshold Performance	Target Performance	Maximum Performance
ROIC (30% of total long-term equity)	Achievement of stated target	0%	100%	200%
Relative TSR (30% of total long-term equity)	Ranking against the 2017 Performance Peer Group	0%	100%	200%

For the ROIC measure, the Performance Targets and earned PSUs are as noted below. For performance achievement between the levels identified below, the payout percentage is interpolated on a straight-line basis.

Achieved Performance	Performance Target	Earned PSUs
Below Threshold	Below 10%	0%
Threshold Performance	10%	50%
Target Performance	11%	100%
Maximum Performance or above	12%	200%

For the relative TSR measure, the earned PSUs were based on a percentile ranking of the Company's TSR against the constituents of the 2017 Performance Peer Group.

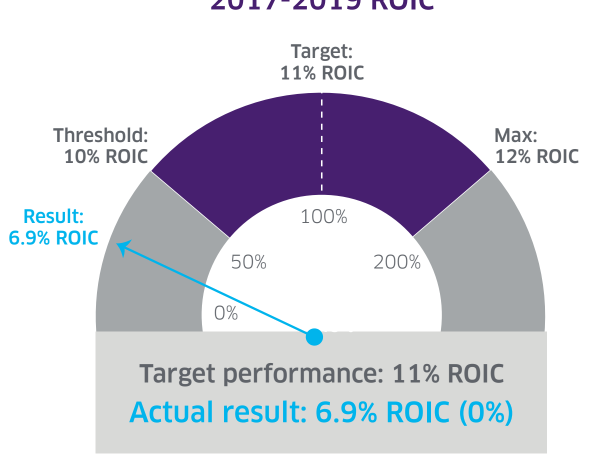
Ranking	Earned PSUs[1]
13th or Lower	0%
11th or 12th	50%
9th or 10th	75%
8th	100%
7th	120%
6th	140%
5th	160%
4th	180%
3rd or higher	200%

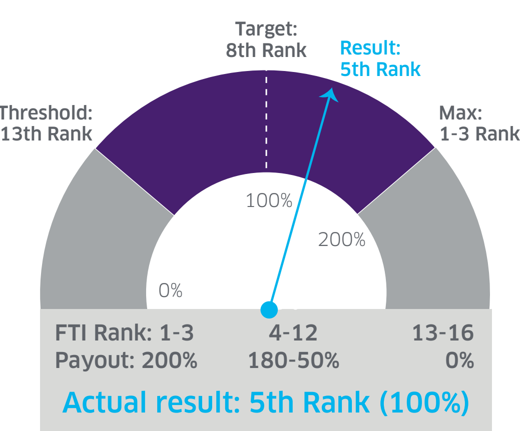
(1) If the Company's TSR is negative for the performance period, the payout in respect of the TSR element will be capped at target, regardless of our relative performance.

The overall achievement for the performance element of our 2017 PSU awards was 50% based on the following:

- Three-year ROIC performance for 2017-2019 was 6.9%. This ROIC performance was below the threshold for payout based on the payout scale provided above, and therefore, the ROIC component of the 2017 PSU awards paid out at 0%.
- Three-year relative TSR performance for the Company for 2017-2019 was -37.8%, which placed the Company at a ranking of 5th relative to the 2017 Performance Peer Group. This resulted in a payout for the relative TSR metric of 100%, based on the payout scale above.
  - We achieved above-target performance for the relative TSR measure for our 2017-2019 performance period based on our performance relative to the Performance Peer Group. However, our absolute relative TSR performance was negative given the overall oil and gas market conditions during the same period. Therefore, our payout under our incentive plan was capped at target (100%) given the absolute TSR performance.

2017 Long-Term Incentive (Equity Award) Plan (as of December 31, 2019)





*If absolute TSR is less than 0%, achievement cannot be greater than 100%

▲ 60% of Equity Grant (PSUs) ▲ Three-Year Performance Period ▲ Two Equally Weighted Performance Measures

Statement of Directors' Shareholding and Share Interests

Share Ownership and Retention Requirements (Audited Information)

The Compensation Committee oversees the Company's directors' share ownership and retention policy to ensure a continuing alignment of executive and shareholder interests.

None of the Directors exercised stock options in 2019.

Share Ownership Requirement

Executive directors are required to own shares in an amount equal to a multiple of their base pay. Our Chairman and CEO is required to own shares in an amount equal to six times his base salary. Qualifying shares include ordinary shares, time-based RSU awards, and performance-based RSUs where the performance period is final and approved. Unexercised stock options, performance-based RSUs where the performance period is not final, and shares held in Company retirement plans are not included in the ownership calculation. An executive director has five years to satisfy an ownership multiple, pro-rated 20% each year, from the effective date of appointment.

All directors met our ownership guidelines in 2019, with the exception of John Yearwood, who joined the Board in June 2019. Given Mr. Caudoux waived his annual cash and equity remuneration because of the policies of his employer, Bpifrance, he is not subject to any share ownership requirements.

Share Retention Requirements

An executive director is required to retain, for a period of at least one year after the vesting date, shares equivalent to at least one-half of the net after-tax number of shares deposited in his or her account for RSUs. The purpose of this additional requirement is to impose a holding period during which our executive directors must retain ownership of a significant portion of vested equity compensation.

We believe that the combination of the share ownership and share retention requirements more closely aligns the interests of our executive directors with the long-term interest of our shareholders. We regularly evaluate and monitor compliance with our share ownership and retention policy, and the Board will review compliance on at least an annual basis. All executive directors met their pro rata ownership and retention requirements under the Company's policy in 2019.

The table below sets forth the beneficial interests in the share capital of the Company held by each our former Executive Chairman and our current Chairman and CEO, the executive directors, and their connected persons for the period ending December 31, 2019:

Name	Share Ownership Requirements (% of salary)	Number of Shares Required to Hold[1]	Number of Shares Owned Outright (including Connected Persons)	Vested but Unexercised Stock Options	Unvested and Unexercised Stock Options	RSUs	RSUs Subject to Performance Conditions	Weighted Average Exercise Price of Vested Options	Weighted Average Period to Vest of RSUs
Chairman and CEO	600%	207,538	462,016	0	761,573	215,258	645,777	N/A	16 months
Executive Chairman	600%	168,947	477,000	297,300	230,000	81,001	311,502	€28.85	4.8 months

(1) Number of Shares Required to Hold is based on the share price as at December 31, 2019 of $21.44. The executive directors have five years from appointment to meet the full ownership requirements. As at December 31, 2019, the executive directors were required to hold 60% of the full ownership requirement. Unexercised Stock Options and RSUs Subject to Performance Conditions where the performance period is not final are not used to meet ownership requirements.

Payments to Past Directors (Audited Information)

The Company made no payments to past directors for the period under review.

Payments for Loss of Office (Audited Information)

On May 1, 2019, Mr. Pilenko retired from the Board of Directors.

He received end-of-service payments in line with his service agreement.

The detailed payments made in 2019 are as follows:

(a) a lump sum payment equal to his annual base salary and target annual cash incentive, subject to his signing a release of claims	$2,213,582
(b) payment for all accrued but unused vacation days	$73,551
(c) continuation of his supplementary health and tax preparation reimbursement benefits for two years	$72,337[1]

(1) The cost for continuation of supplementary health is $21,176. The cost for tax preparation of $51,161 has been estimated based on 2019 actual cost.

He also received payment of his annual cash incentive bonus, pro-rated for the duration of his service as Executive Chairman, i.e., four months, amounting $402,470, as set out in the Exective Directors' Single Figure Table.

After May 1, 2019, Mr. Pilenko remained as an employee through December 31, 2019, using up his paid time off accrued under French law. He did not receive any annual cash incentive bonus for this period. The reimbursement of intercontinental flights for his spouse ceased on May 1, 2019.

As a retirement-eligible employee based on the TechnipFMC Incentive Award Plan, he will not forfeit his awards upon his end of service.

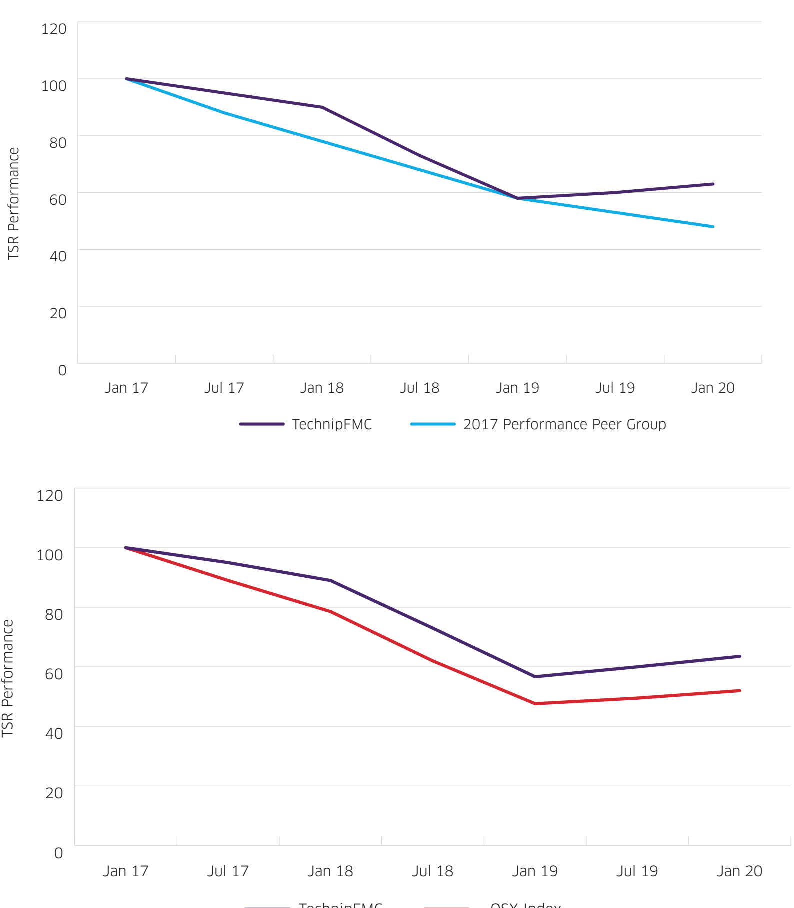
All stock options granted under legacy Technip plans, RSU and PSU awards, and other awards granted prior to the Merger will continue on their existing terms, including performance assessment, when applicable, and were not forfeited for discontinued presence or upon his termination of employment.

The Board of Directors confirmed that a non-compete agreement was in the best interest of the Company and shareholders given Mr. Pilenko's deep knowledge of the Company's strategy, markets, and operations, his 35 years of industry expertise, and the overall competitive nature of the oil and gas industry. This non-compete, which will be paid in 2020, includes a required payment to ensure enforceability of the agreement in the key markets in which the Company operates including the United States, France, and the United Kingdom. Mr. Pilenko will receive an annual cash incentive of $2,213,582 payable monthly over January to December 2020 as payment for this non-compete.

2017-2019 TSR Performance Graphs and Table for the Chairman and CEO

30% of our long-term equity incentive plan is based on relative TSR performance versus the relative TSR peer group for the year of grant. As such, the figures below indicate the Company's TSR performance against our 2017 Performance Peer Group and against the Philadelphia Oil Service Sector ("**OSX**") index, which is the most representative of TechnipFMC's industry. Note that the OSX index is not used for plan payout, but provided as a reference point to demonstrate TSR performance for the oil service industry as a whole during the period.

Although our absolute TSR for this period was negative, our relative TSR was above the median for our 2017 Performance Peer Group, demonstrating superior relative performance during a period of downturn for the industry. The table below also discloses total incentives for the Chairman and CEO over the last year.



Summary of Chairman and CEO Pay[1]	2018	2019
Total Single Figure of Remuneration	$5,437,504	$7,861,135
Annual Cash Incentive Award Paid as a % of Maximum	65%	87%
Long-Term Incentive Award Paid as a % of Maximum	0[2]	25%

(1) For more details on the calculation of the Total Single Figure of Remuneration, please see the paragraph entitled "*Executive Directors' Single Figure Table*".
(2) There were no long-term incentive payments during 2018 and 2019, because our long-term incentive awards are subject to a three-year vesting period. As such, the payout under the long-term incentive as a percentage of the maximum is nil for 2018.

Percentage of Change in Remuneration of the Chairman and CEO

The following table shows the percentage change in the base salary, benefits, and annual incentive of the Chairman and CEO between the year ended December 31, 2019 and the previous fiscal year, compared to the average for all employees of the Company in the United States. The Company considers that the remuneration of employees in the United States is a more appropriate comparator against that of the Chairman and CEO, rather than of the whole Company, on the basis that the Chairman and CEO's remuneration tracks market practice and the regulatory environment in the United States.

Category	Chairman and CEO	All U.S. employees
Salary	0%	15.0%
Benefits	9.8%	12.3%
Annual Incentive	25.8%	-7.7%

CEO Pay Ratio Reporting

This reporting year legislation has come into force which requires companies to publish information on the pay ratio of the CEO to U.K. employees. In line with the new regulatory requirements, the table below sets out the ratio at median, 25th and 75th percentile of the total remuneration received by our Chairman and CEO compared to the total remuneration received by our U.K. employees – as well as comparing to base salary only. Total remuneration reflects all remuneration received by an individual in respect of the relevant years, and includes salary, benefits, pension, and value received from incentive plans. We believe that the median pay ratio shown in the table below is representative of pay and progression policies of the Company in the U.K.

		Total Remuneration			Base Salary Only		
Financial year	Option	P25 (Lower Quartile)	P50 (Median)	P75 (Upper Quartile)	P25 (Lower Quartile)	P50 (Median)	P75 (Upper Quartile)
2019	C	133:1	115:1	80:1	24:1	22:1	15:1

The Company has decided to use Option C to select the P25, P50 and P75 employees. We used a database that includes base salary, benefits, pensions, and incentive plans and selected the employees by comparing them on a full-time equivalent basis among 2,586 employees. For the P25 we selected a sample of 20 employees around the P25, added overtime and shift allowance, and used the median of that sample. Overtime and shift allowance has the highest impact in this quartile. Due to operational constraints we are not able to build a database including those extra elements for all employees.

Pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K as promulgated by the SEC, we also submit the following information in our Notice of 2020 Annual Meeting and Proxy Statement, available on our website. This illustrates the ratio of the total annual compensation of our Chairman and CEO to the total annual compensation of our median employee for our last completed fiscal year, 2019. For 2019, the annual total compensation of our Chairman and CEO for purposes of determining the pay ratio was $15,351,206, and the annual total compensation of our median employee was $63,294. As a result, for 2019, the ratio of the annual total compensation of our Chairman and CEO to the total annual compensation of our median employee was approximately 243:1.

Relative Importance of Spend on Pay

The table below sets out data for 2018 and 2019.

Relative spend information	2018	2019	% Change
Remuneration for All Global Employees	$2,640,400,000	$2,552,670,000	-3%
Distributions to Shareholders	$238,065,468	$232,794,756	-2%

Remuneration of Non-Executive Directors

The following table presents the fees paid to the Company's non-executive directors for the year ended 31 December 2019, pursuant to our Directors' Remuneration Policy, which was approved at our 2018 Annual Meeting. Our former Executive Chairman, Mr. Pilenko, and current Chairman and CEO, Mr. Pferdehirt, are not included in the table below as they were employees during 2019 and did not receive any additional compensation for their service as a director.

Non-Executive Director Single Figure Table (Audited Information):

Non-Executive Director	2019 ($000s)					2018 ($000s)				
	Base fees	Additional fees	Stock Awards	Taxable benefits	Total	Base fees	Additional fees	Stock Awards	Taxable benefits	Total
Eleazar de Carvalho Filho	100	12.5	175	1.104	288.60	100	20	175	0	295
Arnaud Caudoux	0	0	0	0	0	0	0	0	0	0
Pascal Colombani	100	50	175	1.104	326.10	100	25	175	0	300
Marie-Ange Debon	100	32.5	175	1.104	308.60	100	32.5	175	0	308
Claire S. Farley	100	20	175	1.104	296.10	100	12.5	175	0	288
Didier Houssin	100	25	175	1.104	301.10	100	25	175	0	300
Peter Mellbye	100	35	175	1.104	311.10	100	35	175	0	310
John O'Leary	100	12.5	175	1.104	288.60	100	12.5	175	0	288
Richard A. Pattarozzi	50	35	175	1.448	261.45	100	77.5	175	0	352.5
Olivier Piou	58.3	12.5	0	1.104	70.83	N/A	N/A	N/A	N/A	N/A
Kay G. Priestly	100	12.5	175	2.668	288.60	100	12.5	175	0	288
Joseph Rinaldi	100	25	175	2.159	302.67	100	25	175	0	300
James M. Ringler	100	25	175	0	302.16	100	35	175	0	310
John Yearwood	58.3	15	0	0	73.3	N/A	N/A	N/A	N/A	N/A

Non-Executive Director Share Ownership (Audited Information)

To further align the interests of non-executive directors with the interests of the Company's shareholders, each non-executive director is subject to a share ownership requirement of five times the annual cash retainer. The following table shows, as of 31 December 2019, the number of our Ordinary Shares owned by each of our non-executive directors.

Non-Executive Director	Share ownership requirement	Number of shares required to hold	Number of shares owned outright[1]	Interest in shares	Total number of shares held
Eleazar de Carvalho Filho	$500,000	13,993	35,060	8,341	43,401
Arnaud Caudoux	–	–	–	–	–
Pascal Colombani	$500,000	13,993	11,675	8,341	20,106
Marie-Ange Debon	$500,000	13,993	11,685	8,341	20,026
Claire S. Farley	$500,000	13,993	65,364	8,341	73,705
Didier Houssin	$500,000	13,993	11,655	8,341	19,996
Peter Mellbye	$500,000	13,993	21,848	8,341	30,189
John O'Leary	$500,000	13,993	14,455	8,341	22,796
Richard A. Pattarozzi[2]	0	0	0	0	0
Olivier Piou	$500,000	2,332	3,000	–	3,000
Kay G. Priestly	$500,000	13,993	20,016	8,341	28,357
Joseph Rinaldi	$500,000	13,993	11,655	8,341	19,996
James M. Ringler	$500,000	13,993	180,312	8,341	188,653
John Yearwood	$500,000	2,332	–	–	–

(1) Includes Ordinary Shares owned by the individual and Ordinary Shares subject to RSUs credited to individual accounts of non-employee directors under our incentive plan. As of 31 December 2019, the number of Ordinary Shares subject to RSUs credited to each non-executive director under the incentive plan was 10,855, except for Messrs. Piou and Yearwood, who joined the Board in June 2019, and Mr. Caudoux who waived his cash and equity remuneration because of the policies of his employer, Bpifrance. These directors have no power to vote or dispose of shares underlying the RSUs until they are distributed upon the cessation of their service on our Board. Until such distribution, these directors have an unsecured claim against us for such units.

(2) Mr. Pattarozzi retired from the Board on May 1, 2019. As such, he was not subject to share ownership requirements as of December 31, 2019.

All directors met our ownership guidelines in 2019, with the exception of John Yearwood, who joined the Board in June, 2019. Given Mr. Caudoux waived his annual cash and equity remuneration because of the policies of his employer, Bpifrance, he is not subject to any share ownership and retention requirements.

Executive Chairman Compensation Table

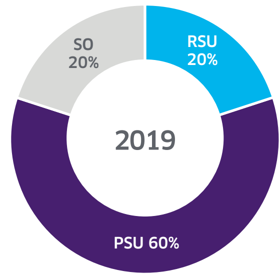
Mr. Pilenko's compensation for 2019 was in accordance with our Directors' Remuneration Policy that was approved at our 2018 Annual Meeting, and his end-of-service payments are in accordance with the terms of his service agreement. The following table summarizes the compensation earned by Mr. Pilenko for his services as Executive Chairman from January 1 to May 1, 2019.

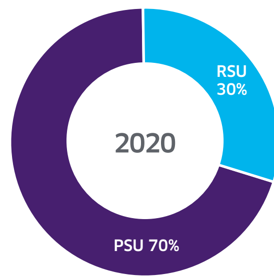
Year	Salary ($)[1]	Stock Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	All Other Compensation ($)[4]	Total ($)
2019	335,391	0	402,470	46,193	784,054
2018	1,061,194	0	1,758,397	132,894	2,952,485
2017	1,023,929	2,199,987	1,954,680	159,466	5,338,062

(1) The amounts reported as Salary, Non-Equity Incentive Compensation, and All Other Compensation for Mr. Pilenko were paid in Euros. Mr. Pilenko's salary remained unchanged since our Company's formation in 2017 (i.e., a salary of €900,000). The amounts in this column vary from year to year due to the applicable Euro to U.S. dollar conversion on the last day of each month during each reporting year.
(2) The amounts represent the sum of the aggregate grant date fair value of options, RSUs and PSUs. They are based on an assumption that target performance would be achieved. The actual value of the award may increase or decrease if actual performance is above or below target.
(3) Mr. Pilenko's 2019 annual cash incentive bonus was paid at its target value, pro-rated to his time of service as Executive Chairman, from January 1 to May 1, 2019. He did not earn any bonus relative to the period from May 2, 2019 to December 31, 2019 when he was employed but paid using accrued time off.
For 2017 and 2018, the amounts also include the payment of the last two installments of the 2014 legacy Technip Long-Term Cash Incentive Plan of $102,393 and $106,119, respectively.
(4) The 2019 amount represents Mr. Pilenko's pension-related payments of $9,665 and taxable benefits which include premiums for (i) medical, life, and disability insurance of $3,457, (ii) financial planning and personal tax assistance of $25,581, and (iii) spousal travel for Company business functions of $17,551.

Application of the policy in 2020

We believe that the policy agreed by shareholders in 2018 continues to be fit for purpose going forward. We are, therefore, proposing modest adjustments, the most significant of which is a rebalancing of the incentive mix to reflect a stronger link to performance. The 20% of the long-term incentive mix previously delivered in stock options, will be reallocated equally to PSUs and RSUs, as follows:





Compensation for directors is recommended annually by the Compensation Committee with the assistance of Willis Towers Watson and approved by the Board.

The Directors' Remuneration will be implemented with effect from the 2020 Annual Meeting (24 April 2020) as follows:

Salary and Benefits

Chairman and CEO	2019 Base Salary	2020 Base Salary	Increase
Douglas J. Pferdehirt	$1,236,000	$1,236,000	0%

The 2020 annual incentive performance targets will be disclosed in our 2020 U.K. Annual Report.

Benefits and Pension

No changes are being made.

Annual Bonus

The bonus opportunity and operation for 2020 will be in line with the Directors' Remuneration Policy. The measures and weightings for the year will be as follows:

BPI	75%
TechnipFMC EBITDA$	25%
TechnipFMC EBITDA % revenue	25%
TechnipFMC Working Capital Days	25%
API	**25%**
Total	**100%**

Long-term Incentive Plan

The grant of any of these awards is always subject to the discretion of the Compensation Committee. The Compensation Committee granted long-term equity incentives to our Chairman and CEO on March 9, 2020, consisting of the following:

- Based on feedback from shareholders in 2019, we eliminated the use of stock options in the 2020 long-term equity incentive awards.
- 30% of awards granted are time-based RSUs.
- 70% of awards granted are PSUs. The performance period was set from January 1, 2020 to December 31, 2022. Due to the announced spin-off of Technip Energies, the performance metrics for the PSUs will be pro-rated based on two separate periods: January 1, 2020 to the closing date of the spin-off ("**Pre-spin Period**") and from the closing date of the spin-off to December 31, 2022 ("**Post-spin Period**").
  - For the Pre-spin Period, the PSU performance metric will be based on relative TSR performance versus our Relative TSR Peer Group, using the payout scale below:

Relative TSR Ranking	Payout (% of earned PSUs)
Below 25th percentile	0%
25th percentile	50%
75th percentile or greater	200%

Note: If the Company's TSR is negative for the performance period, the payout in respect of the TSR element will be capped at target, regardless of our relative performance.

  - For the Post-spin Period, each of TechnipFMC and Technip Energies will set its performance metrics and targets related to the Post-spin Period as soon as practicable after the closing of the spin-off.
  - Each company will include TechnipFMC's Pre-spin Period performance in a weighted calculation of its performance for the 2020-2022 performance period.

Non-Executive Director fees

For the year ending December 31, 2020, our non-executive director compensation program consists of cash consideration and restricted stock unit awards. The following table describes the components of our non-executive director compensation program.

Compensation Element	Compensation 2019	Compensation 2020	% increase
Annual Retainer	$100,000 paid in cash	$100,000 paid in cash	0%
Annual Equity Grant	$175,000 in RSUs, vesting after one year of service and settled upon leaving the Board	$175,000 in RSUs, vesting after one year of service and settled upon leaving the Board Starting with the 2020 award, non-executive directors will have the opportunity to elect the year in which they will take receipt of the equity grants from either (a) a period of 1 to 10 years from the grant date or (b) upon their separation from Board service. The elections are made prior to the beginning of the grant year and are irrevocable after December 31st of the year prior to grant	0%
Annual Chair Fee	$20,000 for Audit Committee	$20,000 for Audit Committee	0%
	$15,000 for Compensation Committee	$15,000 for Compensation Committee	0%
	$10,000 for Nominating and Governance Committee	$10,000 for Nominating and Governance Committee	0%
	$10,000 for Strategy Committee	$10,000 for Strategy Committee	0%
Meeting Fee	$2,500 per committee meeting	$2,500 per committee meeting	0%
Stock Ownership Requirement	Five times annual retainer	Five times annual retainer	0%

Our Chairman and CEO is an employee and does not receive any additional compensation for his service as a director. Each non-executive director receives reimbursement for reasonable incidental expenses incurred in connection with the attendance at Board and committee meetings.

In addition, to reflect the Company's corporate responsibility and sustainability strategy of supporting communities, directors are eligible to participate in our matching charitable contribution program on the same terms as employees. Pursuant to this program, the Company matches 100% of the charitable contributions of its employees and directors up to an aggregate of $10,000 in any year, although the Company exercises discretion to approve matching contributions in excess of that amount from time to time. Directors who are not Company employees do not participate in any employee benefit plans other than the Company's matching program for charitable contributions. The Company has not made any charitable contribution to an organization in which a director serves as an employee or an immediate family member of the director serves as an executive officer.

Starting with the 2020 award, non-executive Directors will have the opportunity to elect the year in which they will take receipt of the equity grants from either (a) a period of one to 10 years from the grant date or (b) upon their separation from Board service. The elections are made prior to the beginning of the grant year and are irrevocable after December 31 of the year prior to grant.

Activities of the Compensation Committee in 2019

The Chair of the Compensation Committee is James M. Ringler. The other members of the Compensation Committee are Claire Farley, John O'Leary, Joseph Rinaldi, and John Yearwood (from July 2019), all of whom are non-executive directors that the Company considers to be independent. The Compensation Committee's terms of reference (Charter of the Compensation Committee of the Board) are available on the Company's website at ***www.TechnipFMC.com*** under the heading "*About us > Governance*".

The Compensation Committee's responsibilities are:

- Reviewing, evaluating, and approving the agreements, plans, policies, and programs of the Company to compensate its independent directors, the former Executive Chairman, the current Chairman and CEO, and other officers, as applicable
- Consistent with equity plans approved by the Company's shareholders, reviewing, evaluating, and approving all awards by the Company of equity securities or equity derivatives to executive officers of the Company and approving the number of equity securities or equity derivatives to be allocated to all other employees at the discretion of the Chairman and CEO.
- Reviewing the compensation disclosure to be included in the Proxy Statement for the Company's 2020 Annual Meeting, as well as the description of the Company's directors' remuneration policy and the annual remuneration report, which form part of the Company's annual report.
- Producing the Compensation Committee Report to be included in the Company's proxy statement
- Reviewing, evaluating, and approving the directors' remuneration policy and the directors' remuneration report
- Otherwise discharging the Board's responsibilities related to compensation of the Company's executive officers and directors
- Performing such other functions as the Board may assign to the Compensation Committee from time to time

Under its charter, the Compensation Committee has the sole authority to retain and terminate a compensation consultant, outside counsel, or any other advisors engaged to assist in the evaluation of compensation of directors, as well as the sole authority to approve the consultant's fees and its terms, which are then paid by the Company (within any budgetary constraints imposed by the Board). Our executive directors do not discuss compensation matters with the Compensation Committee's consultant, except as needed to respond to questions from the consultant.

In 2019, in order to ensure our compensation programs are aligned with peer group and industry best practices, the Compensation Committee retained Willis Towers Watson as its principal compensation consultant to provide information and advice to the Compensation Committee on executive and director compensation and related governance matters. The firm was engaged in 2016, through a tender process, to advise on our 2017 merger and then subsequently confirmed in 2017 as compensation advisors to the Compensation Committee. Fees are based on a fixed fee offset, based on an assumed set of activities. Services carried out by Willis Towers Watson in 2019 included evaluating our director and executive compensation programs against general market and peer data, and providing updates on current executive compensation trends and applicable legislative and governance activity. In addition, Willis Towers Watson provided retirement benefit consultant services, health and group benefits consulting services, and corporate risk and broking services to management. In 2019, Willis Towers Watson was paid approximately $358,000 in fees related to executive compensation services, and $1,960,000 related to non-executive compensation services, in each case relating to both our directors and executive officers.

In February 2020, the Compensation Committee considered the independence of Willis Towers Watson in accordance with applicable law. At the request of the Compensation Committee, Willis Towers Watson prepared a letter providing data on the following factors relevant to assessing independence: (a) other services provided to the Company by Willis Towers Watson; (b) fees paid by the Company as a percentage of Willis Towers Watson's total revenue; (c) policies and procedures maintained by Willis Towers Watson that are designed to prevent a conflict of interest; (d) any business or personal relationships between the individual consultants involved in the engagement and a member of the Compensation Committee; (e) any ordinary shares owned by the individual consultants involved in the engagement or their immediate family members; and (f) any business or personal relationships between our executive officers and Willis Towers Watson or the individual consultants involved in the engagement. The Compensation Committee also considered that the Willis Towers Watson consultants advising the Compensation Committee derived no economic benefit from the fees paid for the non-executive compensation services. The Compensation Committee discussed these considerations and concluded that the work of Willis Towers Watson and the consultants involved in the engagement did not raise any conflict of interest.

Compensation Committee Members

All members of the Compensation Committee are independent. The Compensation Committee met five times in 2019 and all members attended each meeting.

The Compensation Committee's Activities during the Year Ended December 31, 2019

Each year the Compensation Committee approves an annual calendar which sets out the key activities in accordance with its charter. The key activities of the committee in 2019 were as follows:

Q1	Q2–Q3	Q4
Approve compensation decisions and equity awards for directors and officers	Approve executive officer stock ownership guidelines and compliance	Review internal governance policies (clawback, insiders, anti-hedging, pledging) and compliance with those
Approve company goal achievements in relation to annual and long-term incentive plans	Discuss shareholders engagement outcomes and review proxy voting results	Approve equity programs, annual budget for non-officers, and equity awards impact on shareholders dilution
Review and discuss executive compensation strategy structure and programs	Discuss Technip Energies Directors-elect compensation policy	Review of peer compensation practices
Approve annual disclosures, including CD&A and U.K. remuneration report		Approve Technip Energies Directors-elect compensation policy

Statement of Voting at Annual Shareholders' Meeting

At our 2019 annual general meeting of shareholders, 79.9% of votes cast approved our 2018 Remuneration Report with 20.1% voting against the report (percentages subject to rounding), and 340,249 abstaining. At our 2018 annual general meeting of shareholders, our Remuneration Policy was approved by 76.7% of shareholders, with 23.3% of votes cast against the policy and 487,136 votes abstaining. The Compensation Committee has carefully considered the results of the advisory votes as it completed its annual review of our compensation program. An integral component in the evaluation and review of our compensation program is our shareholder engagement initiatives, explained in further detail in the letter from our Compensation Committee Chairman.

We have continued our shareholder engagement program of soliciting feedback on our director compensation program structure and decisions, and our Compensation Committee considers shareholder feedback as it evaluates and reviews the compensation program each year.

On behalf of the Board

James M. Ringler

Director and Compensation Committee Chairman

March 13, 2020

Remuneration Policy

The Remuneration Policy was approved at the annual general meeting of shareholders on June 14, 2018 and took effect from that date. There are no proposed changes to the policy, and therefore, no requirement for a shareholder vote at the 2020 Annual Meeting. The policy will continue to apply until the Annual General Meeting of Shareholders in 2021, or until an earlier vote is held.

The Remuneration Policy is set out in this section for reference only.

Future Policy Table for Executive Directors

The table and accompanying notes below describe each component of the Company's executive directors' remuneration package.

Base Salary	
Purpose and link to strategy	To attract and retain exceptionally talented individuals who deliver superior operational performance in the Company's businesses and create an environment that fosters the innovation necessary for continued growth of the Company's revenue, earnings and shareholder returns.
Operation	Normally reviewed annually or following a change in responsibilities with changes usually taking effect from March 1. The Compensation Committee considers the following parameters when setting and reviewing base salary levels: ▸ pay increases for other employees across the Company; ▸ economic conditions and governance trends; ▸ the individual's performance, skills and responsibilities; ▸ base salaries of companies of a similar size and international scope; and ▸ market pay levels. Salaries are normally paid in the currency of the executive director's home country.
Maximum payment	Salary increases will ordinarily be in line with increases awarded to other employees in the Company. The Compensation Committee reserves the discretion to increase salary levels in appropriate circumstances such as where the nature or scope of the executive director's role or responsibilities changes or in order to be competitive at the median level of peer companies. Salary adjustments may also reflect wider market conditions in the geography in which the executive director is based.
Performance assessment	Overall performance of the executive director is considered by the Compensation Committee when setting salaries annually.
Provisions to recover sums paid or the withholding of payments	Not applicable

Pension and Other Retirements Benefits	
Purpose and link to strategy	Provides competitive post-retirement benefits.
Operation	Provision of market competitive retirement benefits that may vary based on the location. The Chief Executive Officer currently participates in the Company's U.S. Qualified Savings Plan and U.S. Non-Qualified Savings Plan. The Executive Chairman participates in a French defined contribution plan. Further detail on current pension provisions for executive directors is disclosed in the annual report on remuneration.
Maximum payment	Retirement or pension benefits vary by geography and this makes it difficult to provide a maximum payment level. Based on the single figure valuation approach, for the 2017 financial year, the executive directors' pension benefits were equal to 11% of the Chief Executive Officer's salary and 3% of the Executive Chairman's salary. However, it is recognized that this value may fluctuate yearly. The Executive Chairman is also entitled to a lump sum payment in settlement of his "Article 39" pension payable in two equal installments in 2017 and 2018 of $2,218,512.
Performance assessment	None.
Provisions to recover sums paid or the withholding of payments	Not applicable.

Annual Performance Bonus	
Purpose and link to strategy	Incentivizes achievement of the Company's annual financial and strategic targets. Provides focus on key financial metrics and the individual's contributions to the Company's performance.
Operation	▸ Performance measures and stretching targets are set annually in advance by the Compensation Committee by reference to the annual operating plan. ▸ The majority of the bonus will be based on financial performance. However, operational, strategic and individual targets may also be used. ▸ 75% of the bonus is based on a BPI comprising financial metrics, and 25% of the bonus is based on an API comprising personal targets. ▸ The award is usually paid out in cash after the end of the financial year. ▸ The Compensation Committee has discretion to amend the level of payment if it is not deemed to reflect appropriately the individual's contribution or the overall business performance. Any discretionary adjustments will be detailed in the following year's annual report on remuneration. ▸ The Compensation Committee retains the discretion to make other bonus payments on an exceptional basis when it considers this to be appropriate in the context of Company and executive performance, and when it is considered to be in the best interests of our shareholders. Where such bonuses are paid, we would seek to restrict the value to the limit in this policy. Further details of the annual bonus for 2017 and 2018 are set out in the annual report on remuneration.
Maximum payment	▸ The maximum annual bonus target for 2018 is currently set at 270% of base salary for the Chief Executive Officer and at 240% of base salary for the Executive Chair. This equates to 200% of target value. ▸ For threshold performance, the bonus pays out from 0% of base salary.[1] ▸ For "on-target" performance up to 100% of base salary may be earned.[2] ▸ For maximum performance up to 200% of base salary may be earned.[3] The Compensation Committee retains the discretion to increase the bonus target in circumstances it deems appropriate, such as for a change in market levels.

Continued overleaf >

Annual Performance Bonus	
Performance assessment	▸ Performance measures and stretching targets are set annually by the Compensation Committee by reference to the annual operating plan and renewed throughout the year by the Compensation Committee and the Nominating and Corporate Governance Committee. ▸ The Compensation Committee has discretion to vary the weighting of these measures over the life of this remuneration policy. Further details are set out in the annual report on remuneration.
Provisions to recover sums paid or the withholding of payments	Clawback provisions apply as described on page 63 of the 2017 U.K. Annual Report on Remuneration.

(1) For clarification, this should read: “For threshold performance, the bonus pays out from 0% of target value”.
(2) For clarification, this should read: “For on-target performance, the bonus pays out at 100% of target value”.
(3) For clarification, this should read: “For maximum performance, up to 200% of target value may be earned”.

Long-term Incentive Schemes	
Purpose and link to strategy	Incentivizes executive directors to deliver superior long-term returns to shareholders.
Operation	Long-term incentives are granted under the TechnipFMC plc Incentive Award Plan (the "**Incentive Plan**"). This is an omnibus arrangement whereby a variety of award types may be granted, including: performance stock units, restricted stock units, stock options, cash settled awards and share appreciation rights. For 2018, it is currently intended that award grants comprise: ▸ Performance Stock Units ("**PSUs**"): an award of shares subject to performance conditions assessed over a period of 3 years. ▸ Restricted Stock Units ("**RSUs**"): an award of shares that vest 3 years from grant. ▸ Stock options: an award of stock options that vest 3 years from grant and has a ten-year term. The type and weighting of awards granted each year is determined annually by the Compensation Committee at its discretion. A minimum of 60% will be performance based. However, it is the current intention of the Compensation Committee for the weighting for the Chief Executive Officer based on the fair value at the grant date to be, for 2018: ▸ 60% Performance Stock Units; ▸ 20% Stock Options and; ▸ 20% Restricted Stock Units. The Compensation Committee has discretion to vary the weighting of the performance measures over the life of this remuneration policy. Executive irectors will be eligible for any dividends paid and accumulated on RSUs and PSUs during the performance or vesting period. No dividend equivalents will be payable on Stock Options.
Maximum payment	▸ The maximum grant date fair value of long-term incentive awards granted to the Chief Executive Officer will be $15 million per annum. Under the terms of the Incentive Plan no more than 2,000,000 shares may be granted to any one individual in any calendar year. ▸ PSUs pay out at 25% of maximum for achievement of threshold performance. ▸ The Compensation Committee retains the discretion to adjust the actual value of awards granted under the Plan in circumstances it deems appropriate but in no way should the total exceed $15 million.

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Long-term Incentive Schemes	

Performance Assessment (applicable to performance based RSUs only)	▸ Long-term incentive awards except PSUs are not subject to achievement of performance targets other than vesting periods. This is in line with market practice in the US.
	▸ For PSUs, the vesting of awards is linked to a range of performance measures that may include, but are not limited to:
	  ▸ a growth measure (for example, net sales, EPS);
	  ▸ a measure of efficiency (for example, operating margin, operating cash conversion, ROIC); and
	  ▸ a measure of the Company's relative performance in relation to its peers (for example, relative total shareholder return).
	▸ Measures and targets will be determined by the Compensation Committee annually at its discretion prior to grant and will be set out in the annual report on remuneration.
	▸ The Compensation Committee has discretion to amend the performance conditions in exceptional circumstances if it considers it appropriate to do so. Any such amendments would be disclosed and explained in the following year's annual report on remuneration.

Provisions to recover sums paid or the withholding of payments	Clawback provisions apply as described on page 63 of the 2017 U.K. Annual Report on Remuneration.

All Employee Share Scheme	
Purpose and link to strategy	To enable executive directors to participate in share purchase schemes applicable to all-employees on the same basis as other employees.
Operation	Whilst the Company does not currently operate all employee share purchase schemes were it to obtain shareholder approval to do so during the term of the remuneration policy executive directors would be eligible to participate in such a plan on the same terms as other eligible employees not inconsistent with this policy. Such employee share purchase schemes would allow the executive directors to purchase up to $25,000 in value of shares each year at a discount (which could take the form of a matching share), not to exceed 20%.
Maximum payment	Up to $25,000 in value of the shares at a discount of up to 20%
Performance assessment	None
Provisions to recover sums paid or the withholding of payments	None

Benefits and Perquisites	
Purpose and link to strategy	To provide market competitive benefits and to facilitate the performance of executive directors in their duties.
Operation	Executive directors are eligible to receive benefits, that may include, but are not limited to: financial planning, personal tax assistance, use of company cars and club memberships (primarily business related), medical, vision and dental benefits, sickness, death and dismemberment benefits, work related travel and security expenses for the director and spouse and matching charity contributions. Benefits may vary by location. The Compensation Committee has discretion to offer additional allowances or benefits to executive directors, if considered appropriate and reasonable. These may include relocation expenses, housing allowance and school fees where an executive director has to relocate from his/her home location as part of his/her duties.
Maximum payment	The actual value of benefits and perquisites varies year on year depending on the cost to the business and individual director's circumstances. The benefits package is set at a level that the Compensation Committee considers: ▸ provides an appropriate level of benefits depending on the role and individual circumstances; and ▸ in line with comparable benefits in companies of a similar size and complexity in the market.
Performance assessment	None.
Provisions to recover sums paid or the withholding of payments	Not applicable.

Legacy Obligations

The Compensation Committee reserves the right to make any remuneration payments that are outside of this remuneration policy if they were agreed to prior to this remuneration policy being enacted. The Compensation Committee also reserves the right to make any remuneration payments that were agreed to prior to the relevant individual becoming an executive director of the Company. Payments include share based and cash based incentives and/or salary, benefits, pension and other payments.

Performance Target Selection

The performance targets for the annual bonus and long-term incentive plan are set each year prior to the grant date, taking into account: market practice at peer companies; practice within the wider group; and our strategic and financial business plan over the short and long-term.

The measures we select are chosen due to their link and importance to the strategy and our Key Performance Indicators. We select measures intended to provide a balance between growth, efficiency and relative outperformance.

Non-Qualified Deferred Compensation

Our U.S.-based executives, including our Chief Executive Officer, are eligible to participate in the U.S. Non-Qualified Savings Plan, which provides executives and other eligible employees with the opportunity to participate in a tax advantaged savings plan comparable to the U.S. Qualified Savings Plan. The investment options offered to participants in the U.S. Non-Qualified Savings Plan are similar to those offered in our U.S. Qualified Savings Plan. Participants may elect to defer up to 90% of their base pay and/or annual cash incentive bonus into the U.S. Non-Qualified Savings Plan. The Company contributes 5% of the employee's contributions to the U.S. Non-Qualified Savings Plan. Participants are 100% vested in their contributions and the employer contributions. For those participants in the U.S. Non-Qualified Savings Plan eligible to receive the non-elective contribution, we will contribute an additional 4% of the employee's contributions to the U.S. Non-Qualified Savings Plan (the 4% will decrease to 2% beginning in 2018). Similar to the U.S. Qualified Savings Plan, eligible participants in the U.S. Non-Qualified Savings Plan become vested in their non-elective contributions after three years of service with the Company. In addition, for these eligible participants, we will make a contribution on annual compensation that exceeds the maximum compensation limit required by the U.S. Internal Revenue Code of 1986, as amended, for our U.S. Qualified Savings Plan. The intent of our contributions to the U.S. Non-Qualified Savings Plan is so that eligible employees receive the same contribution as a percentage of eligible earnings from the company regardless of compensation level. All vested funds must be distributed upon an employee's termination or retirement from the Company.

Approach to Recruitment Remuneration

- The Compensation Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role.
- The Compensation Committee will seek to structure pay for any new director in line with the remuneration policy. The Compensation Committee does not envisage paying above the levels set out in the policy for a new executive's ongoing package.
- Where it is necessary to "buy out" an individual's awards from a previous employer, the Compensation Committee will seek to match the expected value of the awards and to grant awards that vest over a time frame similar to those given up, with a commensurate reduction in quantum where the new awards will be subject to performance conditions that are not as stretching as those on the awards given up. Where recruitment payments or awards are intended to replace pay forfeited by the individual, the value of such awards will not be limited to those limits set out in the remuneration policy, but will be determined by the Compensation Committee at its discretion.
- The Compensation Committee may agree to relocation expenses and other associated expenses when negotiating the employment conditions.
- For an internal promotion, any outstanding incentive awards or bonuses may be permitted to continue, or be adjusted to reflect the new position.
- The Compensation Committee reserves the right to make payments of fees and base salary (or annual retainer) and make benefit or annual cash bonus provisions or payments in respect of any other component of remuneration (including the terms and conditions attaching thereto) outside of the scope of the general remuneration policy (and its caps) for directors to meet individual circumstances of recruitment or in connection with any merger and acquisition activity.

Service Agreement

Our Executive Chairman is the only executive director with a service agreement. Prior to the Merger, Technip had an arrangement with Mr. Pilenko that established certain terms of employment pursuant to French laws. In connection with the Merger, the Company agreed to continue and adopt the pre-Merger terms of employment, including those mandated by French law, in order to ensure continuity during the post-Merger period until the Company's post-Merger Compensation Committee could review all executive employment arrangements. As such, the Company entered into a service agreement with Mr. Pilenko to reflect his pre-Merger employment and compensation arrangements, which entitles him to a base salary of €900,000 and participation in short- and long-term incentives. In addition, we agreed to continue to provide Mr. Pilenko with the following benefits: (i) the continuation of supplementary health coverage for him and his spouse subject to such coverage being available at reasonable cost; (ii) the reimbursement of the cost of up to 12 intercontinental flights per year for his spouse at the same class of ticket he is allowed for business trips; (iii) car service for his business trips; (iv) the reimbursement of reasonable expenses relating to preparing and filing his tax returns in France, the United Kingdom, and the United States; (v) all existing or future supplementary retirement plans for executives working in France; (vi) 25 days paid holiday each year; and (vii) reimbursement of various expenses related to immigration.

Once our post-Merger Compensation Committee reviewed all executive employment arrangements, Mr. Pilenko's service agreement was updated to reflect the ability to earn an annual cash incentive, which we offer to all of our executive officers. In addition, should Mr. Pilenko's employment be terminated by us other than for cause (i.e., gross misconduct, gross negligence, conviction of an arrestable offense, conduct bringing him or us into disrepute, or being prohibited from being a director) prior to our 2019 annual general meeting, he will receive a lump sum payment equal to the salary he would have received through the date of the 2019 annual general meeting. Upon termination of his employment other than for cause, he will also be eligible for (i) a lump sum payment equal to his annual base salary and target annual cash incentive, subject to his signing a release of claims, (ii) monthly payments of his base salary and one-twelfth of his target annual cash incentive payable over 12 months as payment for a non-compete, (iii) payment for all accrued but unused vacation days, and (iv) subject to his continued compliance with his non-compete, continuation of his supplementary health and tax preparation reimbursement benefits for two years following his termination. If Mr. Pilenko's employment is terminated for cause, he would not be entitled to any additional payments or benefits upon termination. Upon termination for any reason other than cause, all stock options granted under legacy Technip plans, performance stock unit awards, and other awards granted prior to the Merger will continue on their existing terms and will not be forfeited.

Both the executive and non-executive directors have entered into letters of appointment.

Our Chief Executive Officer and non-executive directors have not entered into service agreements. Our Chief Executive Officer has severance and change in control protections as detailed in relation to potential loss of office payments are set out in Section V below.

Illustrations of Application of Directors' Remuneration Policy

The charts below illustrate the potential value of total compensation under the remuneration policy at threshold, on-target and maximum levels of performance, categorized by fixed pay, annual incentives and long-term incentives.

For the purposes of this chart, and in line with the definitions used for "variable" pay in U.K. legislation, the value of RSUs has been included in the fixed pay column, along with salary, taxable benefits and retirement benefits.

The table below sets out the elements and approach to calculation for the above charts:

Performance	Fixed pay	Annual variable pay	Long-term variable pay
Threshold performance / Minimum pay-out	Base pay for 2018: (Chief Executive Officer: $1,200,000, Executive Chairman: $1,023,929). Taxable benefits as per the single figure of remuneration: (Chief Executive Officer: $114,603, Executive Chairman: $125,403). Retirement benefits as per the single figure of remuneration: (Chief Executive Officer: $125,003, Executive Chairman: $28,563). Face value of restricted stock awards at grant: (Chief Executive Officer: $7,317,853, Executive Chairman: $5,820,342).	n/a	n/a
On-target / "expected" performance	Fixed Pay (see above)	On-target bonus (100% of target). For 2018: 135% of salary for the Chief Executive Officer and 120% of salary for the Executive Chairman.	Performance Stock Units at 100% of target. For 2018: face value of $9,705,195 for the Chief Executive Officer and $0 for the Executive Chairman.
Maximum performance	Fixed Pay (see above)	Maximum bonus (200% of target). For 2018: 270% of salary for the Chief Executive Officer and 240% of salary for the Executive Chairman.	Performance Stock Units at 200% of target. For 2018: face value of $15,930,419 for the Chief Executive Officer and $0 for the Executive Chairman.

Policy on Payment for Loss of Office

The Compensation Committee will seek to ensure that all payments for loss of office are reasonable and in the long-term interests of shareholders and the business. The Compensation Committee will generally take into account the circumstance of the loss of office and performance of the director.

The Compensation Committee reserves the right to:

- pay legal fees, financial planning or outplacement costs;
- pay an annual bonus for the year of cessation;
- retain or accelerate vesting of outstanding long-term incentive awards; and
- continue taxable benefits and retirement benefits during the period.

It is our policy to offer severance benefits to our executive directors because we believe that severance benefits provide important financial protection to directors in the event of involuntary job loss, are consistent with the practices of peer companies and are appropriate for the retention of executive talent. Under our executive severance plan, if our Chief Executive Officer is terminated without cause, he is entitled to receive 18 months of severance pay (limited to base pay and target annual cash incentive bonus), his pro-rated target annual cash bonus through the date of termination, the continuation of medical and dental benefits for 15 months at the employee premium rate, outplacement assistance, and financial planning and tax preparation assistance for the last calendar year of employment. The availability of these severance benefits is conditioned on the Chief Executive Officer's compliance with non-disclosure, non-compete, and non-solicitation covenants.

In the event of a termination without cause, termination for good reason, or voluntary retirement, any performance-based incentive payments are subject to our actual attainment of performance goals. The terms of our executive severance plan are consistent with the market practice of large public companies surveyed by Willis Towers Watson. Change in control severance benefits, as described below, and severance benefits are exclusive of one another, and in no circumstance, would any executive director receive benefits under both a change in control and the executive severance plan.

Only the Chief Executive officer participates in the executive severance plan. The Executive Chairman's severance is governed by his service agreement. It is intended that any new executive director would be retained on similar loss of office terms to the current executives.

Non-executive directors may be terminated early by either the Company or the non-executive director giving one month's written notice. Non-executive directors are not entitled to any severance compensation on termination. However, all vested share awards will be settled at the discretion of the Compensation Committee and the Compensation Committee retains the right to accelerate vesting for any outstanding share awards.

Potential Payments upon Change in Control

It is the Company's policy to operate change in control benefits to ensure that directors have an incentive to continue to work in the Company's best interest during the period of time when a change in control transaction is taking place and in order to ensure continuity of management. The benefits payable upon a change in control are comparable to benefits offered to director positions at peer companies.

The Company has entered into an executive severance agreement with our Chief Executive Officer. Pursuant to this agreement, in the event of termination following a qualifying change in control and a qualifying adverse change in employment circumstances, the Chief Executive Officer will be entitled to the following benefits:

- full vesting of any share awards;
- three times his annual base pay and annual target bonus;
- a pro-rated payment equal to the amount of his annual target bonus for the year which he is terminated;
- accrued but unpaid base pay and unused paid time off;
- elimination of ownership and retention guidelines;
- awards granted under the Company's Incentive Plan and other incentive arrangements adopted by the Company's will be treated pursuant to the terms of the applicable plan;
- an amount equal to the total monthly premium payable for his coverage (and if applicable spouse and dependent coverage) under the Company's health, dental, vision, prescription drug life, accidental death and dismemberment insurance and long-term disability insurance coverage for 36 months;
- reimbursement for the costs of all outplacement services obtained by him within 18 months of the termination date (limited to the lesser of 15% of his base pay on termination and $50,000); and
- reimbursement for legal fees and other litigation costs incurred in good faith by the Chief Executive Officer as a result of the Company's refusal to provide severance benefits under the executive severance agreement, contesting the validity, enforceability or interpretation of the agreement or as a result of any conflict between the parties pertaining to the agreement.

The severance payment is required to be paid in a single lump sum payment no later than 30 days after the date of termination. Additionally, should our Chief Executive Officer incur a qualifying termination prior to January 16, 2019, then his severance benefits will not be less than those he would have received pursuant to the legacy change in control severance agreement he had with FMC Technologies.

A "qualifying termination" includes: (a) an involuntary termination of the Chief Executive Officer's employment by the Company and our subsidiaries for reasons other than "cause," disability or death within 24 months of the change in control; (b) a voluntary termination by the Chief Executive Officer for "good reason" within 24 months of the change in control; or (c) a breach by the Company or any successor of any provision in the executive severance agreement.

Under the executive severance agreements, an executive will be considered terminated for "cause" for:

- willful and continued failure to substantially perform the executive officer's employment duties in any material respect (other than any such failure resulting from physical or mental incapacity or occurring after an executive officer has provided notification to the Company of a voluntary termination for a "good reason") after proper written demand has been provided to the executive officer and the executive officer fails to resume substantial performance of the executive officer's duties on a continuous basis within 30 days of receipt of such demand;
- willfully engaging in conduct which is demonstrably and materially injurious to the Company or an affiliate; or
- conviction for, or pleading guilty or not contesting, a felony charge under federal or state law.

It is intended that any new executive director would be retained on similar loss of office terms to the current executive directors. Non-executive directors are not entitled to any compensation on termination and have a one-month notice period. However, all share awards will automatically be accelerated on a change of control of the Company.

Future Policy Table for Non-Executive Directors

Directors Fees	
Purpose and link to strategy	Non-executive directors' compensation is designed to reward the time and talent required to serve on the board of a company of our size, complexity, and geographical spread, acknowledging the significant international travel required to discharge their duties to the Company. The Board seeks to provide sufficient flexibility in the form of compensation delivered to meet the needs of individuals who are located in different countries, while ensuring that a substantial portion of directors' compensation is linked to the long-term success of the Company.
Operation and maximum payment	Our Incentive Plan allows the non-executive members of our Board to receive up to $500,000 annually in cash and grant date fair value of equity. The Incentive Plan, however, grants the Board the authority to pay less than the amount provided under the Incentive Plan. Non-executive directors are compensated in both cash and restricted stock units which reflects practice amongst peer companies. Fees are reviewed periodically against market levels. The table below sets out the policy for 2018:

Compensation Element	Compensation
Annual Retainer	$100,000 paid in cash
Annual Equity Grant	$175,000 in RSUs that vest after one year (Non-executive directors will be eligible for any dividends paid and accumulated on RSUs during the vesting period).
Annual Chair Fee	$20,000 for Audit Committee
$15,000 for Compensation Committee	
$10,000 for Nominating and Governance Committee	
$10,000 for Strategy Committee	
Annual Lead Director Fee	$50,000
Committee Meeting Fee	$2,500 per committee meeting
Share Ownership Requirement	Five times annual retainer (over 5 years)

The Compensation Committee retains the discretion to increase the value of compensation or alter the weighting of share awards and cash at its discretion, should this be considered appropriate. Where any discretion is exercised, the basis of this exercise should be disclosed in the next remuneration report.

Continued overleaf >

Directors Fees	
Performance assessment	None, although overall performance of the non-executive director is considered by the Compensation Committee when setting fee levels.
Provisions to recover sums paid or the withholding of payments	Not applicable.

Other Benefits

Each non-executive director receives reimbursement for reasonable incidental expenses incurred in connection with the attendance at Board and committee meetings. In addition, directors are eligible to participate in the matching charitable contribution program on the same terms as employees. Pursuant to this program, the Company matches 100% of the charitable contributions of our employees and directors up to an aggregate of $10,000 in any year, although the Company exercises discretion to approve matching contributions in excess of that amount from time to time.

Directors who are not the Company's employees do not participate in any employee benefit plans other than the Company's matching program for charitable contributions. The Company has not made a charitable contribution to any charitable organization in which a director serves as an employee or an immediate family member of the director serves as an executive officer that exceeds in any single year the greater of $1 million or 2% of such charitable organization's consolidated gross revenues.

Share Ownership Requirements

To further align the interests of non-executive directors with the interests of the Company's shareholders, each non-executive director is expected to acquire and retain the Company's Ordinary Shares and/or RSUs having a value equal to at least five times the amount of each director's annual cash retainer. A director has five years from his or her initial appointment date as a director to meet this requirement. The ownership requirement is pro-rated over the five-year period. Each of the Company's non-executive directors met their pro-rata ownership requirements for 2017.

The annual RSU grant vests after one year of service but is settled in Ordinary Shares only when the director leaves the Board. The RSUs are forfeited if a director ceases service on the Board prior to the vesting date of the RSUs, except in the event of death or disability. Unvested RSUs will be settled and are payable in Ordinary Shares upon the death or disability of a director or in the event of a change in control of the Company.

Other Provisions

The directors' appointment letters provide for a one-month notice period, unless the director is terminated for cause in which case the Company is not required to give notice. All of our non-executive directors will be subject to annual re-election from 2019 onwards. No compensation payable if required to stand down.

Differences between Remuneration Policy for Executive Directors and Other Employees

The Remuneration Policy for the executive directors is designed with regard to the employee remuneration policy across the Company. However, there are some differences in the structure of the remuneration policy for the executive directors and other senior employees, which the Compensation Committee believes are necessary to reflect the different levels of responsibility and market practices.

Statement of consideration of employment conditions elsewhere in Company

During our first year, compensation continuity was important to ensure focus on integration and synergies. In addition, the Company undertook during its first year to harmonize pay policies in to a single benefits plan in each of our locations. As such, the Compensation Committee did not undertake a comparison with pay throughout the organization. In 2018, following further pay practice integration, the Compensation Committee will benchmark director compensation against employee compensation.

Statement of consideration of shareholder views

Directors' remuneration was presented to shareholders in the European prospectus dated January 13, 2017 made available to the public in the context of the admission to trading on the regulated market of Euronext Paris of all the Ordinary Shares of the Company prior to completion of the Merger.

Throughout 2017, the Board conducted outreach to, and met with, shareholders accounting for a substantial portion of our share ownership base. Specifically, regarding our compensation program, many of our shareholders expressed their support, while others provided constructive feedback on the program. Shareholder feedback on our executive compensation program focused primarily on the following four themes: (i) development of the compensation program; (ii) annual and long-term incentive plans and how the metrics and targets tie to Company objectives regarding performance and merger integration; (iii) compensation disclosures, including the Company's commitment to transparency, and (iv) the tenure and transition of executive director roles. This feedback was shared with the Compensation Committee and the Board.

The Compensation Committee intends to consult key shareholders on a regular basis and to respond their queries relating to director remuneration.

Independent auditors' report to the members of TechnipFMC Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- TechnipFMC Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's loss and cash flows for the year then ended;

- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;

- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the U.K. Annual Report and IFRS Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2019; the Consolidated Statements of Income and Consolidated Statements of Other Comprehensive Income, the Consolidated Statements of Cash Flows, and the Consolidated Statements of Changes in Stockholders' Equity and Company Statement of Changes in Stockholders' Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

Other than those disclosed in note 30 to the financial statements, we have provided no non-audit services to the group or the company in the period from 1 January 2019 to 31 December 2019.

Our audit approach

TechnipFMC plc is a global provider of oil and gas projects, technologies, systems, and services. The group provides services across three distinct segments: subsea, onshore/offshore, and surface projects. Our audit was planned to take into account the impact of market conditions on the results and activities of the group.

Overview

- Overall group materiality: $90 million (2018: $80 million), based on 0.67% of Revenue.
- Overall company materiality: $80 million (2018: $70 million), based on 0.49% of Total assets.

- We conducted full scope audits on 5 components and the audit of specified balances and classes of transactions on a further 31 components. The scope of work at each component was determined by its contribution to the group's overall financial performance and its risk profile.
- We engaged our network firms in Australia, Brazil, France, Italy, India, Malaysia, Netherlands, Norway, Russia, Singapore, UK and the US to perform the audit procedures in those respective locations.
- The group audit engagement team visited France, Malaysia, and the US.
- The components where audit work was performed accounted for approximately 76% of group revenue

- Risk of fraud of revenue recognition on long-term construction contracts (group)
- Carrying value of goodwill – subsea operating segment (group)
- Carrying value of investments (company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practices and the wide variety of jurisdictions in which the group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or profit, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management and group General Counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings of the Board of Directors;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the accounting for contracts which recognise revenue under the over-time recognition method; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Risk of fraud in revenue recognition on long-term construction contracts The group has a significant number of material lump sum construction contracts which accounts for approximately 80% of the group's total revenue. Contract revenue is recognised over the term of the contract with reference to the percentage stage of completion at each reporting date. The judgement involved in assessing the percentage of completion calculation can be complex and requires an accurate forecast of total contract costs. This is particularly important in respect of large contracts (contract value greater than $250 million) with low margins (0-2%), where management could manipulate the estimates in the cost to complete forecast to avoid recognising a loss on the contract. Additional complexity arises through assessing the revenue recognition for any contract contingencies. For contracts where there is contract contingencies in excess of $45 million we consider there to be a risk of fraud as management could manipulate revenue by not releasing these contingencies when no longer required.	We tested key internal financial controls, including the review and approval of project margin calculation and review of technical contingencies. For a sample of contracts we obtained the percentage of completion calculations, agreed key contractual terms back to signed contracts, tested the mathematical accuracy of the cost to complete calculations and re-performed the calculation of revenue taken in the year based on the percentage of completion. We discussed the sample of contracts selected with project managers and other members of senior management to understand the status of the contract, any changes from previous years, the key assumptions underpinning the revenue and costs, and the existence of any claims or litigation. For costs incurred to date, we tested a sample to appropriate supporting documentation. To test the forecast cost to complete, we obtained the breakdown of forecasted costs and tested elements of the forecast by obtaining executed purchase orders and agreements, comparing estimated costs to other similar projects and corroborating management's judgements and assumptions to appropriate supporting documentation. We assessed the competency and objectivity of the project engineers and performed look-back tests to assess the accuracy of forecasts in previous reporting periods. For a sample of variation orders, we obtained the signed contract amendments. We assessed the adequacy of contingency provisions against contract specific risks and management's assessment of the technical contingencies and the potential for liquidated damages on projects with delays. Overall, we are satisfied that the group's accounting policies for construction contract revenue recognition is reasonable and have been appropriately applied.

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill - Subsea Operating Segment	
The carrying value of Subsea goodwill as at 31 December 2019 is $2.9 billion. The goodwill balance relates to a number of acquisitions, the most significant of which resulting from the merger of Technip SA and FMC Technologies Inc during 2017. Management undertook an annual impairment assessment in accordance with the published accounting policy. The challenging oil and gas environment, primarily within the Subsea market, resulted in a goodwill impairment of $1.3 billion being recognised within the Subsea CGU. We focused on this area given the significant judgements involved, and complexity of valuation methodologies requiring the use of estimates, to determine whether the carrying value of goodwill is appropriate.	We obtained managements' impairment model and tested its mathematical accuracy and confirmed the cash generating units (CGUs) identified following the acquisition are the lowest level at which management monitors goodwill. We performed audit procedures over the assumptions used in respect of forecast growth rates and discount rates. We involved our valuation specialists to corroborate the appropriateness of the discount rate used by forming an independent view of the rate using third party source data to calculate a range of acceptable rates and comparing this to the rate used in the analysis. We agreed the underlying cash flow forecasts used in the models to approved budgets and forecasts. We evaluated the budgets and forecasts used within the model against current trading conditions and corroborated the reasonableness of certain key assumptions with external third party data and historical results of the Company, including the projected revenue growth in 2020, 2021 and 2022. We reviewed the disclosures provided in the financial statements to ensure compliance with IAS 36 'Impairment of Assets'. We also assessed the work performed by management and their experts on the valuation models. Based on our work performed we concluded that the carrying value of goodwill at the year-end is appropriate and the impairment recognised in respect of the goodwill allocated to the Subsea segment has been appropriately determined and in accordance with IAS 36.
Carrying value of investments (Company only)	
The total carrying value of investments presented within the Company financial statements as at 31 December 2019 is $14.5 billion. In line with IAS 36, at the reporting date, management assessed whether there were any indication that the investments in subsidiaries may be impaired. Where an impairment trigger was identified, management performed an exercise to determine the recoverable amount of the underlying investments. This resulted in an impairment charge of $2 billion. We focused on this area given the significant judgements involved, and complexity of valuation methodologies requiring the use of estimates.	We reviewed managements' impairment indicator assessment and concluded that it was reasonable. We obtained managements' impairment model and tested its mathematical accuracy. We performed audit procedures over the assumptions used in respect of forecast growth rates and discount rates. We involved our valuation specialists to corroborate the appropriateness of the discount rate used by forming an independent view of the rate using third party source data to calculate a range of acceptable rates and comparing this to the rate used in the analysis. We agreed the underlying cash flow forecasts used in the models to approved budgets and forecasts. We evaluated the budgets and forecasts used within the model against current trading conditions and corroborated the reasonableness of certain key assumptions with external third party data and

	historical results of the Company, including the projected revenue growth in 2020, 2021 and 2022. We reviewed the disclosures provided in the financial statements to ensure compliance with IAS 36 'Impairment of Assets'. We also assessed the work performed by management and their experts on the valuation models.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of a large number of components which make up the group's operating businesses within the three business unit segments: subsea, onshore/offshore and surface projects. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the components either by us, as the group engagement team, or component auditors from other PwC network firms operating under our instruction.

The group's components vary significantly in size and we identified 5 components that, in our view, required a full scope audit due to their relative size or risk characteristics. Where component audits were performed by teams other than the group engagement team, members of the group engagement team were involved in their work throughout the audit. We maintained regular communication and conducted formal interim and year-end conference calls with all full and specified procedure component teams. Additionally, senior members of the group engagement team, including the group engagement leader, performed site visits to the France, Malaysia and US components. We also held an in person audit planning meeting with component teams from US, France, Brazil, Singapore, UK and Italy.

Of the 36 components in scope, we deemed two to be financially significant to the group: Yamal LNG and Technip France. Senior members of the group engagement team, visited management of these components in France and attended project review meetings.

Together these full and specific scope components audits gave appropriate coverage of all material balances at a group level. On a consolidated basis, these provided coverage of 76% of revenue.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	$90 million (2018: $80 million).	$80 million (2018: $70 million).
How we determined it	0.67% of Revenue.	0.49% of Total assets.
Rationale for benchmark applied	We considered the following benchmarks when approaching the calculation of overall materiality – total revenues, total assets, adjusted pre-tax income and EBITDA. We concluded that the most appropriate benchmark was total revenue given profitability measures continue to be depressed as a result of the pricing environment in the global oil and gas industry and not reflective of the scale of the operations of the enlarged group following the merger of Technip and FMC Technologies. Revenue is a key measure used by shareholders in assessing the performance of the group. Using auditor judgement, we determined an overall materiality level of $90 million to be a reasonable amount, which equates to 0.67% of total revenue.	We considered a benchmark of total assets when approaching the calculation of overall materiality for the company. We concluded that this was the most appropriate benchmark given the principal activity of the company is a holding company carrying the investment in subsidiaries. Using auditor judgement, we determined an overall materiality level of $80 million to be a reasonable amount, which equates to 0.49% of total assets.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $15 million and $50 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $7.5 million (Group audit) (2018: $6.5 million) and $4 million (Company audit) (2018: $5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 11 January 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2017 to 31 December 2019.

Richard Spilsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
13 March 2020

CONSOLIDATED FINANCIAL STATEMENTS
TECHNIPFMC PLC
AS OF DECEMBER 31, 2019
Company No. 09909709

1. CONSOLIDATED STATEMENTS OF INCOME

(In millions, except per share data)	Note	Year Ended 2019	Year Ended 2018
Revenue:	5		
Service revenue from customer contracts		$ 9,793.1	$ 9,086.1
Product revenue from customer contracts		3,359.2	3,283.4
Lease revenue		273.9	230.4
Total revenue		13,426.2	12,599.9
Costs and expenses:	6		
Cost of service revenue		7,784.4	7,468.1
Cost of product revenue		2,963.9	2,682.3
Cost of lease revenue		167.5	144.4
Selling, general and administrative expense		1,230.0	1,144.4
Research and development expense		162.9	189.2
Impairment, restructuring and other expenses		2,436.6	1,677.0
Separation costs	1	72.1	—
Merger transaction and integration costs		31.2	36.5
Total costs and expenses		14,848.6	13,341.9
Other income (expense), net	6	(267.2)	(332.9)
Income from equity affiliates	9	12.3	122.7
Loss before net interest expense and income taxes		(1,677.3)	(952.2)
Financial income	6	115.8	121.1
Financial expense	6	(614.3)	(517.5)
Loss before income taxes		(2,175.8)	(1,348.6)
Provision for income taxes	7	275.1	397.0
Net loss		(2,450.9)	(1,745.6)
Net profit attributable to noncontrolling interests		(3.1)	(10.8)
Net loss attributable to TechnipFMC plc		$ (2,454.0)	$ (1,756.4)
Earnings per share attributable to TechnipFMC plc	8		
Basic		$ (5.48)	$ (3.83)
Diluted		$ (5.48)	$ (3.83)
Weighted average shares outstanding			
Basic		448.0	458.0
Diluted		448.0	458.0

The accompanying notes are an integral part of the consolidated financial statements.

The Company has applied IFRS 16 for the first time from January 1, 2019. Under the transition methods chosen, comparative information is not restated. See Note 4.

2. CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

(In millions)	Year Ended 2019	Year Ended 2018
Net loss	$ (2,450.9)	$ (1,745.6)
Exchange differences on translating entities operating in foreign currency	11.6	(178.4)
Reclassification adjustment for net gains included in net loss	(12.0)	(41.1)
Net gains (losses) on hedging instruments, net of income tax	28.2	(75.2)
Other comprehensive income (loss) to be reclassified to statement of income in subsequent years, net of tax	27.8	(294.7)
Net remeasurement losses on defined benefit plans, net of income tax	(49.6)	(26.9)
Other comprehensive income (loss) not being reclassified to statement of income in subsequent years, net of tax	(49.6)	(26.9)
Other comprehensive loss, net of income tax	(21.8)	(321.6)
Comprehensive loss, net of tax	(2,472.7)	(2,067.2)
Comprehensive income attributable to noncontrolling interest	(2.4)	(6.2)
Comprehensive loss attributable to TechnipFMC plc	$ (2,475.1)	$ (2,073.4)

The accompanying notes are an integral part of the consolidated financial statements.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In millions, except par value data)	Note	December 31, 2019	December 31, 2018
Assets			
Investments in equity affiliates	9	$ 300.4	$ 359.1
Property, plant and equipment, net	10	3,155.4	3,570.1
Right-of-use assets	4	864.9	—
Goodwill	11	5,654.6	7,693.9
Intangible assets, net	11	1,086.6	1,176.7
Deferred income taxes	7	267.0	244.2
Derivative financial instruments	26	39.5	18.3
Other assets	12	299.2	313.6
Total non-current assets		11,667.6	13,375.9
Cash and cash equivalents	13	5,190.1	5,542.2
Trade receivables, net	14	2,281.4	2,467.8
Contract assets	5	1,519.1	1,295.0
Inventories	15	1,423.9	1,257.0
Derivative financial instruments	26	101.9	95.7
Income taxes receivable	7	285.7	284.0
Advances paid to suppliers		242.9	189.6
Other current assets	16	862.6	666.4
Total current assets		11,907.6	11,797.7
Total assets		$ 23,575.2	$ 25,173.6
Liabilities and equity			
Ordinary shares	17	$ 447.1	$ 450.5
Ordinary shares held in treasury and employee benefit trust	17	—	(2.4)
Retained earnings, net income and other reserves	17	8,104.9	10,788.0
Accumulated other comprehensive income (loss)	17	(937.4)	(916.3)
Total TechnipFMC plc shareholders' equity		7,614.6	10,319.8
Non-controlling interest	17	69.9	69.8
Total equity		7,684.5	10,389.6
Long-term debt, less current portion	19	2,013.2	2,546.0
Lease liabilities	4	681.7	—
Deferred income taxes	7	184.0	236.5
Accrued pension and other post-retirement benefits, less current portion	20	386.8	325.2
Derivative financial instruments	26	52.7	44.9
Non-current provisions	21	47.7	42.7
Other liabilities	22	433.9	547.2
Total non-current liabilities		3,800.0	3,742.5
Short-term debt and current portion of long-term debt	19	2,462.2	1,983.5
Lease liabilities	4	275.1	—
Accounts payable, trade	23	2,660.7	2,610.8
Contract liabilities	5	4,571.4	4,069.0
Accrued payroll		411.7	394.7
Derivative financial instruments	26	141.3	138.4
Income taxes payable	7	73.6	66.9
Current provisions	21	476.6	826.3
Other current liabilities	22	1,018.1	951.9
Total current liabilities		12,090.7	11,041.5
Total liabilities		15,890.7	14,784.0
Total equity and liabilities		$ 23,575.2	$ 25,173.6

The accompanying notes are an integral part of the consolidated financial statements.

The Company has applied IFRS 16 for the first time from January 1, 2019. Under the transition methods chosen, comparative information is not restated. See Note 4.

The consolidated financial statements were approved by the Board of Directors and signed on its behalf by

Douglas J. Pferdehirt
Director and Chief Executive Officer
March 13, 2020

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Note	Year Ended 2019	Year Ended 2018
Cash provided (required) by operating activities			
Net loss		$ (2,450.9)	$ (1,745.6)
Adjustments to reconcile net profit (loss) to cash provided (required) by operating activities			
Depreciation	4, 10	712.5	372.3
Amortization	11	126.0	182.6
Impairments	10, 11	2,430.0	1,636.1
Employee benefit plan and share-based compensation costs		93.0	88.4
Deferred income tax provision (benefit), net		(66.0)	38.2
Unrealized loss (gain) on derivative instruments and foreign exchange		33.2	91.1
Income from equity affiliates, net of dividends received		(8.2)	(119.6)
Other		353.7	284.0
Changes in operating assets and liabilities, net of effects of acquisitions			
Trade receivables, net and contract assets		(36.8)	(660.4)
Inventories, net		(171.7)	(340.7)
Accounts payable, trade		16.5	(1,247.0)
Contract liabilities		522.5	742.6
Income taxes payable (receivable), net		4.5	(205.8)
Other assets and liabilities, net		(376.2)	701.5
Cash provided (required) by operating activities		1,182.1	(182.3)
Cash provided (required) by investing activities			
Capital expenditures		(454.4)	(368.1)
Payment to acquire debt securities		(71.6)	—
Proceeds from sale of debt securities		18.9	—
Acquisitions, net of cash acquired		16.0	(104.9)
Cash divested from deconsolidation		(2.1)	(6.7)
Proceeds from sale of assets		7.8	19.5
Proceeds from repayment of advance to joint venture		62.0	—
Other		3.6	—
Cash provided (required) by investing activities		(419.8)	(460.2)
Cash provided (required) by financing activities			
Net decrease in short-term debt	19	(49.6)	(34.9)
Net increase in commercial paper	19	57.3	496.6
Proceeds from issuance of long-term debt	19	96.2	—
Payments for the principal portion of lease liabilities	4	(335.8)	—
Purchase of treasury shares	17	(92.7)	(442.6)
Dividends paid	17	(232.8)	(238.1)
Settlements of mandatorily redeemable financial liability	22	(562.8)	(225.8)
Cash provided (required) by financing activities		(1,120.2)	(444.8)
Effect of changes in foreign exchange rates on cash and cash equivalents		5.8	(108.0)
Decrease in cash and cash equivalents		(352.1)	(1,195.3)
Cash and cash equivalents, beginning of period	13	5,542.2	6,737.4
Cash and cash equivalents, end of period	13	$ 5,190.1	$ 5,542.1

(In millions)	Year Ended December 31, 2019	2018
Supplemental disclosures of cash flow information		
Cash paid for interest on debt	$ 109.4	$ 99.0
Cash paid for income taxes (net of refunds received)	$ 374.5	$ 410.6

The accompanying notes are an integral part of the consolidated financial statements.

The Company has applied IFRS 16 for the first time from January 1, 2019. Under the transition methods chosen, comparative information is not restated. See Note 4.

5. CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In millions)	Ordinary Shares	Ordinary Shares Held in Treasury and Employee Benefit Trust	Retained Earnings, Net Income and Other Reserves	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Shareholders' Equity
Balance as of December 31, 2017	$ 465.1	$ (4.8)	$ 13,302.0	$ (599.3)	$ 21.5	$ 13,184.5
Cumulative effect of initial application of IFRS 15 (Note 5)	—	—	(91.5)	—	0.1	(91.4)
Cumulative effect of initial application of IFRS 9 (Note 1)	—	—	(4.7)	—	—	(4.7)
Net profit (loss)	—	—	(1,756.4)	—	10.8	(1,745.6)
Other comprehensive income (loss)	—	—	—	(317.0)	(4.6)	(321.6)
Dividends (Note 17)	—	—	(238.1)	—	—	(238.1)
Cancellation of treasury shares (Note 17)	(14.8)	—	(428.0)	—	—	(442.8)
Issuance of ordinary shares (Note 17)	0.2	—	—	—	—	0.2
Net sales of ordinary shares for employee benefit trust (Note 17)	—	2.4	—	—	—	2.4
Share-based compensation (Note 18)	—	—	49.1	—	—	49.1
Put option on non-controlling interests	—	—	(40.3)	—	—	(40.3)
Acquisition	—	—	—	—	38.9	38.9
Other	—	—	(4.1)	—	3.1	(1.0)
Balance as of December 31, 2018	$ 450.5	$ (2.4)	$ 10,788.0	$ (916.3)	$ 69.8	$ 10,389.6
Cumulative effect of initial application of IFRS 16 (Note 4)	—	—	1.8	—	—	1.8
Net profit (loss)	—	—	(2,454.0)	—	3.1	(2,450.9)
Other comprehensive income (loss)	—	—	—	(21.1)	(0.7)	(21.8)
Dividends (Note 17)	—	—	(232.8)	—	—	(232.8)
Cancellation of treasury shares (Note 17)	(4.0)	—	(88.7)	—	—	(92.7)
Issuance of ordinary shares (Note 17)	0.6	—	—	—	—	0.6
Net sales of ordinary shares for employee benefit trust (Note 17)	—	2.4	—	—	—	2.4
Share-based compensation (Note 18)	—	—	74.5	—	—	74.5
Other	—	—	16.1	—	(2.3)	13.8
Balance as of December 31, 2019	$ 447.1	$ —	$ 8,104.9	$ (937.4)	$ 69.9	$ 7,684.5

The accompanying notes are an integral part of the consolidated financial statements.

The Company has applied IFRS 16 for the first time from January 1, 2019. Under the transition methods chosen, comparative information is not restated. See Note 5

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING PRINCIPLES

Nature of operations - TechnipFMC plc and consolidated subsidiaries ("TechnipFMC", "we", "us" or "our") is a global leader in oil and gas projects, technologies, systems and services through our business segments: Subsea, Onshore/Offshore and Surface Technologies. We have manufacturing operations worldwide, strategically located to facilitate delivery of our products, systems and services to our customers.

Details of its activities during the year are provided in the Strategic Report. TechnipFMC is a public limited company by shares, incorporated and domiciled in England and Wales (United Kingdom) and listed on the New York Stock Exchange ("NYSE") and on Euronext Paris, in each case trading under the "FTI" symbol. The address of the registered office is One St. Paul's Churchyard, London, England, EC4M 8AP.

1.1 Basis of preparation

In accordance with the European Union's regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements of TechnipFMC as of December 31, 2019 and for the two years then ended were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and IFRS Interpretations Committee as endorsed by the European Union and the U.K. Companies Act 2006 (the "Art"). The IFRS as endorsed by the European Union are available on the website of the European Union (http://ec.europa.eu).

The consolidated financial statements are expressed in millions of U.S. dollars and all values are rounded to the nearest thousand, unless specified otherwise.

TechnipFMC's consolidated financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

TechnipFMC's significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. As further discussed in Note 4, the financial position and performance of TechnipFMC in 2019 was affected by the adoption of the new accounting standard on leases.

Certain reclassification adjustments were recorded in the prior year comparative information in the Consolidated statement of changes in shareholders' equity and in the Consolidated statement of cash flows. Management considers the changes to be more relevant to users in understanding the nature of the transactions.

Planned Separation transaction

On August 26, 2019, we announced that our Board of Directors had unanimously approved a plan to separate our Onshore/Offshore segment and loading systems business (the "Separation") into an independent, publicly traded company ("Technip Energies"). Upon effectiveness the transaction is expected to be tax free to certain shareholders where permissible, including the U.S. We expect to complete the transaction in the first half of 2020, subject to general market conditions, regulatory approvals, consultation of employee representatives, where applicable, and final approval from our Board of Directors. Refer to Note 1.4 for further discussion on management's judgment on accounting for the Separation transaction.

1.2 Changes in accounting policies and disclosures

a. Standards, amendments and interpretations effective in 2019

The impact of the adoption of the leasing standard, hedge accounting and the new accounting policies are disclosed below. The other standards did not have any material impact on TechnipFMC's accounting policies and did not require retrospective adjustments.

IFRS 16 "Leases" ("IFRS 16")

IFRS 16 supersedes IAS 17 "Leases" ("IAS 17"), IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Refer to Note 4 for disclosures on the adoption impact and changes in TechnipFMC's accounting policies.

IFRS 9 "Financial instruments" ("IFRS 9")

TechnipFMC has initially applied IFRS 9 on January 1, 2018 with exception to the hedging requirements of IFRS 9 as amended by IFRS 9 paragraph 7.2.21. The hedge accounting is adopted with the date of initial application as of January 1, 2019.

TechnipFMC applied hedge accounting prospectively from January 1, 2019. At the date of initial application, all of TechnipFMC's existing hedging relationships were eligible to be treated as continuing hedging relationships. Upon adoption of the hedge accounting requirements of IFRS 9, TechnipFMC continues to designate only the spot element of forward contracts as hedging instrument. The forward element is recognized in the income statement, in the same line as the hedged item.

Under IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39"), all gains and losses arising from the TechnipFMC's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. Under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

TechnipFMC has not restated the comparative information on hedge accounting, which continues to be reported under IAS 39. There were no differences arising from the adoption of the hedge accounting requirements of IFRS 9 which would impact Retained Earnings, Net Income and Other Reserves as of January 1, 2019.

b) Standards, amendments and interpretations to existing standards that are issued, not yet effective and have not been early adopted as of December 31, 2019

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2019 reporting periods and have not been early adopted by TechnipFMC. TechnipFMC's assessment of the impact of these new standards and interpretations is set out below.

Definition of a Business - Amendments to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" ("IFRS 3") to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. Consequently, entities do not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed. The amendments are effective for annual periods beginning on or after January 1, 2020 with early application permitted. Since the

amendments apply prospectively to transactions or other events that occur on or after the date of first application, TechnipFMC does not expect that the adoption of the amendments will have a significant impact on its consolidated financial statements.

Definition of Material - Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" ("IAS 1") and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" ("IAS 8") to align the definition of "material" across the standards and to clarify certain aspects of the definition. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2020 with early application permitted. TechnipFMC does not expect that the adoption of this amendment will have a material impact on its current or future reporting periods and on foreseeable future transactions.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework ("Framework") which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards issued by the IASB. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from January 1, 2020. TechnipFMC does not expect that the adoption of the amendments will have a significant impact on its consolidated financial statements.

IFRS 17 "Insurance Contracts" ("IFRS 17")

IFRS 17 was issued in May 2017 as replacement for IFRS 4 "Insurance Contracts". The new standard will be effective for annual periods beginning on or after January 1, 2021 with early application permitted. TechnipFMC does not expect that the adoption of the standard will have a significant impact on its consolidated financial statements.

1.3 Summary of significant accounting policies

a) Consolidation principles

In accordance with IFRS 10 “Consolidated Financial Statements”, are consolidated all the companies (including special purpose entities) for which TechnipFMC has all the following:

- the power over the company subject to the investment;
- an exposure or rights to the company’s variable returns; and
- the ability to use its power over the entity to affect these returns.

The power to direct the activities of the entity usually exists when holding more than 50% of voting rights in the entity and these rights are substantive.

As per IFRS 11 “Joint Arrangements” (“IFRS 11”), joint arrangements classified as joint operations should be recognized to the extent of TechnipFMC’s assets and its liabilities, including its share of any assets held jointly or liabilities incurred jointly.

The equity method is used for joint ventures and for investments over which TechnipFMC exercises a significant influence on operational and financial policies. Unless otherwise indicated, such influence is deemed to exist for investments in companies in which TechnipFMC’s ownership is between 20% and 50%.

Companies in which our ownership is less than 20% or that do not represent material investments (such as dormant companies) are recorded under the “Other Non-Current Financial Assets” and classified as “Financial Assets at Fair Value through Profit or Loss”.

The list of TechnipFMC’s related undertakings is provided in Note 31 as of December 31, 2019.

The main affiliates of TechnipFMC close their accounts as of December 31 and all consolidated companies apply TechnipFMC’s accounting policies as set in the Global Accounting Manual.

All intercompany balances and transactions, as well as internal income and expenses, are fully eliminated.

Subsidiaries are consolidated as of the date of acquisition, being the date on which TechnipFMC obtains control, and continue to be consolidated until the date control ceases.

b) Recognition of revenue from customer contracts

TechnipFMC accounts for revenue in accordance with IFRS 15 “Revenues from Contracts with Customers” (“IFRS 15”). Revenue is measured based on the consideration specified in a contract with a customer. TechnipFMC recognizes revenue when or as it transfers control over a good or service to a customer.

Allocation of transaction price to performance obligations - A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue, when, or as, the performance obligation is satisfied. To determine the proper revenue recognition method, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment; some of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, we allocate the contract’s transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

Variable consideration - Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for our long-term contracts to contain variable considerations that can either increase or decrease the transaction price. Variability in the transaction price arises primarily due to liquidated

damages. TechnipFMC considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled, and determining whether the estimated variable consideration should be constrained. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

Payment terms - Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Payment terms may either be fixed, lump-sum or driven by time and materials (i.e., daily or hourly rates, plus materials). Because typically the customer retains a small portion of the contract price until completion of the contract, our contracts generally result in revenue recognized in excess of billings which we present as contract assets on the statement of financial position. Amounts billed and due from our customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For some contracts, we may be entitled to receive an advance payment. We recognize a liability for these advance payments in excess of revenue recognized and present it as contract liabilities on the statement of financial position. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

Warranty - Certain contracts include an assurance-type warranty clause, typically between 18 to 36 months, to guarantee that the products comply with agreed specifications. A service-type warranty may also be provided to the customer; in such a case, management allocates a portion of the transaction price to the warranty based on the estimated stand-alone selling price of the service-type warranty.

Revenue recognized over time - Performance obligations are satisfied over time as work progresses or at a point in time when performance obligations are fulfilled and control transfers to the customer. Revenue from products and services transferred to customers over time accounted for approximately 81.6% of our revenue for the year ended December 31, 2019. Typically, revenue is recognized over time using an input measure (e.g., costs incurred to date relative to total estimated costs at completion) to measure progress.

Cost-to-cost method - For long-term contracts, because of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The cost-to-cost measure of progress for contracts is generally used because it best depicts the transfer of control to the customer which occurs as costs on the contracts incur. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Any expected losses on contracts in progress are charged to earnings, in total, in the period the losses are identified under the new revenue recognition standard consistently with previous standards.

Right to invoice practical expedient - The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time if we have a right to invoice the customer for an amount that corresponds directly with the value transferred to the customer for our performance completed to date. When this practical expedient is used, we do not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes. We have contracts which have payment terms dictated by daily or hourly rates where some contracts may have mixed pricing terms which include a fixed fee portion. For contracts in which we charge the customer a fixed rate based on the time or materials spent during the project that correspond to the value transferred to the customer, we recognize revenue in the amount to which we have the right to invoice.

Contract modifications - Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Most of our contract modifications are for goods or services that are not

distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

c) Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate applicable on the transaction date.

At the closing date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the statement of income, except exchange gains or losses on cash accounts eligible for future cash flow hedging and for hedging on net foreign currency investments.

Translation of financial statements of subsidiaries in foreign currency

The income statements of foreign subsidiaries are translated into U.S. dollars at the average exchange rate prevailing during the year. Statements of financial position are translated at the exchange rate at the closing date. Differences arising in the translation of financial statements of foreign subsidiaries are recorded in other comprehensive income (loss) as foreign currency translation reserve. Items that are recognized directly in equity are translated using the historical rates. The functional currency of the foreign subsidiaries is most commonly the local currency.

d) Business combinations

Business combinations are accounted for using the acquisition method of accounting. Under the acquisition method, assets acquired and liabilities assumed are recorded at their respective fair values as of the acquisition date. Determining the fair value of assets and liabilities involves significant judgment regarding methods and assumptions used to calculate estimated fair values. The purchase price is allocated to the assets, acquired, including identifiable intangible assets, and liabilities based on their estimated fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Identifiable assets are depreciated over their estimated useful lives.

Acquisition-related costs are expensed as incurred and included in the statement of income line item “Selling, general and administrative expenses”.

Adjustments recorded for a business combination on the provisional values of assets, liabilities and contingent liabilities are recognized as a retrospective change in goodwill when occurring within a 12-month period after the acquisition date and resulting from facts or circumstances that existed as of the acquisition date. After this measurement period ends, any change in valuation of assets, liabilities and contingent liabilities is accounted for in profit and loss statement, with no impact on goodwill.

e) Merger transaction and integration costs

Merger transaction and integration costs are expensed as incurred and include fees and expenses as a result of business combination transactions. Merger transaction and integration costs are included in the statement of income line item “Merger transaction and integration costs”.

f) Separation costs

Separation costs are expensed as incurred and include fees and expenses as a result of planned separation transaction. The costs include legal and tax advice expenses, consulting services and other separation activities related costs. Separation costs are included in the statement of income line item “Separation costs”.

g) Segment information

Information by operating segment

Management's determination of the reporting segments was made on the basis of strategic priorities within each segment and the differences in the products and services TechnipFMC provides, which corresponds to the manner in which TechnipFMC's Chief Executive Officer, as a Chief Operating Decision Maker ("CODM"), reviews and evaluates operating performance to make decisions about resources to be allocated to the segment. TechnipFMC reports the results of operations in the following segments: Subsea, Onshore/Offshore and Surface Technologies.

TechnipFMC's reportable segments are:

- *Subsea* - manufactures and designs products and systems, performs engineering, procurement and project management and provides services used by oil and gas companies involved in deepwater exploration and production of crude oil and natural gas.
- *Onshore/Offshore* - designs and builds onshore facilities related to the production, treatment and transportation of oil and gas; and designs, manufactures and installs fixed and floating platforms for the production and processing of oil and gas reserves for companies in the oil and gas industry; and
- *Surface Technologies* - designs and manufactures systems and provides services used by oil and gas companies involved in land and offshore exploration and production of crude oil and natural gas; designs, manufactures and supplies technologically advanced high pressure valves and fittings for oilfield service companies; and also provides flowback and well testing services for exploration companies in the oil and gas industry.

Total revenue by segment includes intersegment sales, which are made at prices approximating those that the selling entity is able to obtain on external sales. Segment operating profit is defined as total segment revenue less segment operating expenses. Income (loss) from equity method investments is included in computing segment operating profit. The following items have been excluded in computing segment operating profit: corporate staff expense, net interest income (expense) associated with corporate debt facilities, income taxes, and other revenue and other expense, net.

Information by country

Operating activities and performances of TechnipFMC are reported on the basis of the following countries:

- Russia;
- United States;
- Norway;
- Brazil;
- Israel;
- United Kingdom;
- Australia;
- India; and
- all other countries.

The items related to segment results disclosed by TechnipFMC in its geographical segment information are the ''Revenue'' and the ''Property, Plant and Equipment''.

Geographical areas are defined according to the following criteria: specific risks associated with activities performed in a given area, similarity of economic and political framework, regulation of exchange control, and underlying monetary risks. The geographical breakdown is based on the contract delivery within the specific country.

h) Earnings per share

As per IAS 33 “Earnings per Share” (“IAS 33”), Earnings Per Share (“EPS”) are based on the average number of outstanding shares over the year, after deducting treasury shares.

Diluted earnings per share amounts are calculated by dividing the net profit of the year, restated if need be for the after-tax financial cost of dilutive financial instruments, by the sum of the weighted average number of outstanding shares, the weighted average number of share subscription options not yet exercised, the weighted average number of performance shares granted calculated using the share purchase method, and the weighted average number of shares of the convertible bonds and, if applicable, the effects of any other dilutive instrument.

In accordance with the share purchase method, only dilutive instruments are used in calculating EPS. Dilutive instruments are those for which the option exercise price plus the future share-based compensation expense not yet recognized is lower than the average share price during the EPS calculation period.

i) Goodwill

Goodwill is measured at the acquisition date as the total of the fair value of consideration transferred, plus the proportionate amount of any non-controlling interest, plus the fair value of any previously held equity interest in the acquiree, if any, less the net recognized amount (generally at fair value) of the identifiable assets acquired and liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill is allocated to a group of cash-generating units (“GCGU”) that are expected to benefit from the business combination in which the goodwill arose and in all cases is at the operating segment level, which represents the lowest level at which goodwill is monitored for internal management purposes.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

j) Property, plant and equipment

In compliance with IAS 16 “Property, Plant and Equipment” (“IAS 16”), an asset is recognized only if the cost can be measured reliably and if future economic benefits are expected from its use.

Property, plant and equipment could be initially recognized at cost or at their fair value in case of business combinations.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. TechnipFMC uses different depreciation periods for each of the significant components of a single property, plant and equipment asset where the useful life of the component differs from that of the main asset. The following are the useful lives most commonly applied by TechnipFMC:

- Buildings 10 to 50 years
- Vessels 10 to 30 years
- Machinery and Equipment 3 to 20 years
- Office Fixtures and Furniture 5 to 10 years
- Vehicles 3 to 7 years
- IT Equipment 3 to 5 years

If the residual value of an asset is material and can be measured, it is taken into account in calculating its depreciable amount.

On a regular basis, TechnipFMC reviews the useful lives of its assets. That review is based on the effective use of the assets.

As per IAS 16, dry-dock expenses are capitalized as a separate component of the principal asset. They are depreciated over a period of three to five years.

Depreciation costs are recorded in the statement of income as a function of the fixed assets' use, split between the following line items: cost of sales, research and development costs, selling, general and administrative costs.

In accordance with IAS 36 "Impairment of Assets" ("IAS 36"), the carrying value of property, plant and equipment is reviewed for impairment whenever internal or external events indicate that there may be impairment, in which case, an impairment test is performed. Impairment indicators / triggering events are changes in circumstances that indicate the carrying amount of property, plant and equipment may not be recoverable include but are not limited to:

- A significant decrease in the market value of property, plant and equipment;
- A significant adverse change in the extent or manner in which property, plant and equipment is used or in its physical condition;
- A significant adverse change in legal factors or in the business climate that could affect the value of a property, plant and equipment, including an adverse action or assessment by a regulator or the increase of risk-adjusted discount rates;
- An accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of property, plant and equipment;
- A current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of property, plant and equipment; and
- A current expectation that property, plant and equipment will become idle, a significant decrease in utilization of the asset , the operation to which the asset belongs will be discontinued or restructured, sold, or otherwise disposed of significantly before the end of its previously estimated useful life.

As an example, indications of impairment loss used for vessels and analyzed together are mainly the asset workload scheduling, the change in its daily invoicing rate, its age as well as the frequency of its dry-docking.

k) Intangible assets

Internally generated research and development costs

Research costs are expensed when incurred. In compliance with IAS 38 “Impairment of Assets” (“IAS 38”), development costs are capitalized if all of the following criteria are met:

- the projects are clearly identified;
- TechnipFMC is able to reliably measure expenditures incurred by each project during its development;
- TechnipFMC is able to demonstrate the technical and industrial feasibility of the project;
- TechnipFMC has the financial and technical resources available to achieve the project;
- TechnipFMC can demonstrate its intention to complete, to use or to commercialize products resulting from the project; and
- TechnipFMC is able to demonstrate the existence of a market for the output of the intangible asset, or, if it is used internally, the usefulness of the intangible asset.

Other intangible assets

Intangible assets other than goodwill (including those acquired in a business combination) are amortized on a straight-line basis over their expected useful lives, as follows:

- Acquired technology: 7 to 10 years
- Backlog: as per the timeframe of the outstanding orders (usually less than 3 years)
- Customer relationships: lower of 10 years or the terms of the customer contracts
- Trade names; Licenses, Patents and Trademarks: lower of 20 years or the period set forth in the legal conditions
- Software (including software rights, proprietary IT tools, such as the E-procurement platform, or TechnipFMC’s management applications): 3 to 7 years

In accordance with IAS 36, the carrying value of intangible assets is reviewed for impairment whenever internal or external events indicate that there may be impairment, in which case, an impairment test is performed.

l) Impairment of non-financial assets

Non-financial assets, property, plant and equipment, and identifiable intangible assets being amortized are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset or cash-generating unit (“CGU”) may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, TechnipFMC estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, including growth rates in revenues, costs, estimates of future expected changes in operating margins, tax rates and cash expenditures. Future revenues are also adjusted to match changes in TechnipFMC’s business strategy. Factors that could trigger a lower value in use estimate include sustained price declines of a CGU’s products and services, cost increases, regulatory or political environment changes, changes in customer demand, and other changes in

market conditions, which may affect certain market participant assumptions used in the discounted future cash flow model.

In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Goodwill is not amortized but it is tested for impairment annually as at October 31 or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment of goodwill is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

m) Fair value measurement

TechnipFMC measures certain financial instruments (including derivatives) at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

TechnipFMC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3: Unobservable inputs (e.g., a reporting entity's own data).

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, TechnipFMC determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

n) Financial assets

Financial assets are categorized at initial recognition, as subsequently measured at either amortized cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

For debt instruments this classification depends on the financial asset's contractual cash flow characteristics as well as business model according to which TechnipFMC is managing them. Financial assets are initially measured at their fair values plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

A financial asset is classified and measured at amortized cost or fair value through other comprehensive income ("OCI") if and only if it gives rise to cash flows that are 'solely payments of principal and interest ("SPPI"), ie. the asset meets the SPPI test criteria, which are assessed at an instrument level.

The business model applied by TechnipFMC determines whether the cash flows from the instruments will be realized through collecting contractual cash flows, selling the financial assets, or both.

Transactions on financial assets that require delivery of assets within a time frame legally or contractually (regular way trades) are recognized on the trade date, being the date when TechnipFMC commits to acquire or sell the asset.

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI, either with recycling or no recycling of cumulative gains and losses
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate and are also subject to impairment. Gains and losses are recognized in profit or loss within the Other Income (Expense) line when the asset is derecognized, impaired or contractual cash-flows change.

TechnipFMC's financial assets at amortized cost include trade receivables, loans issued to third or related parties and debt notes receivable presented under other non-current financial assets or other current assets, as applicable.

Financial assets at fair value through OCI

TechnipFMC measures debt instruments at fair value through OCI if all of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income (using the effective interest rate), foreign exchange impact and impairment charges are recognized in the statement of profit or loss. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value changes recognized in OCI are recycled to profit or loss.

TechnipFMC currently has no debt instruments at fair value through OCI.

In addition to debt instruments, upon initial recognition, TechnipFMC may classify irrevocably its equity investments (on an instrument-by-instrument basis) to be designated at fair value through OCI when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" ("IAS 32") and are not held for trading. Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognized in the statement of profit or loss

when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

TechnipFMC currently does not classify any equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:

- Financial assets held for trading (i.e., those which are acquired for the purpose of selling or repurchasing in the near term).
- Financial assets designated upon initial recognition at fair value through profit or loss (in order to eliminate, or significantly reduce, an accounting mismatch), or
- Financial assets required to be measured at fair value (i.e. assets with cash flows that are not solely payments of principal and interest, irrespective of the business model).

Derivatives, including separated embedded derivatives, are also classified as held for trading except for those designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments, listed and non-quoted equity investments which TechnipFMC had not irrevocably elected to classify at fair value through OCI, as well as certain liquid, frequently traded debt instruments such as treasury bills.

Dividends on listed equity investments are also recognized in the statement of profit or loss when the right of payment has been established.

Impairment of financial assets

An allowance for Expected Credit Losses (“ECL”) is recognized for all debt instruments not held at fair value through profit or loss. As opposed to the incurred loss approach, ECL is based on the difference between the carrying amount (as per the contractual cash flows of the instruments) and all the cash flows that TechnipFMC expects to receive, discounted at the original effective interest rate. The expected cash flows reflect the cash flows expected from collateral or other credit enhancements that are part of the contractual terms and are not separately recognized by TechnipFMC. The estimate of expected cash shortfalls on a collateralized financial instrument reflects the amounts and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

In case of instruments for which there has not been a significant increase in credit risk since initial recognition, ECL is applied for default events that are possible within the next 12-months (a 12-month ECL). In case there has been a significant increase in credit risk since initial recognition, an ECL is applied over the remaining life of the exposure (lifetime ECL).

For trade receivables and contract assets TechnipFMC applies a simplified approach permitted by IFRS 9. Therefore, TechnipFMC recognizes lifetime ECL at initial recognition and at each reporting date. TechnipFMC has considered historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected losses.

For short-term notes receivable an expected credit loss is calculated assuming the maximum possible loss in the event of a default (that is, the loan is fully drawn and no amount is recovered). Management established a probability of default based on the counterparty’s credit risk as determined by external credit rating agencies and the maximum loss given default (average recovery rate of sovereign bond issuers as published by credit rating agencies). Based on these factors management determines the ECL for TechnipFMC’s short-term loans receivable.

For debt instruments recognized at amortized cost, as permitted by IFRS 9, TechnipFMC considers the low credit risk simplification. Accordingly, TechnipFMC evaluates whether the debt instrument is considered to have low credit risk at the reporting date, using available, reasonable and supportable information. TechnipFMC considers its internal credit rating of the debt instrument, and also considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due. For debt instruments that continue to have low credit risk after the evaluation, TechnipFMC assumes that there is no significant increase in the credit risk of the instrument.

ECL on such instruments is measured on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. TechnipFMC uses the ratings from credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Based on customer experience, customer relationships and the nature of the long term projects, TechnipFMC considers a financial asset in default when contractual payments are 90 days past due. Also, in cases when internal or external information indicates that it is unlikely to receive the outstanding contractual cash flows before considering any credit enhancements, TechnipFMC also considers a financial asset to be in default. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or
- TechnipFMC has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) TechnipFMC has transferred substantially all the risks and rewards of the asset, or (b) TechnipFMC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When TechnipFMC has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, TechnipFMC continues to recognize the transferred asset to the extent of its continuing involvement. In that case, TechnipFMC also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that TechnipFMC has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that TechnipFMC could be required to repay.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

o) Derivative financial instruments and hedging - 2019

Initial recognition and subsequent measurement

TechnipFMC uses derivative financial instruments, such as forward contracts, swaps and options to hedge its risks, in particular foreign exchange risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Every derivative financial instrument held by TechnipFMC is aimed at hedging future cash inflows or outflows against exchange rate fluctuations during the period of contract performance. Derivative instruments and in particular forward exchange transactions are aimed at hedging future cash inflows or outflows against exchange rate fluctuations in relation to awarded commercial contracts, or material, labor and overhead expenses.

To hedge its exposure to exchange rate fluctuations during the bid-period of construction contracts, TechnipFMC occasionally enters into insurance contracts under which foreign currencies are exchanged at a specified rate and at a specified future date only if the new contract is awarded. The premium that TechnipFMC pays to enter into such an insurance contract is charged to the income statement when paid. If the commercial bid is not successful, the insurance contract is automatically terminated without any additional cash settlements or penalties.

In some cases, TechnipFMC may enter into foreign currency options for some proposals during the bid-period. These options are not designated for hedge accounting.

For the purpose of hedge accounting, instruments qualifying as hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (TechnipFMC currently has no financial instruments designated for such hedging relationship)
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation (TechnipFMC currently has no financial instruments designated for such hedging relationship)

Foreign currency treasury accounts designated for a contract and used to finance its future expenses in foreign currencies may qualify as a foreign currency cash flow hedge. Cash as a hedging instrument is determined as cash less accounts payables (including debts contracted on projects) plus accounts receivable (including loans contracted on projects) on reimbursable, services and completed contracts at closing date.

An economic hedging may occasionally be obtained by offsetting cash inflows and outflows on a single contract (“natural hedging”).

When implementing hedging transactions, each of TechnipFMC’s subsidiaries enters into forward exchange contracts with banks or with Technip Eurocash SNC, the company that performs centralized treasury management for TechnipFMC. However, under treasury center accounting only instruments backed by a third party outside of TechnipFMC are designated as hedging instruments.

At the inception of a hedge relationship, TechnipFMC formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how TechnipFMC will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that TechnipFMC actually hedges and the quantity of the hedging instrument that TechnipFMC actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below. The fair value of derivative financial instruments is estimated on the basis of valuations provided by bank counterparties or financial models commonly used in financial markets, using market data as of the statement of financial position date.

A derivative instrument qualifies for hedge accounting (fair value hedge or cash flow hedge) when there is a formal designation and documentation of the hedging relationship, and of the effectiveness of the hedge throughout the life of the contract. A fair value hedge aims at reducing risks incurred by changes in the market value of some assets, liabilities or firm commitments. A cash flow hedge aims at reducing risks incurred by variations in the value of future cash flows that may impact net profit (loss) in the statement of income.

In order for a currency derivative to be eligible for hedge accounting treatment, the following conditions have to be met:

- its hedging role must be clearly defined and documented at the date of inception; and
- its effectiveness should be proved at the date of inception and/or as long as it remains effective. Under IFRS 9 a hedging relationship qualifies for hedge accounting if: (i) there is “an economic relationship” between the hedged item and the hedging Instrument; (ii) the effect of credit risk does not “dominate the value changes” that result from that economic relationship; and (iii) the hedge ratio used for hedge accounting purposes should be the same as that used for risk management purposes (“economic hedging”).

All derivative instruments are recorded and disclosed in the statement of financial position at fair value:

- derivative instruments considered for hedge accounting are classified as current assets and liabilities, as they follow the operating cycle; and
- derivative instruments not considered for hedge accounting are also classified as current assets and liabilities.

Changes in fair value are recognized as follows:

- regarding cash flow hedges, the effective portion of the gain or loss of the hedging instrument is recorded directly in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement. The amounts accumulated in other comprehensive income ("OCI") are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.
- the changes in fair value of derivative financial instruments that qualify as fair value hedge are recorded as financial income or expenses. The ineffective portion of the gain or loss is immediately recorded in the income statement. The carrying amount of a hedged item is adjusted by the gain or loss on this hedged item which may be allocated to the hedged risk and is recorded in the income statement; and
- the changes in fair value of derivative financial instruments that do not qualify as hedging in accounting standards are directly recorded in the income statement.

TechnipFMC designates only the spot element of forward contracts as a hedging instrument. The forward element of contracts receiving hedge accounting is recognized in the income statement in the same line item as the underlying hedged item.

Refer to Note 26 for disclosures.

p) Derivative financial instruments and hedging - 2018

Initial recognition and subsequent measurement

TechnipFMC uses derivative financial instruments, such as forward contracts, swaps and options to hedge its risks, in particular foreign exchange risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Currently, every derivative financial instrument held by TechnipFMC is aimed at hedging future cash inflows or outflows against exchange rate fluctuations during the period of contract performance. Derivative instruments and in particular forward exchange transactions are aimed at hedging future cash inflows or outflows against exchange rate fluctuations in relation with awarded commercial contracts.

To hedge its exposure to exchange rate fluctuations during the bid-period of construction contracts, TechnipFMC occasionally enters into insurance contracts under which foreign currencies are exchanged at a specified rate and at a specified future date only if the new contract is awarded. The premium that TechnipFMC pays to enter into such an insurance contract is charged to the income statement when paid. If the commercial bid is not successful, the insurance contract is automatically terminated without any additional cash settlements or penalties.

In some cases, TechnipFMC may enter into foreign currency options for some proposals during the bid-period. These options cannot be eligible for hedging.

For the purpose of hedge accounting, instruments qualifying as hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation (TechnipFMC currently has no financial instruments designated for such hedging relationship)

Foreign currency treasury accounts designated for a contract and used to finance its future expenses in foreign currencies may qualify as a foreign currency cash flow hedge. Cash as a hedging instrument is determined as cash less accounts payables (including debts contracted on projects) plus accounts receivable (including loans contracted on projects) on reimbursable, services and completed contracts at closing date.

An economic hedging may occasionally be obtained by offsetting cash inflows and outflows on a single contract ("natural hedging").

When implementing hedging transactions, each of TechnipFMC's subsidiary enters into forward exchange contracts with banks or with Technip Eurocash SNC, the company that performs centralized treasury management for TechnipFMC. However, only instruments that involve a third party outside of TechnipFMC are designated as hedging instruments.

At the inception of a hedge relationship, TechnipFMC formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how TechnipFMC will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below. The fair value of derivative financial instruments is estimated on the basis of valuations provided by bank counterparties or financial models commonly used in financial markets, using market data as of the statement of financial position date.

A derivative instrument qualifies for hedge accounting (fair value hedge or cash flow hedge) when there is a formal designation and documentation of the hedging relationship, and of the effectiveness of the hedge throughout the life of the contract. A fair value hedge aims at reducing risks incurred by changes in the market value of some assets, liabilities or firm commitments. A cash flow hedge aims at reducing risks incurred by variations in the value of future cash flows that may impact net profit (loss).

In order for a currency derivative to be eligible for hedge accounting treatment, the following conditions have to be met:

- its hedging role must be clearly defined and documented at the date of inception; and
- its effectiveness should be proved at the date of inception and/or as long as it remains effective. If the effectiveness test results in a score between 80 and 125%, changes in fair value or in cash flows of the covered element must be almost entirely offset by the changes in fair value or in cash flows of the derivative instrument.

All derivative instruments are recorded and disclosed in the statement of financial position at fair value:

- derivative instruments considered as hedging are classified as current assets and liabilities, as they follow the operating cycle; and
- derivative instruments not considered as hedging are also classified as current assets and liabilities.

Changes in fair value are recognized as follows:

- regarding cash flow hedges, the portion of the gain or loss corresponding to the effectiveness of the hedging instrument is recorded directly in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement. The exchange gain or loss on derivative cash flow hedging instruments, which is deferred in equity, is reclassified in the net profit (loss) of the year(s) in which the specified hedged transaction affects the income statement;
- the changes in fair value of derivative financial instruments that qualify as fair value hedge are recorded as financial income or expenses. The ineffective portion of the gain or loss is immediately recorded in the income statement. The carrying amount of a hedged item is adjusted by the gain or loss on this hedged item which may be allocated to the hedged risk and is recorded in the income statement; and
- the changes in fair value of derivative financial instruments that do not qualify as hedging in accounting standards are directly recorded in the income statement.

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

q) Inventories

Inventories are recognized at the lower of cost and net realizable value with cost being principally determined on a weighted-average cost basis.

Write-down of inventories are recorded when the net realizable value of inventories is lower than their net book value.

r) Advances paid to suppliers

Advance payments made to suppliers under long-term contracts are shown under the “Advances Paid to Suppliers” line item, on the asset side of the statement of financial position.

s) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. TechnipFMC holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Impairment of trade receivables

TechnipFMC applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. TechnipFMC’s trade receivables and contracts assets constitute a homogeneous portfolio, therefore, to measure the expected credit losses, trade receivables and contract assets have been grouped based on a selection of TechnipFMC’s entities that cover a representative part of TechnipFMC’s combined trade receivables and contract assets at each period end. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. TechnipFMC has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

t) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and in hand, as well as securities fulfilling the following criteria: an original maturity of less than three months, highly liquid, a fixed exchange value and an insignificant risk of loss of value. Securities are measured at their market value at year-end. Any change in fair value is recorded in the statement of income.

u) Share-based compensation

The measurement of share-based compensation expense on restricted share awards is based on the market price at the grant date and the number of shares awarded. TechnipFMC utilizes the Black-Scholes options pricing model to measure the fair value of share options granted, excluding from such valuation the service and non-market performance conditions (which are considered in the expected number of awards that will ultimately vest) but including market conditions (Note 18). The share-based compensation expense for each award is recognized during the vesting period (i.e. the period in which the service and, where applicable, the performance conditions are fulfilled). The cumulative expense recognized for share-based employee compensation at each reporting date reflects the already expired portion of the vesting period and TechnipFMC’s best estimate of the number of awards that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

v) Provisions

Provisions are recognized if and only if the following criteria are simultaneously met:

- TechnipFMC has an ongoing obligation (legal or constructive) as a result of a past event;
- the settlement of the obligation will likely require an outflow of resources embodying economic benefits without expected counterpart; and
- the amount of the obligation can be reliably estimated: provisions are measured according to the risk assessment or the exposed charge, based upon best-known elements.

Contingencies related to contracts

These provisions relate to claims and litigations on contracts.

Restructuring

Once a restructuring plan has been decided and the interested parties have been informed, the plan is scheduled and valued. Restructuring provisions are recognized in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“IAS 37”) and presented within Impairment, Restructuring and Other Expenses (Income) in the Statements of Income.

w) Pensions and other long-term benefits

TechnipFMC sponsors various end-of-service and retirement employee benefit plans. Payments under such employee benefit plans are made either at the date of the employee’s termination of service with TechnipFMC or at a subsequent date or dates in accordance with the laws and practices of each country in which a participant resides. Depending on the employing entity, the main defined benefit plans can be:

- end-of-career benefits, to be paid at the retirement date;
- deferred compensation, to be paid when an employee leaves TechnipFMC;
- retirement benefits to be paid in the form of a pension.

TechnipFMC assesses its obligations in respect of employee pension plans and other long-term benefits such as “jubilee benefits”, post-retirement medical benefits, special termination benefits and cash incentive plans. The plan assets are recorded at fair value.

The defined benefits obligations are estimated by independent actuaries using the projected unit credit actuarial valuation method as per IAS 19 “Employee Benefits” (“IAS 19”). The actuarial assumptions used to determine the obligations may vary depending on the country. The actuarial estimation is based on usual parameters such as future wage and salary increases, life expectancy, staff turnover rate and inflation rate.

The defined benefit liability equals the present value of the defined benefit obligation after deducting the plan assets. Present value of the defined benefit obligation is determined using present value of future cash disbursements based on interest rates of corporate bonds, in the currency used for benefit payment, and whose term is equal to the average expected life of the defined benefit plan.

The actuarial gains and losses resulting from adjustments related to experience and changes in actuarial assumptions are recorded in other comprehensive income (see Note 20 - Pensions and other long-term employee benefit plans).

x) Deferred income tax

Deferred income taxes are recognized in accordance with IAS 12 “Income Taxes” (“IAS 12”), measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period on all temporary differences at the closing date, between the tax bases of assets and liabilities and their carrying amounts for each TechnipFMC’s company.

Deferred income taxes are reviewed at each closing date to take into account the effect of any changes in tax law and in the prospects of recovery.

Deferred income tax assets are recognized for all deductible temporary differences, unused tax credits carry-forwards and unused tax losses carry-forwards, to the extent that it is probable that taxable profit will be available.

To properly estimate the existence of future taxable income on which deferred tax assets could be allocated, the following items are taken into account:

- existence of temporary differences which will cause taxation in the future;
- forecasts of taxable results;
- analysis of the past taxable results; and

- existence of significant and non-recurring income and expenses, included in the past tax results, which should not repeat in the future.

Deferred income tax liabilities are recognized for all taxable temporary differences, except restrictively enumerated circumstances, in accordance with the provisions of IAS 12.

Tax assets and liabilities are not discounted.

y) Financial liabilities

Financial liabilities are classified, at initial recognition, as:

- financial liabilities at fair value through profit or loss (i.e., instruments held for trading including derivatives not designated as hedging instruments and also instruments designated upon initial recognition as at fair value through profit or loss),
- financial debt,
- trade and other payables, or
- derivatives designated as hedging instruments in an effective hedge.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

TechnipFMC has not elected to designate any financial liability as at fair value through profit or loss.

Financial debts (current and non-current)

Current and non-current financial debts include bond loans, commercial paper programs and other borrowings. After initial recognition, debt is measured at amortized cost using the effective interest rate method. Transaction costs, such as issuance fees and redemption premium are included in the cost of debt on the liability side of the statement of financial position, as an adjustment to the nominal amount of the debt. The difference between the initial debt and redemption at maturity is amortized at the effective interest rate.

The convertible bonds with an option for conversion and/or exchangeable for new or existing shares (“OCEANE”) are recognized in two distinct components:

- a debt component is recognized at amortized cost, which was determined using the market interest rate for a non-convertible bond with similar features. The carrying amount is recognized net of its proportionate share of the debt issuance costs; and
- a conversion option component is recognized in equity for an amount equal to the difference between the issuing price of the OCEANE convertible bond and the value of the debt component. The carrying amount is recognized net

of its proportionate share of the debt issuance costs and corresponding deferred taxes. This value is not remeasured but will be adjusted for all conversion of bonds.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income.

z) Non-current assets held for sale or distribution to equity holders

TechnipFMC classifies non-current assets and disposal groups as held for sale/or distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale transaction or a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale/or distribution are measured at the lower of their carrying amount and fair value less costs to sell or distribute. Costs to sell/or distribute are the incremental costs directly attributable to the sale or distribution, excluding finance costs and income tax expense.

The criteria for held for sale/or distribution classification is regarded as met only when the sale/or distribution is highly probable and the asset or disposal group is available for immediate sale/ or distribution in its present condition. Actions required to complete the sale/or distribution should indicate that it is unlikely that significant changes to the sale/or distribution will be made or that the decision to sale/or distribute will be withdrawn. Management must be committed to the sale/or distribution expected within one year from the date of the classification.

aa) Cash dividend and non-cash distribution to equity holders

TechnipFMC recognizes a liability to make cash or non-cash distributions to its equity holders when the distribution is approved by its shareholders. A corresponding amount is recognized directly in the statement of equity.

bb) Current/ non-current distinction

The distinction between current assets and liabilities, and non-current assets and liabilities is based on the operating cycle of contracts. If related to contracts, assets and liabilities are classified as “current”; if not related to contracts, assets and liabilities are classified as “current” if their maturity is less than 12 months or “non-current” if their maturity exceeds 12 months.

1.4 Use of critical accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements requires the use of critical accounting estimates, judgments and assumptions and may affect the assessment and disclosure of assets and liabilities at the date of the financial statements, as well as the income and the reported expenses regarding this financial year. Estimates may be revised if the circumstances and the assumptions on which they were based change, if new information becomes available, or as a result of greater experience. Consequently, the actual result from these operations may differ from these estimates.

Other disclosures relating to TechnipFMC’s exposure to risks and uncertainties includes:

- Capital management (Note 17)
- Market related exposures (Note 29)

a) Judgments

Areas of judgment that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the planned Separation transaction and revenue recognition.

Planned Separation transaction

On August 26, 2019, we announced our intent to separate our Onshore/Offshore segment and loading systems business into Technip Energies. The related spin-off plan was unanimously approved by our Board of Directors. We anticipate completing the transaction in the second quarter of 2020, however, completion is subject to financing, general market conditions, regulatory approvals and final approval from our Board of Directors.

In anticipation of the disposal, a process to separate the Technip Energies business from the other TechnipFMC operations has commenced. This involved separation activities in relation to operational processes, information technologies and support functions, such as finance, human resources and the separation of certain legal entities, which host several business activities. Since the announcement of the planned transaction, management has also been evaluating the allocation of cash and debt items to develop and achieve the appropriate capital structure and credit metrics for both Technip Energies and TechnipFMC by the legal separation date. The transaction is anticipated to close in the second quarter of 2020.

Upon completion of the Separation, the historical results of Technip Energies will be presented as discontinued operations as the Separation will result in a strategic shift in operations with a major impact to our consolidated financial statements.

Revenue recognition

The majority of our revenue is derived from long-term contracts that can span several years. TechnipFMC accounts for revenue in accordance with IFRS 15. The unit of account in IFRS 15 is a performance obligation. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The performance obligations are satisfied over time as work progresses or at a point in time.

A significant portion of our total revenue recognized over time relates to our Onshore/Offshore and Subsea segments, primarily for the entire range of onshore facilities, fixed and floating offshore oil and gas facilities, and subsea exploration and production equipment projects that involve the design, engineering, manufacturing, construction, and assembly of complex, customer-specific systems. Because of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer that occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

Due to the nature of the work required to be performed on many of performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables, and requires significant judgment. It is common for the long-term contracts to contain award fees, incentive fees, or other provisions that can either increase or decrease the transaction price. We include estimated amounts in the transaction price when we believe we have an enforceable right to the modification, the amount can be estimated reliably, and its realization is probable. The estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

TechnipFMC executes contracts with its customers that clearly describe the equipment, systems, and/or services. After analyzing the drawings and specifications of the contract requirements, the project engineers estimate total contract costs based on their experience with similar projects and then adjust these estimates for specific risks associated with each project, such as technical risks associated with a new design. Costs associated with specific risks are estimated by assessing the probability that conditions arising from these specific risks will affect the total cost to complete the project. After work on a project begins, assumptions that form the basis for the calculation of total project cost are examined on a regular basis and the estimates are updated to reflect the most current information and management's best judgment.

Adjustments to estimates of contract revenue, total contract cost, or extent of progress toward completion are often required as work progresses under the contract and as experience is gained, even though the scope of work required under the contract may not change. The nature of accounting for long-term contracts is such that refinements of the estimating process for changing conditions and new developments are continuous and characteristic of the process. Consequently, the amount of revenue recognized over time is sensitive to changes in estimates of total contract costs. There are many factors, including, but not limited to, the ability to properly execute the engineering and design phases consistent with customers' expectations, the availability and costs of labor and material resources, productivity, and weather, all of which can affect the accuracy of cost estimates, and ultimately, the future profitability.

Our operating loss for the year ended December 31, 2019 was positively impacted by approximately $1,114.3 million, as a result of changes in contract estimates related to projects that were in progress at December 31, 2018. During the year ended December 31, 2019, we recognized changes in our estimates that had an impact on our margin in the amounts of $797.2 million, $324.7 million and $(7.6) million in our Onshore/Offshore, Subsea and Surface Technologies segments, respectively. The changes in contract estimates are attributed to better than expected performance throughout our execution of our projects.

Our operating loss for the year ended December 31, 2018 was positively impacted by approximately $553.4 million, as a result of changes in contract estimates related to projects that were in progress at December 31, 2017. During the year ended December 31, 2018, we recognized changes in our estimates that had an impact on our margin in the amounts of $379.2 million, $169.9 million and $4.3 million in our Onshore/Offshore, Subsea and Surface technologies segments, respectively. The changes in contract estimates are attributed to better than expected performance throughout our execution of our projects.

See Note 1 for a detailed description of revenue accounting policies thereon.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year relate to income taxes, pension accounting, determination of fair value in business combinations, impairment of non-financial assets and estimates related to fair value for purposes of assessing goodwill for impairment and are described below.

Income taxes

Our income tax expense, deferred tax assets and liabilities, and reserves for uncertain tax positions reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the United Kingdom and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

In determining the current income tax provision, we assess temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are recorded in our consolidated balance sheets. When we maintain deferred tax assets, we must assess the likelihood that these assets will be recovered through adjustments to future taxable income. To the extent we believe recovery is not probable, no deferred tax asset is recognized. We believe this assessment is a critical accounting estimate because it is highly susceptible to change from period to period, requires management to make assumptions about our future income, and can be potentially material to the results of operations.

Forecasting future income requires us to use a significant amount of judgment. In estimating future income, we use our internal operating budgets and long-range planning projections. We develop our budgets and long-range projections based on recent results, trends, economic and industry forecasts influencing the segments' performance, our backlog, planned timing of new product launches and customer sales commitments. Significant changes in our judgment related to the expected realizability of a deferred tax asset results in an adjustment to the recorded balance of that asset.

The calculation of income tax expense involves dealing with uncertainties in the application of complex tax laws and regulations in numerous jurisdictions in which we operate. We recognize tax benefits related to uncertain tax positions when, in our judgment, it is more likely than not that such positions will be sustained on examination, including resolutions of any related appeals or litigation, based on the technical merits. We adjust our liabilities for uncertain tax positions when our judgment changes as a result of new information previously unavailable. Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from our current estimates. Any such differences will be reflected as adjustments to income tax expense in the periods in which they are determined.

For further information, see Note 7 to the consolidated financial statements.

Accounting for pension and other post-retirement benefit plans

Pension and other post-retirement (health care and life insurance) obligations are described in Note 20 to the consolidated financial statements.

The determination of the projected benefit obligations of TechnipFMC's pension and other post-retirement benefit plans are important to the recorded amounts of such obligations on our consolidated statement of financial position and to the amount of pension expense in our consolidated statements of income. In order to measure the obligations and expense associated with our pension benefits, management must make a variety of estimates, including discount rates used to value certain liabilities, rate of compensation increase, employee turnover rates, retirement rates, mortality rates and other factors. Management updates these estimates on an annual basis or more frequently upon the occurrence of significant events. These accounting estimates bear the risk of change due to the uncertainty and difficulty in estimating these measures. Different estimates used by management could result in recognition of different amounts of expense over different periods of time.

The discount rate affects the interest cost component of net periodic pension cost and the calculation of the projected benefit obligation. The discount rate is based on rates at which the pension benefit obligation could be effectively settled on a present value basis. Discount rates are derived by identifying a theoretical settlement portfolio of long-term, high quality ("AA" rated) corporate bonds at the determination date that is sufficient to provide for the projected pension benefit payments. A single discount rate is determined that results in a discounted value of the pension benefit payments that equate to the market value of the selected bonds. The resulting discount rate is reflective of both the current interest rate environment and the pension's distinct liability characteristics. Significant changes in the discount rate, such as those caused by changes in the yield curve, the mix of bonds available in the market, the duration of selected bonds and the timing of expected benefit payments, may result in volatility in pension expense and pension liabilities.

Due to the specialized and statistical nature of these calculations which attempt to anticipate future events, management engages third-party specialists to assist management in evaluating the assumptions as well as appropriately measuring the costs and obligations associated with these pension benefits.

The actuarial assumptions and estimates made by management in determining TechnipFMC's pension benefit obligations may materially differ from actual results as a result of changing market and economic conditions and changes in plan participant assumptions. While management believes the assumptions and estimates used are appropriate, differences in actual experience or changes in plan participant assumptions may materially affect the financial position or results of operations.

Impairment of non-financial assets

Property, plant and equipment, including vessels, identifiable intangible assets being amortized and capitalized software costs are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the non-financial assets may not be recoverable. The carrying amount of a non-financial asset is not recoverable if it exceeds the recoverable amount determined as the higher of and asset's fair vale less costs of disposal and its value in use. If it is determined that an impairment loss has occurred, the loss is measured as the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The determination of future value in use as well as the estimated fair value of non-financial assets involves significant estimates on the part of management. Because there usually is a lack of quoted market prices for non-financial asset, fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, or based on a multiple of operating cash flow validated with historical market transactions of similar assets where possible. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of future productivity of the asset, operating costs and capital decisions and all available information at the date of review. If future market conditions deteriorate beyond the current expectations and assumptions, impairments of non-financial assets may be identified if management concludes that the carrying amounts are no longer recoverable.

Refer to Note 1 for estimates and accounting policies relevant to property, plant and equipment and intangible assets.

Impairment of goodwill

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. Goodwill is not subject to amortization but is tested for impairment at the level of Groups of Cash-Generating Units ("GCGUs") the goodwill has been allocated to, on an annual basis, or more frequently if impairment indicators arise. TechnipFMC established October 31 as the date of the annual test for impairment of goodwill. TechnipFMC identifies a potential impairment by comparing the recoverable amount of the applicable GCGU to its net book value, including goodwill. If the net book value exceeds the recoverable amount of the GCGU, management measures the impairment by comparing the carrying value of the GCGU to its recoverable amount. GCGU with goodwill are tested for impairment using a quantitative impairment test.

When using the quantitative impairment test, determining the fair value of a GCGU is judgmental in nature and involves the use of significant estimates and assumptions. TechnipFMC estimates the fair value of its GCGUs using a discounted future cash flow model. The majority of the estimates and assumptions used in a discounted future cash flow model involve unobservable inputs reflecting management's own assumptions about the assumptions market participants would use in estimating the fair value of a business. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, discount rates and future economic and market conditions. The estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and do not reflect unanticipated events and circumstances that may occur.

A lower recoverable amount estimate in the future for any of GCGUs could result in goodwill impairments. Factors that could trigger a lower recoverable amount estimate include sustained price declines of the GCGU's products and services, cost increases, regulatory or political environment changes, changes in customer demand, and other changes in market conditions, which may affect certain market participant assumptions used in the discounted future

cash flow model based on internal forecasts of revenues and expenses over a specified period plus a terminal value (the income approach). When assessing triggering factors, on a quarterly and also on an annual basis, TechnipFMC also analyzes the relationship between its market capitalization and its consolidated book value of equity.

The income approach estimates recoverable amount by discounting each GCGU's estimated future cash flows using a weighted-average cost of capital that reflects current market conditions and the risk profile of the GCGU. To arrive at the future cash flows, management uses estimates of economic and market assumptions, including growth rates in revenues, costs, estimates of future expected changes in operating margins, tax rates and cash expenditures. Future revenues are also adjusted to match changes in TechnipFMC's business strategy. Management believes this approach is an appropriate valuation method. Under the market multiple approach, management determines the estimated fair value of each of GCGUs by applying transaction multiples to each GCGU's projected EBITDA and then averaging that estimate with similar historical calculations using either a one, two or three year average. The GCGU valuations were determined primarily by utilizing the income approach, with a lesser weighting attributed the market multiple approach.

In our analysis, we have considered the potential longer term implications of the climate change on our business and industry, including its impact on the market value of TechnipFMC.

Refer to Note 11 of the consolidated financial statements for additional information related to goodwill impairment testing during 2019.

1.5 Revision of prior period financial statements

In connection with the adoption of the new lease standard we reviewed our existing lease contracts, and we adjusted our Consolidated Statements of Financial Position and Consolidated Statements of Changes in Stockholders' Equity as of January 1, 2016, 2017, 2018 and 2019 to include an additional $42.0 million of liabilities of which $5.0 million and $37.0 million was Other Current Liabilities and Other Liabilities, respectively, with a corresponding $42.0 million decrease in Retained Earnings, Net Income and Other Reserves to reflect additional rent expense which was not historically recorded prior to fiscal 2016. These historical adjustments are not material to any prior interim or annual consolidated financial statements. Refer to Note 4 for detailed description.

In connection with the preparation of the Consolidated Statement of Income for the year ended on December 31, 2019, we identified adjustments in our previously issued financial statements related to the classification between service revenue, product revenue and the related cost of sales. The reclassification adjustments had no effect on the reported Total Revenues, Consolidated Net Profit or Total Equity for any periods previously presented.

The effects of reclassification adjustments on Consolidated Statement of Income for the year ended on December 31, 2018 are as follows:

		Year Ended December 31, 2018		
(In millions, except per share data)	**Note**	**As Previously Reported**	**Adjustments**	**As Revised**
Revenue:				
Service revenue from customer contracts	5	$ 9,793.5	$ (707.4)	$ 9,086.1
Product revenue from customer contracts	5	2,576.0	707.4	3,283.4
Total revenue		12,599.9	—	12,599.9
Costs and expenses:				
Cost of service revenue		7,910.5	(442.4)	7,468.1
Cost of product revenue		2,239.9	442.4	2,682.3
Total costs and expenses		13,341.9	—	13,341.9
Net profit (loss) attributable to TechnipFMC plc		$ (1,756.4)	$ —	$ (1,756.4)
Earnings per share attributable to TechnipFMC plc				
Basic	8	$ (3.83)	$ —	$ (3.83)
Diluted	8	$ (3.83)	$ —	$ (3.83)
Weighted average shares outstanding				
Basic	8	458.0	—	458.0
Diluted	8	458.0	—	458.0

NOTE 2. SCOPE OF CONSOLIDATION

2.1 Business combinations

Year ended December 31, 2019 - Significant business combinations and other changes

On December 30, 2019, we completed the acquisition of the remaining 50% interest in Technip Odebrecht PLSV CV ("TOP CV"). TOP CV was formed as a joint venture between Technip SA and Ocyan SA to provide pipeline installation ships to Petroleo Brasileiro SA ("Petrobras") for their work in oil and gas fields offshore Brazil with results reported in our Subsea segment using the equity method of accounting. Subsequent to this transaction the investment became a fully consolidated entity. In connection with the acquisition, we acquired $391.0 million in assets, including two vessels valued at $335.2 million. In addition, we assumed $239.9 million of liabilities, including a $203.1 million term loan. The valuation of these assets and liabilities are preliminary and remain ongoing. As a result of the acquisition, we recorded a gain of $59.5 million, the net results of the impairment charge of $23.8 million included within Income from Equity Affiliates and a bargain purchase gain of $83.3 million included within Impairment, Restructuring and Other Expenses.

The impact on consolidated revenues and net profit by the business combination does not differ significantly, had the acquisition been completed as of January 1, 2019, therefore no pro forma financials are disclosed.

Year ended December 31, 2018 - Significant business combinations and other changes

In February 2018, we signed an agreement with the Island Offshore Group to acquire a 51% stake in Island Offshore's wholly-owned subsidiary, Island Offshore Subsea AS. Island Offshore Subsea AS provides RLWI project management and engineering services for plug and abandonment ("P&A"), riserless coiled tubing, and well completion operations. In connection with the acquisition of the controlling interest, TechnipFMC and Island Offshore entered into a strategic cooperation agreement to deliver RLWI services on a worldwide basis, which also include TechnipFMC's RLWI capabilities. Island Offshore Subsea AS has been rebranded to TIOS and is now the operating unit for TechnipFMC's

RLWI activities worldwide. The acquisition was completed on April 18, 2018 for total cash consideration of $42.4 million. As a result of the acquisition, we recorded redeemable financial liability equal to the fair value of a written put option. Finally, we preliminarily increased goodwill by $85.0 million.

The impact on consolidated revenues and net profit by the business combination does not differ significantly, had the acquisition been completed as of January 1, 2018, therefore no pro forma financials are disclosed.

On July 18, 2018, we entered into a share sale and purchase agreement with POC Holding Oy to sell 100% of the outstanding shares of Technip Offshore Finland Oy. The total gain before tax recognized in the third quarter of 2018 was $27.8 million.

Additional acquisitions, including purchased interests in equity method investments, during the year ended December 31, 2018 totaled $62.5 million in consideration paid.

2.2 Subsidiaries, joint venture undertakings and equity affiliates

TechnipFMC's subsidiaries, joint venture undertakings and equity affiliates at December 31, 2019 are listed in Note 31. All subsidiaries are fully consolidated in the financial statements. Ownership interests noted in the table reflect holdings of ordinary shares.

All consolidated companies close their accounts as of December 31st except (i) Technip India which closes their statutory accounts as of March 31st, (ii) Technipetrol AG which closes their statutory accounts as of November 30th and (iii) Technip South Africa (Pty.) Ltd which closes their statutory accounts as of June 30th. However, these entities perform an interim account closing as of December 31 for the purpose of TechnipFMC consolidation.

NOTE 3. SEGMENT INFORMATION

The table below shows information on TechnipFMC's reportable business and geographical segments:

3.1 Information by business segment

Segment revenue and segment operating profit

	Year Ended December 31,	
(In millions)	**2019**	**2018**
Segment revenue		
Subsea	$ 5,523.4	$ 4,865.6
Onshore/Offshore	6,268.8	6,120.7
Surface Technologies	1,634.0	1,613.6
Total revenue	$ 13,426.2	$ 12,599.9
Segment operating profit (loss)		
Subsea	$ (1,417.1)	$ (1,366.3)
Onshore/Offshore	964.4	823.1
Surface Technologies	(654.8)	172.7
Total segment operating loss	(1,107.5)	(370.5)
Corporate items		
Corporate expense [(1)]	(569.8)	(581.7)
Interest income	115.8	121.1
Interest expense	(614.3)	(517.5)
Total corporate items	(1,068.3)	(978.1)
Loss before income taxes [(2)]	$ (2,175.8)	$ (1,348.6)

(1) Corporate expense primarily includes corporate staff expenses, legal reserve, stock-based compensation expenses, other employee benefits, certain foreign exchange gains and losses, merger transaction, integration expenses and Separation expenses.

(2) Includes amounts attributable to non-controlling interests.

During the years ended December 31, 2019 and 2018, revenue from JSC Yamal LNG exceeded 10% of TechnipFMC's consolidated revenue.

Segment assets

(In millions)	December 31, 2019	December 31, 2018
Segment assets		
Subsea	$ 10,837.3	$ 11,322.8
Onshore/Offshore	4,446.7	4,356.6
Surface Technologies	2,249.8	2,900.7
Total segment assets	17,533.8	18,580.1
Corporate [(1)]	6,041.4	6,593.5
Total assets	$ 23,575.2	$ 25,173.6

(1) Corporate includes cash, deferred income tax balances, property, plant and equipment not associated with a specific segment, pension assets and the fair value of derivative financial instruments.

Other business segment information:

	Capital Expenditures		Depreciation and Amortization		Research and Development Expense	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
(In millions)	2019	2018	2019	2018	2019	2018
Subsea	$ 287.7	$ 223.2	$ 574.5	$ 444.7	$ 134.4	$ 145.2
Onshore/Offshore	22.6	7.6	82.4	38.2	13.2	29.7
Surface Technologies	96.6	111.9	145.7	66.6	15.3	14.3
Corporate	47.5	25.4	35.9	5.2	—	—
Total	$ 454.4	$ 368.1	$ 838.5	$ 554.7	$ 162.9	$ 189.2

3.2 Information by geography

Geographic segment sales were identified based on the location where TechnipFMC's products and services were delivered.

	Year Ended December 31,	
(In millions)	2019	2018
Revenue		
Russia	$ 2,378.0	$ 2,773.3
USA	1,931.2	1,275.8
Norway	1,371.1	1,202.6
Brazil	1,100.1	1,504.3
Israel	757.0	243.8
United Kingdom	540.8	442.1
India	518.0	214.0
Angola	447.8	385.7
Australia	372.8	926.6
United Arab Emirates	327.2	460.3
Malaysia	283.8	362.3
China	272.9	112.3
Indonesia	237.6	130.7
All other countries	2,887.9	2,566.1
Total revenue	$ 13,426.2	$ 12,599.9

Location of property, plant and equipment, net by geographic region is the following:

(In millions)	December 31, 2019	December 31, 2018
United Kingdom	$ 957.1	$ 925.6
United States	558.1	911.2
Netherlands	474.9	341.6
Brazil	313.2	325.8
Norway	333.0	311.4
All other countries	519.1	754.5
Total property, plant and equipment, net	$ 3,155.4	$ 3,570.1

NOTE 4. LEASES

In January 2016, the IASB issued IFRS 16 “Leases” (“IFRS 16”). IFRS 16 requires that a lessee recognize a liability to make lease payments and a right-of-use (“ROU”) asset representing its right to use the underlying asset for the lease term. IFRS 16 eliminates the current dual accounting model for lessees and introduces a single, on-balance sheet accounting model, such that a lease classification test is not required. The updated guidance leaves the accounting for leases by lessors largely unchanged from existing guidance. Early application is permitted. Entities may choose to apply IFRS 16 using either a full retrospective or a modified retrospective approach during transition. The standard became effective for us on January 1, 2019.

TechnipFMC adopted IFRS 16 on January 1, 2019, electing the modified retrospective approach and did not restate comparative amounts for the prior periods presented. For leases previously classified as finance leases the entity recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognized as adjustments to the related ROU assets immediately after the date of initial application. We elected certain practical expedients permitted under IFRS 16, including the practical expedient for short-term leases in which a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less and do not include an option to purchase the underlying asset, as well as a similar practical expedient for low-value assets. Lease cost of short-term leases are recognized on a straight-line basis over the lease term and disclosed within the consolidated financial statements. TechnipFMC believes short-term lease commitments are not materially different than the short-term lease cost for the period.

In addition, TechnipFMC elected the transition practical expedient available to lessees and lessors for grandfathering the lease definition previously identified under existing guidance. TechnipFMC also elected the practical expedient of portfolio approach to make judgments and estimates about discount rate or lease term to leases with similar characteristics.

IFRS 16 did not have a material effect on TechnipFMC’s consolidated financial statements from a lessor perspective, and TechnipFMC did not experience a significant change in its lessor leasing activities at adoption.

Adoption of the new lease accounting guidance had a material impact on the consolidated statement of financial position. On January 1, 2019, TechnipFMC (1) carried forward existing finance lease liability of $337.8 million and recognized an additional lease liability of approximately $1,146.0 million which represents the present value of the remaining lease payments, discounted using the Company’s applicable weighted average incremental borrowing rates, and (2) reclassified $321.3 million of leased assets to ROU asset and recognized an additional ROU asset of approximately $1,066.8 million. As of January 1, 2019, $1,388.1 million of ROU asset represents the total lease liability of $1,483.8 million adjusted for accrued and prepaid rent, lease incentives, and other balances. The impact of adopting the new lease accounting guidance was recorded as an adjustment to increase retained earnings by approximately $1.8 million.

Lessee Arrangements

TechnipFMC leases real estate, including land, buildings and warehouses, machinery/equipment, vessels, vehicles, and various types of manufacturing and data processing equipment, from a lessee perspective. Leases of real estate generally provide for payment of property taxes, insurance, and repairs by TechnipFMC.

TechnipFMC determines if an arrangement is a lease at inception by assessing whether an identified asset exists and if we have the right to control the use of the identified asset. Leases are included in right-of-use assets, lease liabilities (current), and lease liabilities (non-current) on the consolidated statements of financial position. Right-of-use assets represent the right to use an underlying asset for the lease term and lease liabilities represent TechnipFMC's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date based on the present value of the remaining lease payments over the lease term. With the exception of rare cases in which the implicit rate is readily determinable, TechnipFMC uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The right-of-use assets also includes any lease prepayments made and excludes lease incentives we received from the lessor. Lease cost for lease payments is recognized on a front-loaded expense pattern over the lease term. Several of TechnipFMC's leases provide for certain guarantees of residual value. TechnipFMC estimates and includes in the determination of lease payments any amount probable of being owed under these residual value guarantees. At the date of adoption and December 31, 2019, TechnipFMC determined that there were no residual value guarantees which were probable of being owed. The leases do not contain any material restrictive covenants.

Lease terms within the lessee arrangements may include options to extend/renew or terminate the lease and/or purchase the underlying asset when it is reasonably certain that we will exercise that option. TechnipFMC applies a portfolio approach by asset class to determine lease term renewals. The leases within these portfolios are categorized by asset class and have initial lease terms that vary depending on the asset class. The renewal terms range from 60 days to 5 years for asset classes such as temporary residential housing, forklifts, vehicles, vessels, office and IT equipment, and tool rentals, and up to 15 years or more for commercial real estate. Short-term leases with an initial term of 12 months or less that do not include a purchase option are not recorded on the statement of financial position. Lease costs for short-term leases are recognized on a straight-line basis over the lease term and amounts related to short-term leases are disclosed within the consolidated financial statements.

TechnipFMC has variable lease payments, including adjustments to lease payments based on an index or rate (such as the Consumer Price Index), fair value adjustments to lease payments, and common area maintenance, real estate taxes, and insurance payments in triple-net real estate leases. Variable lease payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are included when measuring initial lease liability of the lease arrangements using the payments' base rate or index. We remeasure the lease liability when there is a change in future lease payments resulting from a change in such index or rate. Variable payments that do not depend on an index or rate are recognized in profit or loss and are disclosed as 'variable lease cost' in the period they are incurred.

TechnipFMC adopted the practical expedient to not separate lease and non-lease components for all asset classes except for vessels, which have significant non-lease components.

The following table is a summary of amounts recognized in consolidated statement of income as of December 31, 2019:

(In millions)	**Year Ended December 31, 2019**
Depreciation of right-of-use assets	$ 329.2
Interest expense on lease liabilities	44.4
Short-term lease costs	20.8
Sublease income	$ 8.9

The table below shows the ending balance and depreciation of right-of-use assets by types of assets:

	As of December 31, 2019	
(In millions)	**Depreciation**	**Net Book Value**
Real estate	$ 189.3	$ 743.5
Vessels	129.9	101.2
Machinery and equipment	5.6	13.2
IT equipment	2.7	5.5
Office furniture and equipment	1.7	1.5
Total	$ 329.2	$ 864.9

The following table is the lease liability recognized as of December 31, 2019:

(In millions except for discount rate)	**As of December 31, 2019**
Lease liability recognised as of December 31, 2019	$ 956.8
Current lease liabilities	275.1
Non-current lease liabilities	$ 681.7
Weighted average discount rate	4.4%

Supplemental cash flow information related to leases for the year ended December 31, 2019 is as follows:

(In millions)	**Year Ended December 31, 2019**
Payments for the principal portion of lease liabilities	$ 335.8
Cash paid for interest on lease liabilities	48.9
Right-of-use assets obtained in exchange for lease obligations	$ 125.4

The following table is a summary of the maturity of lease liabilities for leases as of December 31, 2019:

(In millions)	**Lease liabilities**
2020	$ 305.3
2021	184.6
2022	128.0
2023	101.9
2024	89.7
Thereafter	330.4
Total lease payments	1,139.9
Less: Imputed interest [(1)]	183.1
Total lease liabilities [(2)]	$ 956.8

Note: For leases commencing prior to 2019, minimum lease payments exclude payments to landlords for real estate taxes and common area maintenance.

(1) Calculated using the interest rate for each lease.

(2) Includes the current portion of $275.1 million for lease liabilities.

At December 31, 2018, future minimum rental payments under noncancelable operating leases before the adoption of IFRS 16 were:

(In millions)		**Lease liabilities**
2019	$	313.4
2020		269.7
2021		180.1
2022		123.6
2023		102.1
Thereafter		485.6
Total lease payments		1,474.5
Less: income from sub-leases		25.6
Net minimum operating lease payments	$	1,448.9

As of December 31, 2019, TechnipFMC has an additional lease, for a new office building in Paris, France, that has not yet commenced for $236.2 million. This lease will commence in fiscal year 2021 with a lease term of 10 years.

Lessor Arrangements

TechnipFMC leases real estate including land, buildings and warehouses, machinery/equipment, and vessels from a lessor perspective. TechnipFMC determines if an arrangement is a lease at inception by assessing whether an identified asset exists and if the customer has the right to control the use of the identified asset. TechnipFMC uses the implicit rate for its lessor arrangements. TechnipFMC estimates the amount it expects to derive from the underlying asset following the end of the lease term based on remaining economic life. The lessor arrangements generally do not include any residual value guarantees. TechnipFMC recognizes lessee payments of lessor costs such as taxes and insurance on a net basis when the lessee pays those costs directly to a third party or when the amount paid by the lessee is not readily determinable.

The following table is a summary of the Company's components of lease revenue for the year ended December 31, 2019:

(In millions)		**Year Ended December 31, 2019**
Operating lease revenue	$	273.9

The following table is a summary of the maturity analysis of the undiscounted cash flows to be received on an annual basis for each of the first five years, and a total of the amounts for the remaining years.

(In millions)		Operating Leases
2020	$	29.4
2021		17.5
2022		14.3
2023		1.0
2024		—
Thereafter		—
Total undiscounted cash flows	$	62.2

NOTE 5. REVENUE

5.1 Revenue recognition by segment

The majority of our revenue is from long-term contracts associated with designing and manufacturing products and systems and providing services to customers involved in exploration and production of crude oil and natural gas. The following is a description of principal activities separated by reportable segments from which TechnipFMC generates its revenue.

Subsea - Our Subsea segment manufactures and designs products and systems, performs engineering, procurement and project management and provides services used by oil and gas companies involved in offshore exploration and production of crude oil and natural gas.

Systems and services may be sold separately or as combined integrated systems and services offered within one contract. Many of the systems and products TechnipFMC supplies for subsea applications are highly engineered to meet the unique demands of our customers' field properties and are typically ordered one to two years prior to installation. We often receive advance payments and progress billings from our customers in order to fund initial development and working capital requirements.

Under Subsea engineering, procurement, construction and installation contracts, revenue is principally generated from long term contracts with customers. We have determined these contracts generally have one performance obligation as the delivered product is highly customized to customer and field specifications. We generally recognize revenue over time for such contracts as the customized products do not have an alternative use for TechnipFMC and we have an enforceable right to payment plus a reasonable profit for performance completed to date.

Our Subsea segment also performs an array of subsea services including (i) installation services, (ii) asset management services (iii) product optimization, (iv) inspection, maintenance and repair services, and (v) well access and intervention services, where revenue is generally earned through the execution of either installation-type or maintenance-type contracts. For either contract-type, management has determined that the performance of the service generally represents one single performance obligation. We have determined that revenue from these contracts is recognized over time as the customer simultaneously receives and consumes the benefit of the services.

Onshore/Offshore - Onshore/Offshore Business designs and builds onshore facilities related to the production, treatment, transformation and transportation of hydrocarbons and renewable feedstock; and designs, manufactures and installs fixed and floating platforms for the offshore production and processing of oil and gas reserves.

The onshore business combines the design, engineering, procurement, construction and project management of the entire range of onshore facilities. The onshore activity covers all types of onshore facilities related to the production, treatment and transportation of oil and gas, as well as transformation with petrochemicals such as ethylene, polymers and fertilizers. Some of the onshore activities include the development of onshore fields, refining, natural gas treatment and liquefaction, and design and construction of hydrogen and synthesis gas production units.

Many of these contracts provide a combination of engineering, procurement, construction, project management and installation services, which may last several years. Management has determined that contracts of this nature have generally one performance obligation. In these contracts, the final product is highly customized to the specifications of the field and the customer's requirements. Therefore, the customer obtains control of the asset over time, and thus revenue is recognized over time.

The offshore business combines the design, engineering, procurement, construction and project management within the entire range of fixed and floating offshore oil and gas facilities, many of which were the first of their kind, including the development of floating liquefied natural gas ("FLNG") facilities. Similar to onshore contracts, contracts grouped under this segment provide a combination of services, which may last several years.

Management has determined that contracts of this nature have one performance obligation. In these contracts, the final product is highly customized to the specifications of the field and the customer's requirements. Management has determined that the customer obtains control of the asset over time, and thus revenue is recognized over time as the customized products do not have an alternative use for us and we have an enforceable right to payment plus reasonable profit for performance completed to date.

Surface Technologies - Our Surface Technologies segment designs, manufactures and supplies technologically advanced wellhead systems and high pressure valves and pumps used in stimulation activities for oilfield service companies and provides installation, flowback and other services for exploration and production companies.

We provide a full range of drilling, completion and production wellhead systems for both standard and custom-engineered applications. Under pressure control product contracts, we design and manufacture flowline products, under the Weco®/Chiksan® trademarks, articulating frac arm manifold trailers, well service pumps, compact valves and reciprocating pumps used in well completion and stimulation activities by major oilfield service companies. Performance obligations within these systems are satisfied either through delivery of a standardized product or equipment or the delivery of a customized product or equipment.

For contracts with a standardized product or equipment performance obligation, management has determined that because there is limited customization to products sold within such contracts and the asset delivered can be resold to another customer, revenue should be recognized as of a point in time, upon transfer of control to the customer and after the customer acceptance provisions have been met.

For contracts with a customized product or equipment performance obligation, the revenue is recognized over time, as the manufacturing of our product does not create an asset with an alternative use for us.

This segment also designs, manufactures and services measurement products globally. Contract-types include standard product or equipment and maintenance-type services where we have determined that each contract under this product line represents one performance obligation.

Revenue from standard measurement equipment contracts is recognized at a point in time, while maintenance-type contracts are typically priced at a daily or hourly rate. We have determined that revenue for these contracts is recognized over time because the customer simultaneously receives and consumes the benefit of the services.

5.2 Disaggregation of revenue

TechnipFMC disaggregates revenue by geographic location and contract types. The tables also include a reconciliation of the disaggregated revenue with the reportable segments for the year ended December 31, 2019 and 2018:

	Reportable Segments			Reportable Segments		
	Year Ended December 31, 2019			Year Ended December 31, 2018		
(In millions)	**Subsea**	**Onshore/Offshore**	**Surface Technologies**	**Subsea**	**Onshore/Offshore**	**Surface Technologies**
Europe, Russia, Central Asia	$ 1,745.2	$ 2,813.1	$ 236.7	$ 1,528.1	$ 3,506.1	$ 227.7
America	1,770.4	766.2	741.4	1,747.1	365.1	879.2
Asia Pacific	659.9	1,152.5	189.3	532.9	1,236.1	123.2
Africa	824.8	526.0	61.1	758.1	252.7	57.9
Middle East	407.1	1,011.0	247.6	181.2	760.7	213.4
Total products and services revenue	$ 5,407.4	$ 6,268.8	$ 1,476.1	$ 4,747.4	$ 6,120.7	$ 1,501.4

The following table represents revenue by contract type for each reportable segment for the year ended December 31, 2019 and 2018:

(In millions)	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Subsea	Onshore/Offshore	Surface Technologies	Subsea[2]	Onshore/Offshore	Surface Technologies
Services	$ 3,244.9	$ 6,268.8	$ 279.4	$ 2,712.7	$ 6,120.7	$ 252.7
Products	2,162.5	—	1,196.7	2,034.7	—	1,248.7
Total products and services revenue	5,407.4	6,268.8	1,476.1	4,747.4	6,120.7	1,501.4
Lease and other[1]	116.0	—	157.9	118.2	—	112.2
Total revenue	$ 5,523.4	$ 6,268.8	$ 1,634.0	$ 4,865.6	$ 6,120.7	$ 1,613.6

(1) Represents revenue not subject to IFRS15.

(2) We revised the consolidated statement of income to correct the classification of service revenue and product revenue in the amount of $707.4 million for the year ended December 31, 2019. See Note 1.

5.3 Contract balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts (contract assets), and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the consolidated statement of financial position.

Contract Assets - Include unbilled amounts typically resulting from sales under long-term contracts when revenue is recognized over time and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Costs and estimated earnings in excess of billings on uncompleted contracts are generally classified as current.

Contract Liabilities - We sometimes receive advances or deposits from our customers, before revenue is recognized, resulting in contract liabilities.

The following table provides information about net contract assets (liabilities) as of December 31, 2019 and 2018, respectively:

(In millions)	December 31, 2019	December 31, 2018	$ change	% change
Contract assets	$ 1,519.1	$ 1,295.0	$ 224.1	17.3
Contract (liabilities)	(4,571.4)	(4,069.0)	(502.4)	(12.3)
Net contract (liabilities)	$ (3,052.3)	$ (2,774.0)	$ (278.3)	(10.0)

The increase in our contract assets from December 31, 2018 to December 31, 2019 was primarily due to the timing of milestones. The increase in our contract liabilities was primarily due to additional cash received, excluding amounts recognized as revenue during the period.

In order to determine revenue recognized in the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. Revenue recognized for the year ended December 31, 2019 that were included in the contract liabilities balance at December 31, 2018 was $2,414.0 million. Revenue recognized for the year ended December 31, 2018 that were included in the contract liabilities balance at December 31, 2017 was $2,814.6 million.

In addition, net revenue recognized for the year ended December 31, 2019 and 2018 from our performance obligations satisfied in previous periods has favorable impact of $1,176.5 million and $596.9 million, respectively. This primarily relates to the changes in the estimate of the stage of completion that impacted revenue.

5.4 Transaction price allocated to the remaining unsatisfied performance obligations

Remaining unsatisfied performance obligations ("RUPO" or "order backlog") represent the transaction price for products and services for which we have a material right but work has not been performed. Transaction price of the order backlog includes the base transaction price, variable consideration and changes in transaction price. The order backlog table does not include contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed. The transaction price of order backlog related to unfilled, confirmed customer orders is estimated at each reporting date. As of December 31, 2019, the aggregate amount of the transaction price allocated to order backlog was $24,251.1 million. TechnipFMC expects to recognize revenue on approximately 47.4% of the order backlog through 2020 and 52.6% thereafter.

The following table details the consolidated order backlog for each business segment as of December 31, 2019:

(In millions)	2020	2021	Thereafter
Subsea	$ 4,506.8	$ 2,472.4	$ 1,500.6
Onshore/Offshore	6,581.3	5,127.8	3,589.0
Surface Technologies	411.7	61.5	—
Total remaining unsatisfied performance obligations	$ 11,499.8	$ 7,661.7	$ 5,089.6

The following table details the consolidated order backlog for each business segment as of December 31, 2018:

(In millions)	2019	2020	Thereafter
Subsea	$ 3,379.2	$ 1,382.1	$ 1,238.3
Onshore/Offshore	5,335.1	1,732.9	1,022.5
Surface Technologies	469.9	—	—
Total remaining unsatisfied performance obligations	$ 9,184.2	$ 3,115.0	$ 2,260.8

NOTE 6. OTHER INCOME AND EXPENSE ITEMS, FINANCIAL INCOME AND EXPENSES

6.1 Other income (expense), net

Other income (expense) is as following:

(In millions)	2019	2018
Reinsurance income	$ 4.8	$ 11.8
Net loss from disposal of intangible assets	(0.3)	(1.8)
Net loss from disposal of property, plant and equipment	(25.5)	(20.1)
Foreign currency translation losses	(167.3)	(65.6)
Legal provision (Note 21)	(91.3)	(280.0)
Other	12.4	22.8
Total other income (expense), net	$ (267.2)	$ (332.9)

6.2 Expenses by nature

An analysis of operating expenses by nature is as following:

(In millions)	2019	2018
Wages and salaries	$ 2,552.7	$ 2,640.4
Depreciation and amortization	509.3	554.9
Social security costs	552.1	509.2
Operating leases	—	360.3
Right-of-use lease amortization	329.2	—
Impairment [(1)]	2,430.0	1,636.1
Other pension costs	54.5	54.0
Separation costs [(2)]	72.1	—
Merger, transaction and integration costs	31.2	36.4
Purchases, external charges and other expenses	8,317.5	7,550.6
Total costs and other expenses	$ 14,848.6	$ 13,341.9

(1) In 2019 we have recorded a bargain purchase gain of $83.3 million in connection with the acquisition of the remaining 50% interest in TOP CV. Refer to Note 2 for further details.

(2) We have incurred $72.1 million of Separation costs associated with the planned Separation transaction related to Onshore/Offshore operating segment for the year ended December 31, 2019.

6.3 Financial income

Financial income consist of the following:

(In millions)	2019	2018
Interest income from treasury management [(1)]	$ 101.4	$ 117.0
Dividends from non-consolidated investments	0.3	3.1
Financial income related to long-term employee benefit plans	1.0	1.0
Net proceeds from disposal of financial assets	13.1	—
Total financial income	$ 115.8	$ 121.1

(1) Mainly results from interest income from short-term security deposits.

6.4 Financial expenses

Financial expenses consist of the following:

(In millions)	2019	2018
Interest expenses on bonds and private placements	$ (75.1)	$ (80.7)
Interest expenses on finance lease	(44.4)	(11.9)
Financial expenses related to long-term employee benefit plans	(4.6)	(4.5)
Interest expenses on commercial papers, bank borrowings and overdrafts	(49.9)	(42.5)
Redeemable financial liability fair value remeasurement	(423.5)	(322.3)
Other	(16.8)	(55.6)
Total financial expenses	$ (614.3)	$ (517.5)
Net financial income (expenses)	$ (498.5)	$ (396.4)

Net financial expenses for the year ended December 31, 2019 amounted to a loss of $498.5 million compared to $396.4 million for the same period in 2018.

NOTE 7. INCOME TAX

7.1 Income tax expense

The income tax expense recognized in the statements of income is $275.1 million and $397.0 million in 2019 and 2018 respectively, explained as follows:

(In millions)	2019	2018
Current income tax expense	$ (341.1)	$ (358.8)
Deferred income tax credit (expense)	66.0	(38.2)
Income tax credit (expense) as recognized in the consolidated statements of income	$ (275.1)	$ (397.0)

	2019	2018
Deferred income tax related to items booked directly to opening equity	$ (12.9)	$ (25.4)
Deferred income tax related to items booked to equity during the year	(1.2)	12.5
Income tax expense as recognized in the consolidated statements of other comprehensive income	$ (14.1)	$ (12.9)

7.2 Income tax reconciliation

The reconciliation between the tax calculated using the standard tax rate applicable to TechnipFMC and the amount of tax effectively recognized in the accounts is detailed as follows:

(In millions)	2019	2018
Net loss	$ (2,450.9)	$ (1,745.6)
Income tax expense	(275.1)	(397)
Loss before income taxes	(2,175.8)	(1,348.6)
At TechnipFMC plc statutory income tax rate of 19.0%	413.4	256.2
Differences between TechnipFMC plc and foreign income tax rates	(0.8)	(109.7)
U.S. Transition tax	—	(11.8)
Net change in tax contingencies	28.3	(10.2)
Deferred tax assets not recognized	(187.0)	(213.8)
Other non-deductible expenses	—	—
Adjustments on prior year taxes	(9.7)	(10.6)
Deferred tax relating to changes in tax rates	(12.2)	(25.6)
Impairments	(467.3)	(228.7)
Non-deductible legal provision	(17.3)	(56.0)
Other	(22.5)	13.2
Effective income tax expense	(275.1)	(397.0)
Tax rate	(12.6)%	(29.4)%
Income tax expense as recognized in the consolidated statements of income	$ (275.1)	$ (397.0)

U.S. Tax Cuts and Jobs Act ("TCJA") and Other Jurisdictional Tax Reform. Included in the 2018 provision for income taxes are taxes related to the deemed repatriation to the United States of foreign earnings. The Tax Cuts and Jobs Act, signed into U.S. law on December 22, 2017, made significant changes to the U.S. federal income taxation of non-U.S. corporate subsidiaries that are controlled by one or more U.S. shareholders. As part of these changes, the TCJA required a deemed repatriation of all accumulated non-U.S. earnings.

The TCJA generally requires that, for the last taxable year of a non-U.S. corporation beginning before January 1, 2018, all U.S. shareholders of such a corporation that is at least 10-percent U.S.-owned must include in income their pro rata share of the corporation's accumulated post-1986 deferred foreign income that was not previously subject to U.S. tax. Accordingly, the Company recorded income tax expense of $11.8 million in 2018 associated with the deemed repatriation of approximately $307 million of non-U.S. earnings that were not previously subject to U.S. tax.

7.3 Deferred income tax

Significant components of deferred tax assets and liabilities are as follows:

(In millions)	As of December 31, 2018	Recognized in Statement of Income	Recognized in Statement of OCI	As of December 31, 2019
Accrued expenses	$ 116.2	$ (178.0)	$ —	$ (61.8)
Net operating loss carryforwards	33.6	68.0	—	101.6
Inventories	3.2	2.3	—	5.5
Non-deductible interest	—	22.8	—	22.8
Other tax credits	—	113.2	—	113.2
Foreign exchange	25.7	(21.7)	(6.6)	(2.6)
Provisions for pensions and other long-term employee benefits	39.0	(39.4)	5.4	5.0
Contingencies related to contracts	71.1	(46.0)	—	25.1
Other contingencies	28.7	(26.6)	—	2.1
Capital loss	21.1	(21.1)	—	—
Leasing	—	219.8	—	219.8
Other	15.0	(19.1)	—	(4.1)
Total deferred income tax assets	353.6	74.2	(1.2)	426.6
Revenue in excess of billings on contracts accounted for under the percentage of completion method	20.8	(0.2)	—	20.6
U.S. tax on foreign subsidiaries' undistributed earnings not indefinitely reinvested	9.4	1.0	—	10.4
Property, plant and equipment, goodwill and other assets	350.1	(159.7)	—	190.4
Margin recognition on construction contracts	(34.4)	(58.7)	—	(93.1)
Leasing	—	215.3	—	215.3
Total deferred income tax liabilities	345.9	(2.3)	—	343.6
Deferred income tax assets (liabilities), net	$ 7.7	$ 76.5	$ (1.2)	$ 83.0

(In millions)	As of December 31, 2017	Recognized in Statement of Income	Recognized in Statement of OCI	As of December 31, 2018
Accrued expenses	$ 146.5	$ (30.3)	$ —	$ 116.2
Net operating loss carryforwards	90.2	(56.6)	—	33.6
Inventories	13.4	(10.2)	—	3.2
Research and development credit	7.5	(7.5)	—	—
Foreign exchange	(21.5)	33.1	14.1	25.7
Provisions for pensions and other long-term employee benefits	86.4	(45.8)	(1.6)	39.0
Contingencies related to contracts	111.3	(40.2)	—	71.1
Other contingencies	33.5	(4.8)	—	28.7
Fair value losses/gains	12.4	(12.4)	—	—
Capital loss	—	21.1	—	21.1
Other	(3.4)	18.4	—	15.0
Total deferred income tax assets	476.3	(135.2)	12.5	353.6
Revenue in excess of billings on contracts accounted for under the percentage of completion method	41.2	(20.4)	—	20.8
U.S. tax on foreign subsidiaries' undistributed earnings not indefinitely reinvested	4.9	4.5	—	9.4
Property, plant and equipment, goodwill and other assets	403.3	(53.2)	—	350.1
Margin recognition on construction contracts	6.4	(40.8)	—	(34.4)
Total deferred income tax liabilities	455.8	(109.9)	—	345.9
Deferred income tax assets (liabilities), net	$ 20.5	$ (25.3)	$ 12.5	$ 7.7

As of December 31, 2019, the net deferred tax asset of $83.0 million is broken down into a deferred tax asset of $267.0 million and a deferred tax liability of $184.0 million as recorded in the statement of financial position.

7.4 Tax loss carry-forwards and tax credits

At December 31, 2019 and 2018, deferred tax assets included U.S. foreign tax credit carryforwards of $135.3 million and $105.9 million, which, if not utilized, will begin to expire in 2024. Realization of these deferred tax assets is dependent on the generation of sufficient U.S. taxable income prior to the above date. Based on long-term forecasts of operating results, management believes that it is more likely than not that our U.S. earnings over the forecast period will not result in sufficient U.S. taxable income to fully realize these deferred tax assets; therefore, we have established a valuation allowance against the related deferred tax assets. In its analysis, management has considered the effect of deemed dividends and other expected adjustments to U.S. earnings that are required in determining U.S. taxable income. Non-U.S. earnings subject to U.S. tax, including deemed dividends for U.S. tax purposes, were $3.8 million in 2019 and $307.6 million in 2018, respectively.

As of December 31, 2019 and 2018, deferred tax assets included tax benefits related to net operating loss carryforwards. If not utilized, these net operating loss carryforwards will begin to expire in 2020. Management believes it is more likely than not that we will not be able to utilize certain of these operating loss carryforwards before expiration.

The majority of the net operating loss carryforwards are in Brazil, Canada, Malaysia, Mexico, Netherlands, Norway, Saudi Arabia, U.K., and United States. Except in Canada, Mexico, and Netherlands, these loss carryforwards extend indefinitely.

At December 31, 2019, deferred tax assets include tax benefits related to certain intercompany interest costs which are not currently deductible, but which may be deductible in future periods. If not utilized, certain of these costs will become permanently non-deductible beginning in 2025. Management believes that it is more likely than not that we will not be able to deduct these costs before expiration of the carry forward period. See Note 1 for discussion on estimates and uncertainties. There are no income tax consequences attached to the payment of dividends in either 2019 or 2018 by TechnipFMC to its shareholders.

NOTE 8. EARNINGS PER SHARE

Diluted earnings per share are computed in accordance with Note 1. Reconciliation between earnings per share before dilution and diluted earnings per share is as follows:

	Year Ended December 31,	
(In millions, except per share data)	**2019**	**2018**
Net loss attributable to TechnipFMC plc	$ (2,454.0)	$ (1,756.4)
Weighted average number of shares outstanding	448.0	458.0
Dilutive effect of restricted stock units	—	—
Dilutive effect of stock options	—	—
Dilutive effect of performance shares	—	—
Total shares and dilutive securities	448.0	458.0
(In U.S. dollars)		
Basic earnings (loss) per share attributable to TechnipFMC plc	$ (5.48)	$ (3.83)
Diluted earnings (loss) per share attributable to TechnipFMC plc	$ (5.48)	$ (3.83)

In 2019, the average annual share price amounted to $23.06 and the closing price to $21.32. In 2018, the average annual share price amounted to $29.69 and the closing price to $20.20.

As TechnipFMC's net result was a loss as of December 31, 2019 and 2018, share subscriptions options, and performance shares had an anti-dilutive effect; as a consequence, potential shares linked to those instruments were not taken into account in the diluted weighted average number of shares or in the calculation of diluted earnings (loss) per share.

NOTE 9. EQUITY METHOD INVESTMENTS

Our equity investments were as follows as of December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Percentage Owned	Carrying Value	Percentage Owned	Carrying Value
TOP CV	—%	$ —	50%	$ 102.2
Dofcon Brasil AS	50%	167.4	50%	126.2
Serimax Holdings SAS	20%	21.5	20%	23.2
Magma Global Limited	25%	50.2	25%	49.8
TTSJV W.L.L	36%	—	36%	0.2
Other	—	61.3	—	57.5
Investments in equity affiliates		$ 300.4		$ 359.1

For certain construction joint operations, our assets in such operations, including those held jointly, and our liabilities, including those incurred jointly are recognized in the consolidated financial statements. None of joint operations, individually or in the aggregate, are significant to our consolidated results for 2019 or 2018.

Our total net profit from equity affiliates included in each of our reporting segments was as follows:

	Year Ended December 31,	
(In millions)	2019	2018
Subsea	$ 9.2	$ 89.3
Onshore/Offshore	3.1	33.4
Income from equity affiliates	$ 12.3	$ 122.7

Our major equity method investments are as follows:

TOP CV - is an affiliated company in the form of a joint venture between Technip SA and Ocyan SA (formerly known as Odebrecht). TOP CV was formed in 2011 when awarded a contract to provide pipeline installation ships to state-controlled Petrobras for their work in oil and gas fields offshore Brazil. On December 30, 2019, we completed the acquisition of the remaining 50% interest in TOP CV. Prior to the acquisition, we accounted for our 50% investment using the equity method of accounting with results reported in our Subsea segment. Subsequent to this transaction we recorded the results in our consolidated financial statements. Refer to further description in Note 2.

Dofcon Brasil AS ("Dofcon") - is an affiliated company in the form of a joint venture between Technip SA and DOF Subsea and was founded in 2006. Dofcon provides Pipe-Laying Support Vessels (PLSVs) for work in oil and gas fields offshore Brazil. We have accounted for our 50% investment using the equity method of accounting with results reported in our Subsea segment.

Serimax Holdings SAS ("Serimax") - is an affiliated company in the form of a joint venture between Technip SA and Vallourec SA and was founded in 2016. Serimax is headquartered in Paris, France and provides rigid pipes welding services for work in oil and gas fields around the world. We have accounted for our 20% investment using the equity method of accounting with results reported in our Subsea segment.

Magma Global Limited (“Magma Global”) - is an affiliated company in the form of a collaborative agreement signed in 2018 between Technip-Coflexip UK Holdings Limited and Magma Global to develop hybrid flexible pipe for use in offshore applications. As part of the collaboration, TechnipFMC holds a minority stake. We have accounted for our 25% investment using the equity method investment of accounting with results reported in our Subsea segment.

TTSJV W.L.L. (“TTSJV W.L.L.”) - is an affiliated company in the form of a joint venture between Technip Italy S.p.A. Technip USA, Inc., Tecnicas Reunidas Saudia for Services and Contracting Co. Ltd and Samsung Engineering Co. Ltd was founded in in October 2018 for the BAPCO Modernization Program. We have accounted for our 36% investment using the equity method of accounting with results reported in our Onshore/Offshore segment.

Reconciliation of carrying amount in TechnipFMC’s equity affiliates is as follows:

(In millions)	2019	2018
Carrying amount of investments as at January 1	$ 359.1	$ 181.0
Acquisitions / contributions	0.7	43.6
Divestiture [(1)]	(67.8)	—
Share of profit of equity affiliates	12.3	122.7
Distributed dividends	(4.1)	(3.0)
Other comprehensive income	(1.1)	5.2
Other	1.3	9.6
Carrying amount of investments as at December 31	$ 300.4	$ 359.1

[(1)] On December 30, 2019, we completed the acquisition of the remaining 50% interest in TOP CV.

The tables below provide summarized financial information for TOP CV, Dofcon and TTSJV W.L.L that are material to TechnipFMC. The information disclosed reflects the amounts presented in the financial statements of TOP CV, Dofcon and TTSJV W.L.L and not TechnipFMC’s share of those amounts. They have been amended to reflect adjustments made by TechnipFMC when using the equity method, including fair value adjustments.

	TTSJV W.L.L		Dofcon		TOP CV	
	December 31		December 31		December 31,	
(In millions)	2019	2018	2019	2018	2019	2018
Data at 100%						
Cash and cash equivalents	$ 548.7	$ 145.5	$ 86.0	$ 61.8	$ —	$ 90.3
Other current assets	32.5	160.3	101.1	83.4	—	19.3
Total current assets	581.2	305.8	187.1	145.2	—	109.6
Non-current assets	3.5	—	1,715.9	1,671.6	—	460.7
Total assets	$ 584.7	$ 305.8	$ 1,903.0	$ 1,816.8	$ —	$ 570.3
Total equity	$ (18.6)	$ 0.6	$ 334.8	$ 256.2	$ —	$ 204.4
Financial non-current liabilities (excluding trade payables)	—	—	671.4	1,034.1	—	62.6
Total non-current liabilities	—	—	671.4	1,034.1	—	62.6
Financial current liabilities (excluding trade payables)	—	—	374.5	435.2	—	284.5
Other current liabilities	603.3	305.2	522.3	91.3	—	18.8
Total current liabilities	603.3	305.2	896.8	526.5	—	303.3
Total equity and liabilities	$ 584.7	$ 305.8	$ 1,903.0	$ 1,816.8	$ —	$ 570.3

(In millions)	TTSJV W.L.L 2019	TTSJV W.L.L 2018	Dofcon 2019	Dofcon 2018	TOP CV 2019	TOP CV 2018
Data at 100%						
Revenue	$ 1,107.3	$ 269.2	$ 273.5	$ 216.3	$ 120.5	$ 136.7
Depreciation and amortization	(0.3)	—	(85.2)	(61.3)	(190.4)	(34.1)
Interest income	2.1	1.2	10.1	8.0	2.4	0.7
Interest expense	—	—	(61.1)	(37.6)	(21.0)	(23.2)
Income tax expense (benefit)	—	—	(4.9)	24.6	—	—
Profit (loss) for the period	(19.3)	0.6	81.4	95.7	(66.6)	86.8
Other comprehensive income	—	—	1.0	8.5	(2.2)	2.3
Total comprehensive income	$ (19.3)	$ 0.6	$ 82.4	$ 104.2	$ (68.8)	$ 89.1

(In millions)	TTSJV W.L.L 2019	TTSJV W.L.L 2018	Dofcon 2019	Dofcon 2018	TOP CV 2019	TOP CV 2018
Data at 100%						
Carrying amount of investment as at January 1	$ 0.6	$ —	$ 252.4	$ 148.2	$ 204.4	$ 119.7
Divestiture	—	—	—	—	(135.6)	—
Profit (loss) for the period	(19.3)	0.6	81.4	95.7	(66.6)	86.8
Other comprehensive income	—	—	1.0	8.5	(2.2)	2.3
Distributed dividends	—	—	—	—	—	(4.4)
Carrying amount of investment as at December 31	$ (18.7)	$ 0.6	$ 334.8	$ 252.4	$ —	$ 204.4
TechnipFMC's share in %	36.0%	36.0%	50.0%	50.0%	—%	50.0%
TechnipFMC's share in investment	$ —	$ 0.2	$ 167.4	$ 126.2	$ —	$ 102.2
Carrying amount	$ —	$ 0.2	$ 167.4	$ 126.2	$ —	$ 102.2

In addition to the interest in TOP CV, Dofcon and TTSJV W.L.L disclosed above, TechnipFMC also has interests in a number of individually immaterial associates that are accounted for using the equity method. None of the investments in joint ventures and associates is individually material, therefore summarized financial information (at 100%) are presented below:

(In millions)	December 31, 2019	December 31, 2018
Data at 100%		
Non-current assets	$ 305.5	$ 286.5
Current assets	823.4	892.3
Total assets	$ 1,128.9	$ 1,178.8
Total equity	$ 530.7	$ 470.1
Current liabilities	598.2	708.7
Total equity and liabilities	$ 1,128.9	$ 1,178.8

Summarized statement of total comprehensive income (at 100%) are presented below:

(In millions)	2019	2018
Data at 100%		
Revenue	$ 702.5	$ 884.1
Interest income	18.7	3.0
Depreciation and amortization	(13.7)	(12.0)
Interest expense	(7.0)	(6.2)
Income tax expense (benefit)	(1.8)	(3.7)
Profit for the period	$ 18.7	$ 68.2
Other comprehensive income	2.9	(18.2)
Total comprehensive income	$ 21.6	$ 50.0

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

The following tables include the costs, the accumulated depreciation and impairment losses by type of tangible assets:

(In millions)	Land	Buildings	Vessels	Machinery and Equipment	Assets under Construction	Other	Total
Net book value as of December 31, 2017	$ 153.6	$ 736.7	$ 1,535.9	$ 1,199.8	$ 136.7	$ 308.3	$ 4,071.0
Costs	156.8	968.6	2,426.5	1,983.7	179.1	603.5	6,318.2
Accumulated depreciation	(4.2)	(221.9)	(725.3)	(729.6)	—	(400.3)	(2,081.3)
Accumulated impairment	(1.5)	(34.9)	(557.4)	(73.0)	—	—	(666.8)
Net book value as of December 31, 2018	$ 151.1	$ 711.8	$ 1,143.8	$ 1,181.1	$ 179.1	$ 203.2	$ 3,570.1
Costs	$ 112.9	$ 699.8	$ 2,742.7	$ 2,254.1	$ 130.7	$ 569.3	$ 6,509.5
Accumulated depreciation	(7.1)	(225.5)	(767.4)	(892.2)	—	(389.8)	(2,282.0)
Accumulated impairment	(3.4)	(74.5)	(675.0)	(316.7)	(1.8)	(0.7)	(1,072.1)
Net book value as of December 31, 2019	$ 102.4	$ 399.8	$ 1,300.3	$ 1,045.2	$ 128.9	$ 178.8	$ 3,155.4

In connection with TechnipFMC annual test for impairment of goodwill as of October 31, 2019, property, plant and equipment was also tested for impairment at that date. In estimating property, plant and equipment value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, an impairment loss is recognized. An impairment loss is recognized as an expense immediately as part of operating profit (loss) in the consolidated statements of income.
In estimating certain vessels' recoverable amount TechnipFMC obtained independent valuations. Since vessels were valued using the discounted cash flows method the valuation is considered to be Level 3 in the fair value hierarchy in 2019 and 2018.

The prolonged downturn in the energy market and its corresponding impact on our business outlook led us to conclude the carrying amount of certain of our assets in our Subsea segment exceeded their recoverable amount in 2019 and 2018.

In December 2019, we completed the sale of our G1201 vessel as part of our overall strategy to optimize the profile and size of our subsea fleet. Due to the intent to sell our G1201 vessel and subsequently signed Memorandum of Agreement (MOA) with a third party, we reviewed the carrying value of its sister vessel, the G1200, as of September 30, 2019. As a result of this assessment, an impairment charge of $125.1 million was recorded on the two vessels to bring their carrying value to a combined fair value of $104.0 million as of September 30, 2019. The fair value measurements of these vessels were based on the transaction price in the MOA, which is a Level 2 observable input as per the fair value hierarchy. As a result of the sale, a net loss of $7.1 million is included in Other Income (Expense), net in our consolidated statements of income.

For the remaining long-lived assets which we impaired in 2019, we measured their fair value by estimating the amount and timing of net future cash flows, which are Level 3 unobservable inputs, and discounting them using a risk-adjusted rate of interest of 10.8%.

TechnipFMC recorded $125.1 million and $267.8 million impairment loss on vessels in our Subsea segment during the years ended December 31, 2019 and 2018, respectively. Additionally, in 2019 an impairment charge of $168.9 million related to our flexible pipe and umbilical manufacturing facilities was recorded by our Subsea segment. These continued conditions in 2019 also led to a goodwill impairment. Refer to Note 11 to these consolidated financial statements for additional information.

In January 2019, we purchased a deepwater dive support vessel, Deep Discoverer, for $116.8 million. The purchase of this vessel was funded through debt. Refer to Note 19 to these consolidated financial statements for additional information.

On December 30, 2019, we completed the acquisition of the remaining 50% interest in TOP CV. In connection with the acquisition, we assumed assets and liabilities that included two vessels and loan that is fully collateralized against the two vessels. Refer to Note 2 and Note 19. There were no pledged property, plant and equipment as of December 31, 2018.

A reconciliation of the carrying amount of property, plant and equipment is as following:

(In millions)	Land	Buildings	Vessels	Machinery and Equipment	Assets under Construction	Other	Total
Net book value as of December 31, 2017	$ 153.6	$ 736.7	$ 1,535.9	$ 1,199.8	$ 136.7	$ 308.3	$ 4,071.0
Additions	9.4	48.6	35.6	203.4	76.3	24.8	398.1
Acquisitions through business combinations	—	—	—	11.2	(0.5)	1.1	11.8
Disposals	(6.2)	(26.6)	(9.0)	(24.7)	0.2	(4.8)	(71.1)
Depreciation expense for the year	(2.0)	(35.4)	(112.8)	(171.0)	—	(51.1)	(372.3)
Impairment	(0.4)	(11.3)	(267.8)	(25.6)	—	0.4	(304.7)
Net foreign exchange differences	(3.5)	(19.3)	(51.9)	(50.7)	(7.7)	(28.1)	(161.2)
Other	0.2	19.1	13.8	38.7	(25.9)	(47.4)	(1.5)
Net book value as of December 31, 2018	151.1	711.8	1,143.8	1,181.1	179.1	203.2	3,570.1
Additions	0.6	33.6	118.4	224.2	25.3	33.4	435.5
Acquisitions through business combinations	—	—	335.2	—	—	—	335.2
Disposals	—	(2.7)	(45.8)	(3.1)	0.4	(2.5)	(53.7)
Transfer to right-of-use	(48.4)	(262.8)	—	(10.1)	—	—	(321.3)
Depreciation expense for the year	(0.8)	(26.7)	(99.5)	(216.5)	—	(39.8)	(383.3)
Impairment	(1.8)	(39.6)	(125.1)	(243.7)	—	(1.1)	(411.3)
Net foreign exchange differences	(0.4)	(2.5)	18.2	1.8	(1.3)	(4.8)	11.0
Other	2.1	(11.3)	(44.9)	111.5	(74.6)	(9.6)	(26.8)
Net book value as of December 31, 2019	$ 102.4	$ 399.8	$ 1,300.3	$ 1,045.2	$ 128.9	$ 178.8	$ 3,155.4

As of December 31, 2018, the carrying amount of leased assets was $321.3.0 million including $48.4 million related to land, $262.8 million related to buildings and $10.1 million related to office and equipment.

NOTE 11. GOODWILL AND INTANGIBLE ASSETS, NET

11.1 Intangible assets, net

The components of intangible assets were as follows:

(In millions)	Goodwill	Acquired Technology	Backlog	Customer Relationships	Tradenames	Licenses, Patents and Trademarks	Software	Other	Total
Net book value as of December 31, 2017	$ 8,957.3	$ 215.0	$ 57.0	$ 256.0	$ 603.0	$ 48.9	$ 92.4	$ 61.5	$ 10,291.1
Costs	9,061.1	240.0	175.0	285.0	636.5	182.8	232.1	93.9	10,906.4
Accumulated amortization	—	(48.9)	(175.0)	(57.4)	(63.9)	(131.3)	(159.1)	(32.1)	(667.7)
Accumulated impairment	(1,367.2)	—	—	—	—	—	(0.9)	—	(1,368.1)
Net book value as of December 31, 2018	$ 7,693.9	$ 191.1	$ —	$ 227.6	$ 572.6	$ 51.5	$ 72.1	$ 61.8	$ 8,870.6
Costs	$ 9,040.5	$ 240.0	$ 175.0	$ 285.4	$ 636.6	$ 181.2	$ 226.4	$ 105.6	$ 10,890.7
Accumulated amortization	—	(73.9)	(175.0)	(85.9)	(95.8)	(131.5)	(150.0)	(50.3)	(762.4)
Accumulated impairment	(3,385.9)	—	—	—	—	—	(1.2)	—	(3,387.1)
Net book value as of December 31, 2019	$ 5,654.6	$ 166.1	$ —	$ 199.5	$ 540.8	$ 49.7	$ 75.2	$ 55.3	$ 6,741.2

A reconciliation of the carrying amount of intangible assets is as following:

(In millions)	Goodwill	Acquired Technology	Backlog	Customer Relationships	Tradenames	Licenses, Patents and Trademarks	Software	Other	Total
Net book value as of December 31, 2017	$ 8,957.3	$ 215.0	$ 57.0	$ 256.0	$ 603.0	$ 48.9	$ 92.4	$ 61.5	$ 10,291.1
Additions	104.7	—	—	—	1.5	7.4	8.1	12.8	134.5
Disposals - write-off	—	—	—	—	—	—	(3.0)	—	(3.0)
Amortization charge for the year	—	(23.9)	(57.0)	(28.4)	(31.9)	(3.8)	(24.1)	(13.5)	(182.6)
Impairment	(1,324.2)	—	—	—	—	—	(0.8)	—	(1,325.0)
Net foreign exchange differences (1)	(43.9)	—	—	—	—	(1.0)	(2.4)	(0.8)	(48.1)
Other	—	—	—	—	—	—	1.9	1.8	3.7
Net book value as of December 31, 2018	7,693.9	191.1	—	227.6	572.6	51.5	72.1	61.8	8,870.6
Additions	9.9	—	—	0.4	0.1	—	27.3	10.0	47.7
Disposals - write-off	—	—	—	—	—	—	(0.4)	3.6	3.2
Amortization charge for the year	—	(25.0)	—	(28.5)	(31.9)	(1.9)	(19.8)	(18.9)	(126.0)
Impairment	(2,018.7)	—	—	—	—	—	(0.2)	—	(2,018.9)
Net foreign exchange differences (1)	(12.8)	—	—	—	—	0.1	(0.6)	0.2	(13.1)
Other	(17.7)	—	—	—	—	—	(3.2)	(1.4)	(22.3)
Net book value as of December 31, 2019	$ 5,654.6	$ 166.1	$ —	$ 199.5	$ 540.8	$ 49.7	$ 75.2	$ 55.3	$ 6,741.2

(1) Goodwill is partially denominated in Euro.

TechnipFMC recognized identifiable intangible assets acquired in business combinations. Refer to Note 2 to these consolidated financial statements for additional information regarding these acquisitions. All of the acquired identifiable intangible assets are subject to amortization and, where applicable, foreign currency translation adjustments. There are no intangible assets with indefinite useful life.

11.2 Goodwill

The carrying amount of goodwill by reporting segment was as follows:

	Subsea	Onshore/Offshore	Surface Technologies	Total
December 31, 2017	$ 5,490.1	$ 2,461.6	$ 1,005.6	$ 8,957.3
Additions due to business combinations	85.0	—	19.7	104.7
Impairment	(1,324.2)	—	—	(1,324.2)
Translation	(30.0)	(13.9)	—	(43.9)
December 31, 2018	4,220.9	2,447.7	1,025.3	7,693.9
Additions due to business combinations	—	—	9.9	9.9
Impairment	(1,347.7)	—	(671.0)	(2,018.7)
Other	—	(17.7)	—	(17.7)
Translation	(6.4)	(6.4)	—	(12.8)
December 31, 2019	$ 2,866.8	$ 2,423.6	$ 364.2	$ 5,654.6

Goodwill was tested for impairment utilizing the methodology in accordance with the accounting policy in Note 1.

The valuation of GCGUs for the purpose of goodwill impairment test was determined primarily by utilizing the income approach by estimating the value in use with a lesser weighting attributed the market multiple approach. The income approach estimates the value in use by discounting each GCGU's estimated future cash flows using a weighted-average cost of capital that reflects current market conditions and the risk profile of the GCGU. To calculate the future cash flows, TechnipFMC used estimates of economic and market assumptions, including growth rates in revenues, costs, estimates of future expected changes in operating margins, tax rates and cash expenditures. The future revenues are adjusted to match changes in TechnipFMC's business strategy. Under the market multiple approach, we determine the estimated fair value of each of our GCGUs by applying transaction multiples to each GCGU's projected EBITDA and then averaging that estimate with similar historical calculations using either a one, two or three year average.

For recently acquired GCGUs, a quantitative impairment test may indicate a fair value that is substantially similar to the GCGU's carrying amount. Such similarities in value are generally an indication that management's estimates of future cash flows associated with the recently acquired GCGUs remain relatively consistent with the assumptions that were used to derive its initial fair value.

As part of TechnipFMC's annual goodwill impairment test, the TechnipFMC's market capitalization was compared to our estimate of fair value for each operating segment. TechnipFMC's market capitalization on its testing date had declined significantly when compared to the prior-year's assessment, driven in part by greater geopolitical uncertainty and lower commodity prices. As a result, our estimate of business fair value could not be supported by the market capitalization on the testing date.

During the year ended December 31, 2019, we recorded $1,347.7 million and $671.0 million of goodwill impairment charges in our Subsea and Surface Technologies operating segments, respectively. During the year ended December 31, 2018, we recorded $1,324.2 million of goodwill impairment charges in our Subsea operating segment.

The following table presents the significant estimates used by management in determining the fair values of our operating segments for the years ended December 31, 2019 and 2018:

	2019	2018
Year of cash flows before terminal value	4	5
Risk-adjusted post-tax discount rate	12.5% to 15.0%	12% to 13.0%
EBITDA multiples	6.0 - 8.5x	7.0 - 8.5x

As discussed above, when evaluating the 2019 quantitative impairment test results, management considered many factors in determining whether an impairment of goodwill for any operating segments was reasonably likely to occur in future periods, including future market conditions and the economic environment. Circumstances such as market declines, unfavorable economic conditions, loss of a major customer or other factors could increase the risk of impairment of goodwill for these operating segments in future periods.

The sensitivity analysis has been performed for Onshore/Offshore operating segment and has not identified any potential impairments. The excess of recoverable amount over the carrying amount for Onshore/Offshore operating segment was approximately 400% of the respective carrying amount. For the Subsea and Surface Technologies operating segments, any change in the assumptions could result in a material change in the impairment charge.

NOTE 12. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	December 31,	
(In millions)	**2019**	**2018**
Non-current financial assets at amortized cost, gross	$ 252.6	$ 296.3
Loss allowance	(11.8)	(21.9)
Non-current financial assets at amortized cost, net	240.8	274.4
Non-quoted equity instruments at Fair Value Through Profit or Loss (“FVTPL”)	3.6	21.1
Quoted equity instruments at FVTPL	54.8	18.1
Total non-current assets, net	$ 299.2	$ 313.6

NOTE 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	December 31,	
(In millions)	**2019**	**2018**
Cash at bank and in hand	$ 3,320.6	$ 2,435.1
Cash equivalents	1,869.5	3,107.1
Total cash and cash equivalents	$ 5,190.1	$ 5,542.2
U.S. dollar	$ 2,359.6	$ 3,526.5
Euro	1,514.5	740.8
Brazilian real	40.8	16.3
Pound sterling	136.3	112.7
Japanese yen	56.1	45.0
Norwegian krone	83.5	72.3
Australian dollar	44.7	88.2
Malaysian ringgit	274.5	323.3
Other	680.1	617.1
Total cash and cash equivalents by currency	$ 5,190.1	$ 5,542.2
Fixed term deposits	$ 1,617.3	$ 2,559.9
Other	252.2	547.2
Total cash equivalents by nature	$ 1,869.5	$ 3,107.1

A substantial portion of cash and securities are recorded or invested in either Euro or U.S. dollar which are frequently used by TechnipFMC within the framework of its commercial relationships. Cash and securities in other currencies correspond either to deposits retained by subsidiaries located in countries where such currencies are the national currencies in order to ensure their own liquidity, or to amounts received from customers prior to the payment of

expenses in these same currencies or the payment of dividends. Short-term deposits are classified as cash equivalents along with the other securities.

NOTE 14. TRADE RECEIVABLES, NET AND CONTRACT ASSETS

Trade receivables, net and contract assets include trade accounts receivable from completed contracts, contract assets and other miscellaneous invoices (e.g. trading, procurement services). TechnipFMC's trade receivables and contracts assets mainly constitute a homogeneous portfolio of major oil and gas, petrochemical or oil-related companies.

TechnipFMC applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. On that basis, the all potential uncollectible receivables as at December 31, 2019 and December 31, 2018 were determined as follows for both trade receivables and contract assets:

(In millions)	December 31, 2019		December 31, 2018	
	Trade Receivables	Contract Assets	Trade Receivables	Contract Assets
Gross amount	$ 2,382.5	$ 1,521.6	$ 2,593.0	$ 1,298.7
Opening loss allowance	$ (125.2)	$ (3.7)	$ (121.5)	$ —
Increase in loss allowance	(39.5)	1.2	(36.7)	(5.0)
Used allowance reversals	3.5	—	9.3	—
Unused allowance reversals	39.8	—	14.0	—
Effects of foreign exchange and other	20.3	—	9.7	1.3
Closing loss allowance	$ (101.1)	$ (2.5)	$ (125.2)	$ (3.7)
Total trade receivables, net	$ 2,281.4	$ 1,519.1	$ 2,467.8	$ 1,295.0

Refer to Note 29 for further information on impairment losses of trade receivables and TechnipFMC's exposure to credit risk and foreign currency risk.

NOTE 15. INVENTORIES

Inventories consisted of the following:

(In millions)	December 31, 2019	December 31, 2018
Raw materials	$ 347.5	$ 366.6
Work in process	290.2	146.4
Finished goods	786.2	744.0
Inventory	$ 1,423.9	$ 1,257.0

All amounts in the table above are reported net of obsolescence reserves of $135.7 million and $97.5 million at December 31, 2019 and 2018, respectively.

NOTE 16. OTHER CURRENT ASSETS

Other current assets consisted of the following:

	December 31,	
(In millions)	**2019**	**2018**
Current financial assets at amortized cost	$ 91.7	$ —
Current financial assets, total	91.7	—
Value added tax receivables	395.2	305.9
Other tax receivables	100.7	85.1
Prepaid expenses	66.8	91.3
Asset held for sale	25.8	9.8
Other	182.4	174.3
Other current assets, total	770.9	666.4
Total other current assets, net	$ 862.6	$ 666.4

At December 31, 2019, current financial assets at amortized cost include short-term debt notes and loans receivable.

NOTE 17. STOCKHOLDERS' EQUITY

17.1 Changes in TechnipFMC's ordinary shares and treasury shares

On November 27, 2019, TechnipFMC redeemed 50,000 redeemable shares of £1 each and cancelled one deferred ordinary share of £1 in the capital of TechnipFMC. As of December 31, 2019, TechnipFMC's share capital was 447,064,767 ordinary shares. As of December 31, 2018, TechnipFMC's share capital was 50,000 non-voting redeemable shares, one deferred share, and 450,480,680 ordinary shares. The movements in share capital were as follows:

(In millions of shares)	**Ordinary Shares**	**Ordinary Shares held in Employee Benefit Trust**	**Treasury Shares**
December 31, 2017	465.1	0.1	—
Stock awards	0.2	—	—
Treasury stock purchases	—	—	14.8
Treasury stock cancellations	(14.8)	—	(14.8)
December 31, 2018	450.5	0.1	—
Stock awards	0.6	—	—
Treasury stock purchases	—	—	4.0
Treasury stock cancellations	(4.0)	—	(4.0)
Net stock sold from employee benefit trust	—	(0.1)	—
December 31, 2019	447.1	—	—

The plan administrator of the Non-Qualified Plan purchases shares of our ordinary shares on the open market. Such shares are placed in a trust owned by a subsidiary.

17.2 Dividends

As an English public limited company, we are required under U.K. law to have available "distributable reserves" to conduct share repurchases or pay dividends to shareholders. Distributable reserves are a statutory requirement and are not linked to a IFRS reported amount (e.g. retained earnings, net income and other reserves). The declaration

and payment of dividends require the authorization of our Board of Directors, provided that such dividends on issued share capital may be paid only out of our “distributable reserves” on our statutory balance sheet. Therefore, we are not permitted to pay dividends out of share capital, which includes share premium

Following the merger, we capitalized our reserves arising out of the merger by the allotment and issuance by TechnipFMC of a bonus share, which was paid up using such reserves, such that the amount of such reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to our share premium account. We implemented a court-approved reduction of our capital by way of a cancellation of the bonus share and share premium account, which completed on June 29, 2017, in order to create distributable profits to support the payment of possible future dividends or future share repurchases. Our articles of association permit us by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring payment of a dividend, the directors are required under English law to comply with their duties, including considering our future financial requirements.

Dividends declared and paid during the year ended December 31, 2019 were $232.8 million.

Dividends declared and paid during the year ended December 31, 2018 were $238.1 million.

17.3 Capital management

For the purpose of our equity capital management, equity capital includes issued ordinary shares, share premium and all other equity reserves attributable to the equity holders of TechnipFMC. The primary objective of our capital management is to maximize the shareholder value.

We monitor our capital structure and take actions in light of economic conditions and the requirements of our financial covenants. To manage our capital structure, from time to time we may adjust the return capital to shareholders or issue new share. We have also met all our financial covenants set forth by our loans and borrowings.

In April 2017, the Board of Directors authorized the repurchase of $500.0 million in ordinary shares under our share repurchase program. We implemented our share repurchase plan in September 2017. The Board of Directors authorized an extension of this program, adding $300.0 million in December 2018 for a total of $800.0 million in ordinary shares. We repurchased 4.0 million of ordinary shares for a total consideration of $92.7 million during the year ended December 31, 2019, under our authorized share repurchase program. The $500.0 million part of the program was completed on December 20, 2018. We intend to cancel repurchased shares and not hold them in treasury. Canceled treasury shares are accounted for using the constructive retirement method.

As of December 31, 2019, our securities authorized for issuance under equity compensation plans were as follows:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (in $)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	4,842.4	$ 29.68	21,350.2
Equity compensation plans not approved by security holders	—	—	—
Total	4,842.4	$ 29.68	21,350.2

We had no unregistered sales of equity securities during the years ended December 31, 2019 and 2018.

17.4 Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) are as follows:

(In millions)	Cash Flow Hedges [1]	Gains (Losses) on Defined Benefit Pension Plans	Foreign Currency Translation	Other	Accumulated Other Comprehensive Income (Loss) – TechnipFMC plc	Accumulated Other Comprehensive Income (Loss) – Non-Controlling Interests	Total Accumulated Other Comprehensive Income (Loss)
Accumulated other comprehensive income (loss) as of December 31, 2017	$ 7.1	$ 3.3	$ (609.9)	$ 0.2	$ (599.3)	$ (0.3)	$ (599.6)
Net effect before reclassification to profit or loss	(75.2)	(26.9)	(173.8)	—	(275.9)	(4.6)	(280.5)
Reclassification to profit or loss	—	—	(41.1)	—	(41.1)	—	(41.1)
Accumulated other comprehensive income (loss) as of December 31, 2018	(68.1)	(23.6)	(824.8)	0.2	(916.3)	(4.9)	(921.2)
Net effect before reclassification to profit or loss	28.2	(49.6)	12.3	—	(9.1)	(0.7)	(9.8)
Reclassification to profit or loss	—	—	(12.0)	—	(12.0)	—	(12.0)
Accumulated other comprehensive income (loss) as of December 31, 2019	$ (39.9)	$ (73.2)	$ (824.5)	$ 0.2	$ (937.4)	$ (5.6)	$ (943.0)

(1) Recorded under this heading is the effective portion of the change in fair value of the financial instruments qualified as cash flow hedging, as well as foreign exchange gains and losses corresponding to the effective portion of non-derivative financial assets or liabilities that are designated as a hedge of a foreign currency risk.

TechnipFMC has initially applied the hedging requirements of IFRS 9 as amended by IFRS 9 paragraph 7.2.21 on January 1, 2019. TechnipFMC has not restated the comparative information on hedge accounting, which continues to be reported under IAS 39. There were no differences arising from the adoption of the hedge accounting requirements of IFRS 9 which would impact Retained Earnings, Net Income and Other Reserves as of January 1, 2019. (see Note 1).

17.5 Non-controlling interests

Non-controlling interests amounting to $69.9 million and $69.8 million as of December 31, 2019 and 2018, respectively, did not represent a material component of TechnipFMC's consolidated financial statements in the years ended December 31, 2019, and 2018.

NOTE 18. SHARE-BASED COMPENSATION

Incentive compensation and award plan

On January 11, 2017, we adopted TechnipFMC's Incentive Award Plan (the "Plan"). The Plan provides certain incentives and awards to officers, employees, non-employee directors and consultants of TechnipFMC and its subsidiaries. The Plan allows our Board of Directors to make various types of awards to non-employee directors and the Compensation Committee (the "Committee") of the Board of Directors to make various types of awards to other eligible individuals. Awards may include share options, share appreciation rights, performance share units, restricted share units, restricted shares or other awards authorized under the Plan. All awards are subject to the Plan's provisions, including all share-based grants previously issued by FMC Technologies and Technip prior to consummation of the Merger. Under the Plan, 24.1 million ordinary shares were authorized for awards. At December 31, 2019, 14.4 million ordinary shares were available for future grant.

The exercise price for options is determined by the Committee but cannot be less than the fair market value of our ordinary shares at the grant date. Restricted share and performance share unit grants generally vest after three years of service.

Under the Plan, our Board of Directors has the authority to grant non-employee directors share options, restricted shares, restricted share units and performance shares. Unless otherwise determined by our Board of Directors, awards to non-employee directors generally vest one year from the date of grant. Restricted share units are settled when a director ceases services to the Board of Directors. At December 31, 2019, outstanding awards to active and retired non-employee directors included 83.4 thousand share units. At December 31, 2018, outstanding awards to active and retired non-employee directors included 119.4 thousand share units.

We recognize compensation expense and the corresponding tax benefits for awards under the Plan. The compensation expense under the Plan is as follows:

	Year Ended December 31,	
(In millions)	**2019**	**2018**
Share-based compensation expense	$ 74.5	$ 49.1
Income tax benefits related to share based compensation expense	$ 20.1	$ 13.2

Share-based compensation expense is recognized over the lesser of the stated vesting period of three years or the period until the employee reaches age 62 (the retirement eligible age under the plan).

As of December 31, 2019 and 2018, the portion of share-based compensation expense related to outstanding awards to be recognized in future periods is as follows:

	December 31,	
	2019	**2018**
Share-based compensation expense not yet recognized (In millions)	$ 76.9	$ 83.4
Weighted-average recognition period (in years)	1.7	1.7

Restricted share units

We began issuing restricted share units in 2017. A summary of the non-vested restricted share units activity is as follows:

	2019		2018	
(Shares in thousands)	**Shares**	**Weighted-Average Grant Date Fair Value**	**Shares**	**Weighted-Average Grant Date Fair Value**
Non-vested at January 1	2,977.4	$ 30.10	1,722.3	$ 28.53
Granted	1,969.1	$ 21.24	1,516.0	$ 31.57
Vested	(347.1)	$ 29.44	(165.4)	$ 28.94
Cancelled/forfeited	(73.5)	$ 27.79	(95.5)	$ 27.85
Non-vested at December 31	4,525.9	$ 27.44	2,977.4	$ 30.10

The total grant date fair value of restricted stock units vested during years ended December 31, 2019 and 2018 was $10.2 million and $4.8 million, respectively.

Performance shares

The Board of Directors has granted certain employees, senior executives and Directors or Officers restricted share units that vest subject to achieving satisfactory performances. For performance share units issued on or after January 1, 2017, performance is based on results of return on invested capital and total shareholder return (“TSR”).

For the performance share units which vest based on TSR, the fair value of performance shares is estimated using a combination of the closing stock price on the grant date and the Monte Carlo simulation model. The weighted-average fair value and the assumptions used to measure the fair value of performance share units subject to performance-adjusted vesting conditions in the Monte Carlo simulation model were as follows:

	Year Ended December 31,	
	2019	2018
Weighted-average fair value (1)	$ 29.04	$ 41.97
Expected volatility (2)	34.00%	34.00%
Risk-free interest rate (3)	2.42%	2.37%
Expected performance period in years (4)	3.0	3.0

(1) The weighted-average fair value was based on performance share units granted during the period.

(2) Expected volatility is based on normalized historical volatility of our shares over a preceding period commensurate with the expected term of the option.

(3) The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

(4) For awards subject to service-based vesting, due to the lack of historical exercise and post-vesting termination patterns of the post-Merger employee base, the expected term was estimated using a simplified method for all awards granted in 2019 and 2018.

A summary of the non-vested performance share activity is as follows:

	2019		2018	
(Shares in thousands)	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Non-vested at January 1	3,043.8	$ 27.02	2,748.8	$ 25.59
Granted	1,514.7	$ 24.99	623.0	$ 36.06
Vested	(597.6)	$ 22.30	(203.6)	$ 34.55
Cancelled/forfeited	(143.2)	$ 27.94	(124.4)	$ 28.45
Non-vested at December 31	3,817.7	$ 28.52	3,043.8	$ 27.02

The total grant date fair value of performance shares vested during years ended December 31, 2019 and 2018 was $13.3 million and $7.0 million, respectively.

Share option awards

The fair value of each option award is estimated as of the date of grant using the Black-Scholes options pricing model or the Cox Ross Rubinstein binomial model.

Share options awarded prior to 2017 were granted subject to performance criteria based upon certain targets, such as total shareholder return, return on capital employed, and operating profit (loss) from recurring activities. Subsequent share options granted are time based awards vesting over three years.

The weighted-average fair value and the assumptions used to measure fair value are as follows:

	Year Ended December 31	
	2019	2018
Weighted-average fair value (1)	$ 5.64	$ 9.07
Expected volatility (2)	32.5%	32.5%
Risk-free interest rate (3)	2.5%	2.7%
Expected dividend yield (4)	2.6%	2.0%
Expected term in years (5)	6.5	6.5

(1) The weighted-average fair value was based on stock options granted during the period.

(2) Expected volatility is based on normalized historical volatility of our shares over a preceding period commensurate with the expected term of the option.

(3) The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

(4) Share options awarded in 2019 and 2018 were valued using an expected dividend yield of 2.6% and 2.0%, respectively.

(5) For awards subject to service-based vesting, due to the lack of historical exercise and post-vesting termination patterns of the post-Merger employee base, the expected term was estimated using a simplified method for all awards granted in 2019 and 2018.

The following is a summary of option transactions during years ended December 31, 2019 and 2018:

	Number of Shares		Weighted average exercise price	Weighted average remaining life (in years)
Balance as of December 31, 2017	4,883.8	€	36.35	4.6
Granted	602.2	$	30.70	
Exercised	—	$	—	
Cancelled	(827.6)	$	47.20	
Balance as of December 31, 2018	4,658.4	$	33.68	4.8
Granted	800.0	$	20.98	
Exercised	—	$	—	
Cancelled	(616.0)	$	48.65	
Balance as of December 31, 2019	4,842.4	$	29.68	5.3
Exercisable at December 31, 2019	1,617.7	$	35.92	3.0

The aggregate intrinsic value of stock options outstanding and stock options exercisable as of December 31, 2019 was $0.4 million and nil, respectively.

Cash received from the option exercises was nil and nil during years ended December 31, 2019 and 2018, respectively. The total intrinsic value of options exercised during the years ended December 31, 2019 and 2018 was nil and nil, respectively. To exercise share options, an employee may choose (1) to pay, either directly or by way of the group savings plan, the share option strike price to obtain shares, or (2) to sell the shares immediately after having exercised the share option (in this case, the employee does not pay the strike price but instead receives the intrinsic value of the share options in cash).

The following summarizes significant ranges of outstanding and exercisable options at December 31, 2019:

	Options Outstanding				Options Exercisable		
Exercise Price Range	Number of options (in thousands)	Weighted average remaining life (in years)		Weighted average exercise price (in $)	Number of options (in thousands)		Weighted average exercise price (in $)
$20.00-$33.00	4,330.4	5.7	$	26.55	1,105.7	$	26.54
$45.00-$51.00	33.0	2.0	$	45.49	33.0	$	45.49
$55.00-$57.00	479.0	1.4	$	56.93	479.0	$	56.93
Total	4,842.4	5.3	$	29.68	1,617.7	$	35.92

The following summarizes significant ranges of outstanding and exercisable options at December 31, 2018:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Number of options (in thousands)	Weighted average remaining life (in years)	Weighted average exercise price (in $)	Number of options (in thousands)	Weighted average exercise price (in $)
$24.00-$33.00	3,543.5	5.9	$ 27.80	—	$ —
$45.00-$51.00	570.0	0.4	$ 48.12	570.0	$ 48.12
$55.00-$57.00	544.9	2.2	$ 56.82	544.9	$ 56.82
Total	4,658.4	4.8	$ 33.67	1,114.9	$ 52.37

NOTE 19. DEBT (SHORT-TERM AND LONG-TERM)

19.1 Debt

Short-term debt and current portion of long-term debt consisted of the following:

(In millions)	December 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Commercial papers	$ 1,967.0	$ 1,966.9	$ 1,916.1	$ 1,916.1
Bank borrowings	247.8	248.0	44.2	44.2
5.00% Notes due 2020	224.4	230.0	—	—
Other	23.0	23.0	23.2	23.5
Total short-term debt and current portion of long-term	$ 2,462.2	$ 2,467.9	$ 1,983.5	$ 1,983.8

Long-term debt—Long-term debt consisted of the following:

(In millions)	December 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Synthetic bonds due 2021	$ 491.7	$ 513.1	$ 488.8	$ 532.4
3.45% Senior Notes due 2022	500.0	499.2	500.0	489.7
5.00% Notes due 2020	—	—	228.4	244.0
3.40% Notes due 2022	168.4	180.6	171.6	186.9
3.15% Notes due 2023	145.4	156.8	148.1	161.3
3.15% Notes due 2023	140.2	150.5	142.9	153.3
4.00% Notes due 2027	84.2	96.4	85.8	95.8
4.00% Notes due 2032	108.6	127.8	110.5	120.2
3.75% Notes due 2033	109.2	123.8	111.1	126.1
Bank borrowings	265.5	265.4	221.0	220.8
Finance lease	—	—	337.8	337.8
Total long-term debt	2,013.2	2,113.6	2,546.0	2,668.3
Commercial paper	1,967.0	1,966.9	1,916.1	1,916.1
Bank borrowings	247.8	248.0	44.2	44.2
5.00% Notes due 2020	224.4	230.0	—	—
Other	23.0	23.0	23.2	23.5
Total short-term debt and current portion of long-term	2,462.2	2,467.9	1,983.5	1,983.8
Total debt	$ 4,475.4	$ 4,581.5	$ 4,529.5	$ 4,652.1

Revolving credit facility - On January 17, 2017, we acceded to a new $2.5 billion senior unsecured revolving credit facility agreement ("facility agreement") between FMC Technologies, Inc., Technip Eurocash SNC (the "Borrowers"), and TechnipFMC plc (the "Additional Borrower") with JPMorgan Chase Bank, National Association ("JPMorgan"), as agent and an arranger, SG Americas Securities LLC as an arranger, and the lenders party thereto.

The facility agreement provides for the establishment of a multicurrency, revolving credit facility, which includes a $1.5 billion letter of credit subfacility. Subject to certain conditions, the Borrowers may request the aggregate commitments under the facility agreement be increased by an additional $500.0 million. On November 26, 2018, we entered into an extension which extends the expiration date to January 2023.

Borrowings under the facility agreement bear interest at the following rates, plus an applicable margin, depending on currency:

- U.S. dollar-denominated loans bear interest, at the Borrowers' option, at a base rate or an adjusted rate linked to the London interbank offered rate ("Adjusted LIBOR");
- sterling-denominated loans bear interest at Adjusted LIBOR; and
- euro-denominated loans bear interest at the Euro interbank offered rate ("EURIBOR").

Depending on the credit rating of TechnipFMC, the applicable margin for revolving loans varies (i) in the case of Adjusted LIBOR and EURIBOR loans, from 0.820% to 1.300% and (ii) in the case of base rate loans, from 0.000% to 0.300%. The "base rate" is the highest of (a) the prime rate announced by JPMorgan, (b) the greater of the Federal Funds Rate and the Overnight Bank Funding Rate plus 0.5% or (c) one-month Adjusted LIBOR plus 1.0%.

The facility agreement contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type, including financial covenants requiring that our total capitalization ratio not exceed 60% at the end of any financial quarter. The facility agreement also contains covenants restricting our ability and our subsidiaries' ability to incur additional liens and indebtedness, enter into asset sales or make certain investments.

As of December 31, 2019, we were in compliance with all restrictive covenants under our revolving credit facility.

Bilateral credit facilities - We have access to a €100.0 million bilateral credit facility expiring in May 2021. Two bilateral credit facilities of €80.0 million each and a bilateral credit facility of €60.0 million expired in May and June 2019, respectively.

Each bilateral credit facility contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type.

Commercial paper - Under our commercial paper program, we have the ability to access $1.5 billion and €1.0 billion of short-term financing through our commercial paper dealers, subject to the limit of unused capacity of our facility agreement. Commercial paper borrowings are issued at market interest rates. As of December 31, 2019, our commercial paper borrowings had a weighted average interest rate of 2.23% on the U.S. dollar denominated borrowings and (0.28)% on the Euro denominated borrowings.

Synthetic bonds - On January 25, 2016, we issued €375.0 million principal amount of 0.875% convertible bonds with a maturity date of January 25, 2021 and a redemption at par of the bonds which have not been converted. On March 3, 2016, we issued additional convertible bonds for a principal amount of €75.0 million issued on the same terms, fully fungible with and assimilated to the bonds issued on January 25, 2016. The issuance of these non-dilutive cash-settled convertible bonds (“Synthetic Bonds”), which are linked to our ordinary shares were backed simultaneously by the purchase of cash-settled equity call options in order to hedge our economic exposure to the potential exercise of the conversion rights embedded in the Synthetic Bonds. As the Synthetic Bonds will only be cash settled, they will not result in the issuance of new ordinary shares or the delivery of existing ordinary shares upon conversion. Interest on the Synthetic Bonds is payable semi-annually in arrears on January 25 and July 25 of each year, beginning July 26, 2016. Net proceeds from the Synthetic Bonds were used for general corporate purposes and to finance the purchase of the call options. The Synthetic Bonds are our unsecured obligations. The Synthetic Bonds will rank equally in right of payment with all of our existing and future unsubordinated debt.

The Synthetic Bonds issued on January 25, 2016 were issued at par. The Synthetic Bonds issued on March 3, 2016 were issued at a premium of 112.44% resulting from an adjustment over the 3-day trading period following the issuance resulting in a share reference price of €48.8355.

A 40.0% conversion premium was applied to the share reference price of €40.7940. The share reference price was computed using the average of the daily volume weighted average price of our ordinary shares on the Euronext Paris market over the 10 consecutive trading days from January 21 to February 3, 2016. The initial conversion price of the bonds was then fixed at €57.1116.

The Synthetic Bonds each have a nominal value of €100.0 thousand with a conversion ratio of 3,337.3493 and a conversion price of €29.9639. Any bondholder may, at its sole option, request the conversion in cash of all or part of the bonds it owns, beginning November 15, 2020 to the 38th business day before the maturity date.

Senior Notes - On April 3, 2018, we commenced offers to exchange up to $459.8 million in aggregate principal amount of new 3.45% senior notes due October 1, 2022 (the “Senior Notes”), Series B, which have been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), for any and all of our outstanding restricted 3.45% Senior Notes due 2022, Series A (the “Outstanding Notes”), which we previously issued in a private transaction that was not subject to the registration requirements of the Securities Act (the “Initial Offering”). We refer to the Exchange Notes and the Outstanding Notes collectively as the “Notes”.

The terms of the Senior Notes are governed by the indenture, dated as of March 29, 2017 between TechnipFMC and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by the First Supplemental Indenture between TechnipFMC and the Trustee (the “First Supplemental Indenture”) relating to the issuance of the 2017 Notes and the Second Supplemental Indenture between TechnipFMC and the Trustee (the “Second Supplemental Indenture”) relating to the issuance of the 2022 Notes.

At any time prior to July 1, 2022, in the case of the 2022 Notes, we may redeem some or all of the Senior Notes at the redemption prices specified in the First Supplemental Indenture and Second Supplemental Indenture, respectively. At any time on or after July 1, 2022, we may redeem the 2022 Notes at the redemption price equal to 100% of the principal amount of the 2022 Notes redeemed. The Senior Notes are our senior unsecured obligations. The Senior Notes will rank equally in right of payment with all of our existing and future unsubordinated debt, and will rank senior in right of payment to all of our future subordinated debt.

Private Placement Notes - On July 27, 2010, we completed the private placement of €200.0 million aggregate principal amount of 5.0% notes due July 2020 (the “2020 Notes”). Interest on the 2020 Notes is payable annually in arrears on July 27 of each year, beginning July 27, 2011. Net proceeds of the 2020 Notes were used to partially finance the 2004-2011 bond issue, which was repaid at its maturity date on May 26, 2011. The 2020 Notes contain contains usual and customary covenants and events of default for notes of this type. In the event of a change of control resulting in a downgrade in the rating of the notes below BBB-, the 2020 Notes may be redeemed early by any bondholder, at its sole discretion. The 2020 Notes are our unsecured obligations. The 2020 Notes will rank equally in right of payment with all of our existing and future unsubordinated debt.

In June 2012, we completed the private placement of €325.0 million aggregate principal amount of notes. The notes were issued in three tranches with €150.0 million bearing interest at 3.40% and due June 2022 (the “Tranche A 2022 Notes”), €75.0 million bearing interest of 4.0% and due June 2027 (the “Tranche B 2027 Notes”) and €100.0 million bearing interest of 4.0% and due June 2032 (the “Tranche C 2032 Notes” and, collectively with the “Tranche A 2022 Notes and the “Tranche B 2027 Notes”, the “2012 Private Placement Notes”). Interest on the Tranche A 2022 Notes and the Tranche C 2032 Notes is payable annually in arrears on June 14 of each year beginning June 14, 2013. Interest on the Tranche B 2027 Notes is payable annually in arrears on June 15 of each year, beginning June 15, 2013. Net proceeds of the 2012 Private Placement Notes were used for general corporate purposes. The 2012 Private Placement Notes contain usual and customary covenants and events of default for notes of this type. In the event of a change of control resulting in a downgrade in the rating of the notes below BBB-, the 2012 Private Placement Notes may be redeemed early by any bondholder, at its sole discretion. The 2012 Private Placement Notes are our unsecured obligations. The 2012 Private Placement Notes will rank equally in right of payment with all of our existing and future unsubordinated debt.

In October 2013, we completed the private placement of €355.0 million aggregate principal amount of senior notes. The notes were issued in three tranches with €100.0 million bearing interest at 3.75% and due October 2033 (the “Tranche A 2033 Notes”), €130.0 million bearing interest of 3.15% and due October 2023 (the “Tranche B 2023 Notes) and €125.0 million bearing interest of 3.15% and due October 2023 (the “Tranche C 2023 Notes” and, collectively with the “Tranche A 2033 Notes” and the “Tranche B 2023 Notes”, the “2013 Private Placement Notes”). Interest on the Tranche A 2033 Notes is payable annually in arrears on October 7 each year, beginning October 7, 2014. Interest on the Tranche B 2023 Notes is payable annually in arrears on October 16 of each year beginning October 16, 2014. Interest on the Tranche C 2023 Notes is payable annually in arrears on October 18 of each year, beginning October 18, 2014. Net proceeds of the 2013 Private Placement Notes were used for general corporate purposes. The 2013 Private Placement Notes contain contains usual and customary covenants and events of default for notes of this type. In the event of a change of control resulting in a downgrade in the rating of the notes below BBB-, the 2013 Private Placement Notes may be redeemed early by any bondholder, at its sole discretion. The 2013 Private Placement Notes are our unsecured obligations. The 2013 Private Placement Notes will rank equally in right of payment with all of our existing and future unsubordinated debt.

Term loan - In December 2016, we entered into a £160.0 million term loan agreement to finance the Deep Explorer, a diving support vessel (“DSV”), maturing December 2028. Under the loan agreement, interest accrues at an annual rate of 2.813%. This loan agreement contains usual and customary covenants and events of default for loans of this type.

On December 30, 2019, we completed the acquisition of the remaining 50% interest in TOP CV. In connection with the acquisition, we assumed liabilities that included a $203.1 million term loan of which $16.0 million is due June 30, 2020 with the remaining balance due September 30, 2020. Immediately following the acquisition, we paid $13.1 million towards the outstanding balance. The debt is fully collateralized against our two vessels, Coral do Atlantico and Deep Star (previously referred to Estrela do Mar).

Bank borrowings - In January 2019, we executed a sale-leaseback transaction to finance the purchase of a deepwater dive support vessel, Deep Discoverer (the “Vessel”) for the full transaction price of $116.8 million. The sale-leaseback agreement (“Charter”) was entered into with a French joint-stock company, owned by Credit Industrial et Commercial (“CIC”) which was formed for the sole purpose to purchase and act as the lessor of the Vessel. It is a variable interest

entity, which is fully consolidated in our condensed consolidated financial statements. The transaction was funded through debt of $96.2 million which is primarily long-term, expiring on January 8, 2031.

Foreign committed credit - We have committed credit lines at many of our international subsidiaries for immaterial amounts. We utilize these facilities for asset financing and to provide a more efficient daily source of liquidity. The effective interest rates depend upon the local national market.

Analysis by type of interest rate after yield management is described in Note 29.

19.2 Secured financial debts excluding finance leases

Secured debts are as follows:

	As of December 31, 2019			As of December 31, 2018		
(In millions)	**Guarantee**	**Without Guarantee**	**Total**	**Guarantee**	**Without Guarantee**	**Total**
Bank overdrafts, current facilities and other	$ 232.1	$ 4.1	$ 236.2	$ —	$ 3.9	$ 3.9
Short-term portion of long-term debt	34.4	2,191.6	2,226.0	0.8	1,978.8	1,979.6
Total short-term debt and current portion of long-term	266.5	2,195.7	2,462.2	0.8	1,982.7	1,983.5
Total long-term debt, less current portion and finance leases	190.0	1,823.2	2,013.2	193.1	2,015.1	2,208.2
Total debt excluding finance leases	$ 456.5	$ 4,018.9	$ 4,475.4	$ 193.9	$ 3,997.8	$ 4,191.7

NOTE 20. PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS

20.1 Description of TechnipFMC's current benefit plans

We have funded and unfunded defined benefit pension plans which provide defined benefits based on years of service and final average salary.

We are required to recognize the funded status of defined benefit post-retirement plans as an asset or liability in the consolidated statement of financial position and recognize changes in that funded status in comprehensive income in the year in which the changes occur. Further, we are required to measure the plan's assets and its obligations that determine its funded status as of the date of the consolidated statement of financial position. We have applied this guidance to our domestic pension and other post-retirement benefit plans as well as for many of our non-U.S. plans, including those in the United Kingdom, Germany, France and Canada.

In the case of funded plans, we ensure that the investment positions are managed to achieve long-term investments that are in line with the obligations under the pension schemes. Our objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

We actively monitor how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. We have not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Our pension investment strategy emphasizes maximizing returns consistent with balancing risk. Excluding our international plans with insurance-based investments, 99% of our total pension plan assets represent the U.S. qualified plan, the U.K. plan and the Netherlands plan. These plans are primarily invested in equity securities to maximize the long-term returns of the plans.

On December 31, 2017, we amended the U.S. retirement plans (the "Plans") to freeze benefit accruals for all participants of the Plans as of December 31, 2017. After that date, participants in the Plans will no longer accrue any further benefits and participants' benefits under the Plans will be determined based on credited service and eligible earnings as of December 31, 2017.

Foreign-based employees are eligible to participate in TechnipFMC-sponsored or government-sponsored benefit plans to which we contribute. Several of the foreign defined benefit pension plans sponsored by us provide for employee contributions; the remaining plans are noncontributory. The most significant of these plans are in the Netherlands, France and the United Kingdom.

We have other post-retirement benefit plans covering substantially all of our U.S. unionized employees. The post-retirement health care plans are contributory; the post-retirement life insurance plans are noncontributory.

We expect to contribute approximately $6.9 million to our international pension plans, representing primarily the Netherlands qualified pension plans and U.K. qualified pension plans. We do not expect to make any contributions to our U.S. Qualified Pension Plan and our U.S. Non-Qualified Defined Benefit Pension Plan in 2020. All of the contributions are expected to be in the form of cash.

The following table summarizes expected benefit payments from our various pension and post-retirement benefit plans through 2029. Actual benefit payments may differ from expected benefit payments.

(In millions)	Expected benefit payments
2020	$ 74.4
2021	71.5
2022	67.7
2023	66.5
2024	72.6
2025-2029	376.3
Total	$ 729.0

20.2 Net benefit expense recognized in the statement of income

The net benefit expense recognized in the statement of income is as follows:

(In millions)	2019	2018
Current service cost	$ 16.2	$ 21.1
Financial cost	45.0	46.2
Interest income	(34.6)	(38.1)
Net actuarial gain (loss) recognized on long-term benefits	(0.2)	(0.5)
Special events (curtailment/settlement)	1.5	(0.7)
Administration costs and taxes	3.6	7.1
Net benefit expense as recorded in the statement of income	$ 31.5	$ 35.1

20.3 Defined benefit asset (liability) recognized in the consolidated statements of financial position

The amounts recognized in the statement of financial position and the movements in the net defined benefit obligation over the year are as follows:

(In millions)	Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Obligation
As of January 1, 2018	$ 1,600.7	$ 1,263.1	$ 337.6
Acquisitions / disposals	—	—	—
Expense as recorded in the statement of income	73.2	38.1	35.1
Total current service cost	20.4	—	20.4
Net financial costs	46.2	38.1	8.1
Actuarial gains of the year	(0.5)	—	(0.5)
Administrative costs and taxes	7.1	—	7.1
Actuarial loss recognized in other comprehensive income	(92.8)	(118.1)	25.3
Actuarial loss on defined benefit obligation	(92.8)	(118.1)	25.3
- Experience	7.2	—	7.2
- Financial assumptions	(100.0)	—	(100.0)
- Demographic assumptions	(3.2)	—	(3.2)
Actuarial gain (loss) on plan assets	—	(118.1)	118.1
Change in irrecoverable surplus other than interest	3.2	—	3.2
Contributions and benefits paid	(86.9)	(39.3)	(47.6)
Contributions by employer	—	18.5	(18.5)
Contributions by employee	1.2	1.2	—
Benefits paid by employer	(29.1)	—	(29.1)
Benefits paid from plan assets	(59.0)	(59.0)	—
Exchange difference and other	(25.9)	(20.9)	(5.0)
Settlements	(87.6)	(87.6)	—
Other	13.6	0.1	13.5
As of December 31, 2018	$ 1,394.3	$ 1,035.4	$ 358.9
Acquisitions / disposals	—	—	—
Expense as recorded in the statement of income	66.1	34.6	31.5
Total current service cost	17.7	—	17.7
Net financial costs	45.0	34.6	10.4
Actuarial gains of the year	(0.2)	—	(0.2)
Administrative costs and taxes	3.6	—	3.6
Actuarial loss recognized in other comprehensive income	185.3	129.5	55.8
Actuarial loss on defined benefit obligation	185.3	129.5	55.8
- Experience	(2.7)	—	(2.7)
- Financial assumptions	204.2	—	204.2
- Demographic assumptions	(14.9)	—	(14.9)
Actuarial gain (loss) on plan assets	—	129.5	(129.5)
Change in irrecoverable surplus other than interest	(1.3)	—	(1.3)
Contributions and benefits paid	(69.2)	(45.3)	(23.9)
Contributions by employer	—	6.9	(6.9)
Contributions by employee	1.1	1.1	—
Benefits paid by employer	(17.0)	—	(17.0)
Benefits paid from plan assets	(53.3)	(53.3)	—
Exchange difference and other	11.0	13.5	(2.5)
Settlements	—	—	—
Other	5.0	0.2	4.8
As of December 31, 2019	$ 1,592.5	$ 1,167.9	$ 424.6

In 2019 and 2018, the discounted defined benefit obligation included $1,378.2 million and $1,199.5 million for funded plans and $215.8 million and $196.2 million for unfunded plan assets, respectively.

Below are the details of the principal categories of plan assets by country in terms of percentage of their total fair value:

2019

(In %)	Bonds	Shares	Real Estate	Cash	Other	Total
Eurozone	—%	—%	—%	—%	100%	100%
United Kingdom	11%	82%	—%	7%	—%	100%
United States	—%	100%	—%	—%	—%	100%

2018

(In %)	Bonds	Shares	Real Estate	Cash	Other	Total
Eurozone	—%	—%	—%	—%	100%	100%
United Kingdom	10%	81%	—%	9%	—%	100%

20.4 Actuarial assumptions

	December 31, 2019			
	Discount Rate	Future Salary Increase (above Inflation Rate)	Healthcare Cost Increase Rate	Inflation Rate
Eurozone	From 0.90% to 1.00%	From 2.30% to 3.60%	NA	From 1.60% to 1.80%
United Kingdom	2.0%	3.9%	NA	From 2.40% to 3.10%
United States of America	3.6%	4.0%	NA	NA

	December 31, 2018			
	Discount Rate	Future Salary Increase (above Inflation Rate)	Healthcare Cost Increase Rate	Inflation Rate
Eurozone	From 1.30% to 1.90%	From 1.57% to 3.70%	NA	1.73%
United Kingdom	From 2.60% to 2.70%	4.2%	NA	2.5%
United States of America	3.6%	NA	NA	NA

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	December 31, 2019			
	Assumed life expectations for a retiree age 65			
	Retiring at the end of the reporting period		Retiring 15 years after the end of the reporting period	
(in years)	Male	Female	Male	Female
Eurozone	23	27	28	31
United Kingdom	21	23	23	25
United States of America	21	23	19	21

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.

The discount rates as of December 31, 2019 of the Eurozone, United Kingdom and the United States zones are determined by holding the benefit flows of services expected from the plans and by using a curve of yield built from a wide basket of bonds of companies of high quality (noted AA). In the countries where the market bonds of companies of high quality is insufficiently deep, the discount rates are measured in reference to governmental rates.

The references used to determine the discount rates at December 31, 2019 remain unchanged compared to 2018. A 25% decrease in the discount rate would increase the defined benefit obligation by approximately 3.8%. A 25% increase in the discount rate would decrease the defined benefit obligation by approximately (3.6)%.

20.5 Other plans

Savings plans - The TechnipFMC Retirement Savings Plan ("Qualified Plan"), a qualified salary reduction plan under Section 401(k) of the Internal Revenue Code, is a defined contribution plan. Additionally, we have a non-qualified deferred compensation plan, the Non-Qualified Plan, which allows certain highly compensated employees the option to defer the receipt of a portion of their salary. We match a portion of the participants' deferrals to both plans. Both plans relate to FMC Technologies, Inc.

Participants in the Non-Qualified Plan earn a return based on hypothetical investments in the same options as our 401(k) plan, including TechnipFMC plc stock ("FTI Stock Fund"). In March 2019, the FTI Stock Fund was removed from the Non-Qualified Plan. Changes in the market value of these participant investments are reflected in other income (expense), net. The deferred compensation obligation is measured based on the actuarial present value of the benefits owed to the employee. As of December 31, 2019 and 2018, our liability for the Non-Qualified Plan was $36.6 million and $31.5 million, respectively, and was recorded in other non-current liabilities. We hedge the financial impact of changes in the participants' hypothetical investments by purchasing the investments that the participants have chosen. With the exception of TechnipFMC plc stock, which is maintained at its cost basis, changes in the fair value of these investments are recognized as an offset to other income (expense), net. As of December 31, 2019 and 2018, we had investments for the Non-Qualified Plan totaling $26.3 million and $21.4 million at fair market value, respectively. As of December 31, 2019 and 2018, TechnipFMC stock held in trust of nil and $2.4 million at its cost basis, respectively.

We recognized expense of $34.0 million and $31.8 million for matching contributions to these plans in 2019 and 2018, respectively. Additionally, we recognized expense of $13.2 million and $14.3 million for non-elective contributions in 2019 and 2018, respectively.

NOTE 21. PROVISIONS (CURRENT AND NON-CURRENT)

Movements in each class of provision as at December 31, 2018 are set out below:

(In millions)	As of December 31, 2017	Increase	Used Reversals	Unused Reversals	Foreign Exchange Adjustments	Other	As of December 31, 2018
Tax	$ 1.5	$ 0.6	$ —	$ —	$ —	$ (1.4)	$ 0.7
Litigation	4.4	0.2	—	(0.9)	(0.2)	2.3	5.8
Provisions for claims	9.9	0.2	—	(3.0)	(0.7)	—	6.4
Other non-current provisions [2]	58.5	20.2	(40.1)	(7.4)	(1.9)	0.5	29.8
Total non-current provisions	$ 74.3	$ 21.2	$ (40.1)	$ (11.3)	$ (2.8)	$ 1.4	$ 42.7
Contingencies related to contracts	214.9	62.7	(25.9)	(114.6)	(4.0)	15.7	148.8
Tax	15.1	13.6	—	(2.7)	(2.1)	6.1	30.0
Litigation [1]	57.9	292.0	(16.9)	(0.4)	(6.7)	62.3	388.2
Provisions for claims	19.5	—	(3.4)	—	(0.9)	—	15.2
Other current provisions [2]	404.8	194.0	(151.3)	(101.6)	(20.6)	(81.2)	244.1
Total current provisions	$ 712.2	$ 562.3	$ (197.5)	$ (219.3)	$ (34.3)	$ 2.9	$ 826.3
Total provisions	$ 786.5	$ 583.5	$ (237.6)	$ (230.6)	$ (37.1)	$ 4.3	$ 869.0

Movements in each class of provision as at December 31, 2019 are set out below:

(In millions)	As of December 31, 2018	Increase	Used Reversals	Unused Reversals	Foreign Exchange Adjustments	Other	As of December 31, 2019
Tax	$ 0.7	$ —	$ —	$ —	$ —	$ —	$ 0.7
Litigation	5.8	5.2	(2.2)	—	(3.2)	2.0	7.6
Restructuring obligations [2]	10.8	2.2	(0.6)	(2.0)	0.2	5.0	15.6
Provisions for claims	6.4	2.4	—	—	(0.1)	—	8.7
Other non-current provisions	19.0	1.0	(13.3)	(0.2)	(0.2)	8.8	15.1
Total non-current provisions	$ 42.7	$ 10.8	$ (16.1)	$ (2.2)	$ (3.3)	$ 15.8	$ 47.7
Contingencies related to contracts	148.8	36.5	(20.7)	(10.4)	(0.4)	(37.1)	116.7
Tax	30.0	8.8	(1.1)	(2.6)	0.3	(11.6)	23.8
Litigation [1]	388.2	84.0	(293.9)	(27.5)	(6.9)	16.2	160.1
Restructuring obligations [2]	28.6	30.3	(17.3)	(1.3)	—	(7.2)	33.1
Provisions for claims	15.2	5.7	(20.0)	—	(0.6)	—	0.3
Other current provisions	215.5	124.1	(115.6)	(73.2)	(2.9)	(5.3)	142.6
Total current provisions	$ 826.3	$ 289.4	$ (468.6)	$ (115.0)	$ (10.5)	$ (45.0)	$ 476.6
Total provisions	$ 869.0	$ 300.2	$ (484.7)	$ (117.2)	$ (13.8)	$ (29.2)	$ 524.3

(1) *Litigation* - A provision of $91.3 million and $280.0 were recorded in 2019 and 2018, respectively, regarding U.S. Department of Justice related to investigation of offshore platform projects awarded between 2003 and 2007, performed in Brazil by a joint venture company in which Technip S.A. was a minority participant, and also certain other projects performed by Technip S.A. subsidiaries in Brazil between 2002 and 2013. On June 25, 2019, we announced a global resolution to pay a total of $301.3 million. As part of this resolution, we entered into a three-year Deferred Prosecution Agreement. Refer to Note 25 for detailed description. The remaining unpaid balance pursuant to the the Deferred Prosecution Agreement was reversed from provisions and recorded in other current liabilities and other non-current liabilities. Refer to Note 22 for details.

(2) *Restructuring obligations* - In December 2019, we initiated a company-wide reduction in workforce intended to reduce costs and better align our workforce with current and anticipated activity levels, which resulted in the recognition of severance costs relating to termination benefits and other restructuring charges. The initial plan included a workforce reduction of approximately 1,600 employees. Restructuring charges related to this global initiative was $32.4 million. During 2018 we initiated cost cutting measures resulting in the recognition of severance costs related to employee termination benefits, expenses related to the consolidation of our facilities and other non-recurring charges. Restructuring obligation was part of other current provisions and other non-current provisions as at December 31, 2018.

The accounting policy principles utilized to evaluate the amounts and types of provisions for liabilities and charges are described in Note 1.

NOTE 22. OTHER LIABILITIES (CURRENT AND NON-CURRENT)

Other current liabilities consisted of the following:

(In millions)	December 31, 2019	December 31, 2018
Redeemable financial liability	$ 129.0	$ 173.0
Current financial liabilities at FVTPL, total	129.0	173.0
Other taxes payable	240.4	215.0
Accruals on completed contracts	193.5	234.4
Social security liability	116.5	112.3
Payable on litigation settlement	62.9	—
Other	275.8	217.2
Other current liabilities, total	889.1	778.9
Total other current liabilities	$ 1,018.1	$ 951.9

Other non-current liabilities consisted of the following:

(In millions)	December 31, 2019	December 31, 2018
Redeemable financial liabilities	$ 181.0	$ 276.3
Non-current financial liabilities	181.0	276.3
Payable on litigation settlement	62.9	—
Uncertain tax positions	60.6	92.5
Obligations on non-qualified employee retirement plans	36.6	31.5
Payable on property, plant and equipment	12.2	23.1
Subsidies	4.4	5.4
Other	76.2	118.4
Other non-current liabilities	252.9	270.9
Total other non-current liabilities	$ 433.9	$ 547.2

A mandatorily redeemable financial liability was recognized in 2016 to account for the fair value of the non-controlling interests in the equity of legal onshore/offshore contract entities which own and account for the design, engineering and construction of the Yamal LNG plant. This financial liability is periodically revaluated to its fair value, in order to reflect current expectations about the obligation. TechnipFMC recognized a loss of $423.1 million and $322.3 million in 2019 and 2018, respectively. Pursuant to payments of $562.8 million and $225.8 million during the year in 2019 and 2018, respectively. The carrying amount of Yamal LNG redeemable financial liability as at December 31 was $268.8 million and $408.5 million in 2019 and 2018, respectively.

In 2018, an additional redeemable financial liability was recognized to account for an acquisition of Island Offshore. The carrying amount of Island Offshore redeemable financial liability was $41.2 million and $40.8 million as at December 31, 2019 and 2018, respectively.

NOTE 23. ACCOUNTS PAYABLE, TRADE

Trade payables amounted to $2,660.7 million as of December 31, 2019 as compared to $2,610.8 million as of December 31, 2018. Trade payables maturities are linked to the operating cycle of supply contracts and mature within 12 months.

NOTE 24. WARRANTY OBLIGATIONS

Our warranties are excluded from the estimated total costs in the measurement of progress and accrued when or as we transfer control of the goods or services to the customer. Refer to Note 5 to these consolidated financial statements for additional information regarding warranties. Our accrued warranties as of December 31, 2019 were $193.5 million. During 2019, we had new warranty expenses of $78.8 million, adjustments to existing accruals of $(57.5) million and claims paid of $62.2 million.

NOTE 25. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities associated with guarantees - In the ordinary course of business, we enter into standby letters of credit, performance bonds, surety bonds and other guarantees with financial institutions for the benefit of our customers, vendors and other parties. The majority of these financial instruments expire within five years. Management does not expect any of these financial instruments to result in losses that, if incurred, would have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Guarantees consisted of the following:

	December 31,	
(In millions)	**2019**	**2018**
Financial guarantees [(1)]	$ 945.5	$ 750.4
Performance guarantees [(2)]	4,916.0	4,047.6
Maximum potential undiscounted payments	$ 5,861.5	$ 4,798.0

(1) Financial guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on changes in an underlying agreement that is related to an asset, a liability, or an equity security of the guaranteed party. These tend to be drawn down only if there is a failure to fulfill our financial obligations.

(2) Performance guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on another entity's failure to perform under a nonfinancial obligating agreement. Events that trigger payment are performance-related, such as failure to ship a product or provide a service.

Management believes the ultimate resolution of our known contingencies will not materially affect our consolidated financial position, results of operations, or cash flows.

Contingent liabilities associated with legal matters - We are involved in various pending or potential legal and tax actions or disputes in the ordinary course of our business. Management is unable to predict the ultimate outcome of these actions because of their inherent uncertainty. However, management believes that the most probable, ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

On March 28, 2016, FMC Technologies received an inquiry from the U.S. Department of Justice ("DOJ") related to the DOJ's investigation of whether certain services Unaoil S.A.M. provided to its clients, including FMC Technologies, violated the U.S. Foreign Corrupt Practices Act ("FCPA"). On March 29, 2016, Technip S.A. also received an inquiry from the DOJ related to Unaoil. We cooperated with the DOJ's investigations and, with regard to FMC Technologies, a related investigation by the SEC.

In late 2016, Technip S.A. was contacted by the DOJ regarding its investigation of offshore platform projects awarded between 2003 and 2007, performed in Brazil by a joint venture company in which Technip S.A. was a minority participant, and we have also raised with DOJ certain other projects performed by Technip S.A. subsidiaries in Brazil

between 2002 and 2013. The DOJ has also inquired about projects in Ghana and Equatorial Guinea that were awarded to Technip S.A. subsidiaries in 2008 and 2009, respectively. We cooperated with the DOJ in its investigation into potential violations of the FCPA in connection with these projects. We contacted and cooperated with the Brazilian authorities (Federal Prosecution Service ("MPF"), the Comptroller General of Brazil ("CGU") and the Attorney General of Brazil ("AGU")) with their investigation concerning the projects in Brazil and have also contacted and are cooperating with French authorities (the Parquet National Financier ("PNF")) with their investigation about these existing matters.

On June 25, 2019, we announced a global resolution to pay a total of $301.3 million to the DOJ, the SEC, the MPF, and the CGU/AGU to resolve these anti-corruption investigations. We will not be required to have a monitor and will, instead, provide reports on our anti-corruption program to the Brazilian and U.S. authorities for two and three years, respectively.

As part of this resolution, we entered into a three-year Deferred Prosecution Agreement ("DPA") with the DOJ related to charges of conspiracy to violate the FCPA related to conduct in Brazil and with Unaoil. In addition, Technip USA, Inc., a U.S. subsidiary, pled guilty to one count of conspiracy to violate the FCPA related to conduct in Brazil. We will also provide the DOJ reports on our anti-corruption program during the term of the DPA.

In Brazil, our subsidiaries Technip Brasil - Engenharia, Instalações E Apoio Marítimo Ltda. and Flexibrás Tubos Flexíveis Ltda. entered into leniency agreements with both the MPF and the CGU/AGU. We have committed, as part of those agreements, to make certain enhancements to their compliance programs in Brazil during a two-year self-reporting period, which aligns with our commitment to cooperation and transparency with the compliance community in Brazil and globally.

In September 2019, the SEC approved our previously disclosed agreement in principle with the SEC Staff and issued an Administrative Order, pursuant to which we paid the SEC $5.1 million, which was included in the global resolution of $301.3 million.

To date, the investigation by PNF related to historical projects in Equatorial Guinea and Ghana has not reached resolution. We remain committed to finding a resolution with the PNF and will maintain a $70.0 million provision related to this investigation. As we continue to progress our discussions with PNF towards resolution, the amount of a settlement could exceed this provision.

There is no certainty that a settlement with PNF will be reached or that the settlement will not exceed current accruals. The PNF has a broad range of potential sanctions under anticorruption laws and regulations that it may seek to impose in appropriate circumstances including, but not limited to, fines, penalties, and modifications to business practices and compliance programs. Any of these measures, if applicable to us, as well as potential customer reaction to such measures, could have a material adverse impact on our business, results of operations, and financial condition. If we cannot reach a resolution with the PNF, we could be subject to criminal proceedings in France, the outcome of which cannot be predicted.

Contingent liabilities associated with liquidated damages - Some of our contracts contain provisions that require us to pay liquidated damages if we are responsible for the failure to meet specified contractual milestone dates and the applicable customer asserts a conforming claim under these provisions. These contracts define the conditions under which our customers may make claims against us for liquidated damages. Based upon the evaluation of our performance and other commercial and legal analysis, management believes we have appropriately recognized probable liquidated damages at December 31, 2019 and 2018, and that the ultimate resolution of such matters will not materially affect our consolidated financial position, results of operations, or cash flows.

NOTE 26. FINANCIAL INSTRUMENTS

26.1 Financial assets and liabilities by category

TechnipFMC holds the following financial assets and liabilities:

	December 31, 2019 Analysis by Category of Financial Instruments			
(In millions)	**Carrying Amount**	**At Fair Value through Profit or Loss**	**Assets/Liabilities at Amortized cost**	**At Fair Value through OCI**
Trade receivables, net	$ 2,281.4	$ —	$ 2,281.4	$ —
Other financial assets	390.9	58.4	332.5	—
Derivative financial instruments	141.4	12.3	—	129.1
Cash and cash equivalents	5,190.1	5,190.1	—	—
Total financial assets	$ 8,003.8	$ 5,260.8	$ 2,613.9	$ 129.1
Long-term debt, less current portion	2,013.2	—	2,013.2	—
Non-current lease liabilities	681.7	—	681.7	—
Other non-current financial liabilities	181.0	181.0	—	—
Short-term debt and current portion of long-term debt	2,462.2	—	2,462.2	—
Accounts payable, trade	2,660.7	—	2,660.7	—
Derivative financial instruments	194.0	21.0	—	173.0
Current lease liabilities	275.1	—	275.1	—
Other financial liabilities	129.0	129.0	—	—
Total financial liabilities	$ 8,596.9	$ 331.0	$ 8,092.9	$ 173.0

	December 31, 2018 Analysis by Category of Financial Instruments			
(In millions)	**Carrying Amount**	**At Fair Value through Profit or Loss**	**Assets/Liabilities at Amortized cost**	**At Fair Value through OCI**
Trade receivables, net	$ 2,467.8	$ —	$ 2,467.8	$ —
Other financial assets	313.6	39.2	274.4	—
Derivative financial instruments	114.0	21.2	—	92.8
Cash and cash equivalents	5,542.2	5,542.2	—	—
Total financial assets	$ 8,437.6	$ 5,602.6	$ 2,742.2	$ 92.8
Long-term debt, less current portion	2,546.0	$ —	$ 2,546.0	$ —
Other non-current financial liabilities	276.3	276.3	—	—
Short-term debt and current portion of long-term debt	1,983.5	—	1,983.5	—
Accounts payable, trade	2,610.8	—	2,610.8	—
Derivative financial instruments	183.3	20.0	—	163.3
Other current financial liabilities	173.0	173.0	—	—
Total financial liabilities	$ 7,772.9	$ 469.3	$ 7,140.3	$ 163.3

The following explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, TechnipFMC has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

(In millions)	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Nonqualified plan:				
Traded securities [(1)]	$ 54.8	$ —	$ —	$ 54.8
Money market fund	—	1.5	—	1.5
Stable value fund	—	2.1	—	2.1
Derivative financial instruments:				—
Synthetic bonds - call option premium	—	4.3	—	4.3
Foreign exchange contracts	—	137.1	—	137.1
Financial assets	$ 54.8	$ 145.0	$ —	$ 199.8
Redeemable financial liability	—	—	310.0	310.0
Derivative financial instruments:				
Synthetic bonds - embedded derivatives	—	4.3	—	4.3
Foreign exchange contracts	—	189.7	—	189.7
Financial liabilities	$ —	$ 194.0	$ 310.0	$ 504.0

(In millions)	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Nonqualified plan:				
Traded securities [(1)]	$ 40.6	$ —	$ —	$ 40.6
Money market fund	—	1.6	—	1.6
Stable value fund	—	0.5	—	0.5
Derivative financial instruments:				
Synthetic bonds - call option premium	—	9.2	—	9.2
Foreign exchange contracts	—	104.8	—	104.8
Financial assets	$ 40.6	$ 116.1	$ —	$ 156.7
Redeemable financial liability	—	—	449.3	449.3
Derivative financial instruments:				
Synthetic bonds - embedded derivatives	—	9.2	—	9.2
Foreign exchange contracts	—	174.1	—	174.1
Financial liabilities	$ —	$ 183.3	$ 449.3	$ 632.6

(1) Includes equity securities, fixed income and other investments measured at fair value.

During the financial year 2019 and 2018, there were no transfer between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Non-qualified plan—The fair value measurement of our traded securities is based on quoted prices that we have the ability to access in public markets. Our stable value fund and money market fund are valued at the net asset value of the shares held at the end of the quarter, which is based on the fair value of the underlying investments using information reported by our investment adviser at quarter-end.

Investments at FVTPL —The fair value measurement of our investments at FVTPL is based on quoted prices that we have the ability to access in public markets.

Mandatorily redeemable financial liability—We determined the fair value of the mandatorily redeemable financial liabilities using a discounted cash flow model. Refer to Note 22 for further information related to this liability. The key assumption used in applying the income approach is the selected discount rates and the expected dividends to be distributed in the future to the noncontrolling interest holders. Expected dividends to be distributed is based on the noncontrolling interests' share of the expected profitability of the underlying contract, the selected discount rate, and the overall timing of completion of the project. A decrease of one percentage point in the discount rate would have increased the liability by $3.4 million as of December 31, 2019. The fair value measurement is based upon significant unobservable inputs not observable in the market and is consequently classified as a Level 3 fair value measurement.

Changes in the fair value of Level 3 mandatorily redeemable financial liabilities is presented below.

(In millions)	2019	2018
Balance at January 1	$ 449.3	$ 312.0
Expenses recognized in the statements of income	(423.5)	(322.3)
Settlements of mandatorily redeemable financial liability	562.8	225.8
Acquisitions	—	40.8
Balance at December 31	$ 310.0	$ 449.3

Fair value of debt—The fair values (based on Level 2 inputs) of our debt, carried at amortized cost, are presented in Note 19 Debts.

26.2 Derivative financial instruments

For purposes of mitigating the effect of changes in exchange rates, we hold derivative financial instruments to hedge the risks of certain identifiable and anticipated transactions and recorded assets and liabilities in our consolidated statement of financial position. The types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in foreign currency exchange rates. Our policy is to hold derivatives only for the purpose of hedging risks associated with anticipated foreign currency purchases and sales created in the normal course of business and not for trading purposes where the objective is solely or partially to generate profit.

Generally, we enter into hedging relationships such that changes in the fair values or cash flows of the transactions being hedged are expected to be offset by corresponding changes in the fair value of the derivatives. For derivative instruments that qualify as a cash flow hedge, the effective portion of the gain or loss of the derivative, which does not include the time value component of a forward currency rate, is reported as a component of OCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For derivative instruments not designated as hedging instruments, any change in the fair value of those instruments are reflected in earnings in the period such change occurs.

For further information on foreign currency risk exposure and management, refer to Note 29.

We hold the following types of derivative instruments:

Foreign exchange rate forward contracts—The purpose of these instruments is to hedge the risk of changes in future cash flows of highly probable purchase or sale commitments denominated in foreign currencies and recorded assets and liabilities in our consolidated statement of financial position. As of December 31, 2019 and December 31, 2018, we held the following material net positions:

	December 31, 2019				December 31, 2018
	Maturity				Maturity
(In millions except for rates)	1-12 months	12-24 months	Beyond 24 months	Total	Total
Australian dollar					
Notional amount (LC)	154.5	(103.1)	—	51.4	183.2
Average forward rate (LC/USD)	1.42	1.42	—	1.42	—

USD equivalent	108.4	(72.4)	—	36.0	129.3
Brazilian real					—
Notional amount (LC)	1,089.7	(101.1)	(190.0)	798.6	752.3
Average forward rate (LC/USD)	4.03	4.03	4.03	4.03	—
USD equivalent	270.3	(25.1)	(47.1)	198.1	194.2
British pound					—
Notional amount (LC)	233.4	116.7	(235.3)	114.8	52.4
Average forward rate (LC/USD)	0.76	0.76	0.76	0.76	
USD equivalent	307.8	154.1	(310.4)	151.5	67.0
Canadian dollar					
Notional amount (LC)	(89.6)	(0.3)	—	(89.9)	(247.0)
Average forward rate (LC/USD)	1.30	1.30	—	1.30	
USD equivalent	(68.9)	(0.2)	—	(69.1)	(181.0)
Danish krone					
Notional amount (LC)	—	—	(7.0)	(7.0)	—
Average forward rate (LC/USD)	—	—	6.65	6.65	
USD equivalent	—	—	(1.1)	(1.1)	—
Euro					
Notional amount (LC)	908.0	99.0	102.3	1,109.3	725.9
Average forward rate (LC/USD)	0.89	0.89	0.89	0.89	
USD equivalent	1,019.8	111.1	114.8	1,245.7	831.1
Honk Kong dollar					
Notional amount (LC)	—	(138.0)	—	(138.0)	—
Average forward rate (LC/USD)	—	7.79	—	7.79	
USD equivalent	—	(17.7)	—	(17.7)	—
Indian rupee					
Notional amount (LC)	—	74.3	302.2	376.5	—
Average forward rate (LC/USD)	—	71.34	71.34	71.34	
USD equivalent	—	1.0	4.2	5.2	—
Indonesian rupiah					
Notional amount (LC)	—	240,584.6	—	240,584.6	—
Average forward rate (LC/USD)	—	13,901.0	—	13,901.0	
USD equivalent	—	17.3	—	17.3	—
Japanese yen					
Notional amount (LC)	(50.1)	(130.5)	4,557.2	4,376.6	8,118.0
Average forward rate (LC/USD)	108.52	108.52	108.52	108.52	
USD equivalent	(0.5)	(1.2)	42.0	40.3	73.9
Malaysian ringgit					
Notional amount (LC)	52.6	(0.2)	361.2	413.6	397.0
Average forward rate (LC/USD)	4.09	4.09	4.09	4.09	
USD equivalent	12.9	—	88.3	101.2	96.1
Mexican peso					
Notional amount (LC)	(300.0)	—	—	(300.0)	—
Average forward rate (LC/USD)	18.90	—	—	18.90	
USD equivalent	(15.9)	—	—	(15.9)	—
Norwegian krone					
Notional amount (LC)	834.0	1,573.9	275.1	2,683.0	2,264.7
Average forward rate (LC/USD)	8.78	8.78	8.78	8.78	
USD equivalent	94.9	179.2	31.3	305.4	260.6
Singapore dollar					
Notional amount (LC)	192.2	15.1	0.9	208.2	108.2
Average forward rate (LC/USD)	1.35	1.35	1.35	1.35	
USD equivalent	142.9	11.2	0.6	154.7	79.4
Swedish Krona					

Notional amount (LC)	90.0	15.7	—	105.7	—
Average forward rate (LC/USD)	9.30	9.30	—	9.30	
USD equivalent	9.7	1.7	—	11.4	—
Kuwaiti dinar					
Notional amount (LC)	(2.0)	(0.2)	—	(2.2)	—
Average forward rate (LC/USD)	0.30	0.30	—	0.30	
USD equivalent	(6.5)	(0.6)	—	(7.1)	—
Yuan Renminbi					
Notional amount (LC)	—	31.6	—	31.6	—
Average forward rate (LC/USD)	—	6.97	—	6.97	
USD equivalent	—	4.5	—	4.5	—
U.S. dollar	(578.7)	(432.6)	(67.4)	(1,078.7)	(1,051.8)

Foreign exchange rate instruments embedded in purchase and sale contracts—In general embedded derivative instrument are separated from the host contract if the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to those of the host contract and the host contract is not marked-to-market at fair value. The purpose of these instruments is to match offsetting currency payments and receipts for particular projects, or comply with government restrictions on the currency used to purchase goods in certain countries. As of December 31, 2019 and December 31, 2018, our portfolio of these instruments included the following material net positions:

	December 31, 2019				December 31, 2018
(In millions except rates)	**1-12 months**	**12-24 months**	**Beyond 24 months**	**Total**	**Total**
Brazilian real					
Notional amount (LC)	20.4	37.2	—	57.6	—
Average forward rate (LC/USD)	0.25	0.25	—	0.25	
USD equivalent	5.1	9.2	—	14.3	—
Euro					
Notional amount (LC)	(2.0)	(4.8)	—	(6.8)	—
Average forward rate (LC/USD)	1.12	1.12	—	1.12	
USD equivalent	(2.2)	(5.4)	—	(7.6)	—
Norwegian krone					
Notional amount (LC)	(55.2)	(69.5)	—	(124.7)	(104.3)
Average forward rate (LC/USD)	0.11	0.11	—	0.11	
USD equivalent	(6.3)	(7.9)	—	(14.2)	(12.0)
U.S. dollar	3.1	4.5	—	7.6	13.1

Fair value amounts for all outstanding derivative instruments have been determined using available market information and commonly accepted valuation methodologies. Accordingly, the estimates presented may not be indicative of the amounts that we would realize in a current market exchange and may not be indicative of the gains or losses we may ultimately incur when these contracts are settled.

The following table presents the location and fair value amounts of derivative instruments reported in the consolidated statement of financial position:

(In millions)	December 31, 2019 Assets	December 31, 2019 Liabilities	December 31, 2018 Assets	December 31, 2018 Liabilities
Derivatives designated as hedging instruments				
Foreign exchange contracts				
Current - Derivative financial instruments	$ 94.3	$ 125.0	$ 83.8	$ 127.7
Long-term - Derivative financial instruments	34.8	48.0	9.0	35.6
Total derivatives designated as hedging instruments	129.1	173.0	92.8	163.3
Derivatives not designated as hedging instruments				
Foreign exchange contracts				
Current - Derivative financial instruments	7.6	16.3	11.9	10.7
Long-term - Derivative financial instruments	0.4	0.4	0.1	0.1
Total derivatives not designated as hedging instruments	8.0	16.7	12.0	10.8
Long-term - Derivative financial instruments - Synthetic Bonds - Call Option Premium	4.3	—	9.2	—
Long-term - Derivative financial instruments - Synthetic Bonds - Embedded Derivatives	—	4.3	—	9.2
Total derivatives	$ 141.4	$ 194.0	$ 114.0	$ 183.3

Cash flow hedges

Foreign exchange forward contracts listed above are designated as hedging instruments in cash flow hedges of forecast sales and forecast purchases in different local currencies. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). We have established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

We recognized gain of $3.2 million and loss of $2.5 million for the year ended December 31, 2019 and 2018, respectively, due to discontinuance of hedge accounting as it was probable that the original forecasted transaction would not occur. Cash flow hedges of forecasted transactions, net of tax, resulted in net accumulated other comprehensive loss of $39.9 million and $68.1 million at December 31, 2019 and December 31, 2018, respectively. We expect to transfer an approximately $3.6 million loss from accumulated OCI to earnings during the next 12 months when the anticipated transactions actually occur. All anticipated transactions currently being hedged are expected to occur by the second half of 2023.

The following represents the effect of cash flow hedge accounting on the condensed consolidated statements of income for the year ended December 31, 2019 and 2018:

(In millions)	Year Ended December 31, 2019				Year Ended December 31, 2018			
Total amount of income (expense) presented in the consolidated statements of income associated with hedges and derivatives	Revenue	Cost of sales	Selling, general and administrative expense	Other income (expense), net	Revenue	Cost of sales	Selling, general and administrative expense	Other income (expense), net
Cash Flow hedge gain (loss) recognized in income								
Foreign Exchange Contracts								
Amounts reclassified from accumulated OCI to income (loss)	$ (26.6)	$ 12.0	—	$ (9.1)	$ (2.4)	$ 3.4	$ (0.1)	$ 1.0
Ineffective amounts	—	—	—	3.2	(2.2)	(4.8)	—	(12.3)
Total cash flow hedge gain (loss) recognized in income	(26.6)	12.0	—	(5.9)	(4.6)	(1.4)	(0.1)	(11.3)
Gain (loss) recognized in income on derivatives not designated as hedging instruments	(1.6)	0.2	—	(10.2)	(1.7)	0.2	—	(11.4)
Total	$ (28.2)	$ 12.2	$ —	$ (16.1)	$ (6.3)	$ (1.2)	$ (0.1)	$ (22.7)

Impact of hedging on equity

The following is the reconciliation of cash flow hedge reserve in OCI:

(In millions)	Cash flow hedge reserve
	Year Ended December 31, 2019
Balance at beginning of period	$ (68.1)
Effective portion of changes in fair value	58.6
Amount reclassified to profit or loss	(23.7)
Amount transferred to inventories	—
Tax effect	(6.7)
Balance at end of period	$ (39.9)

26.3 Offsetting financial assets and financial liabilities

We execute derivative contracts with counterparties that consent to a master netting agreement, which permits net settlement of the gross derivative assets against gross derivative liabilities. Each instrument is accounted for individually and assets and liabilities are not offset. As of December 31, 2019 and December 31, 2018, we had no collateralized derivative contracts.

The following tables present both gross information and net information of recognized derivative instruments:

(In millions)	December 31, 2019			December 31, 2018		
	Gross Amount Recognized	Gross Amounts Not Offset Permitted Under Master Netting	Net Amount	Gross Amount Recognized	Gross Amounts Not Offset Permitted Under Master Netting	Net Amount
Derivative assets	$ 141.4	$ (112.5)	$ 28.9	$ 114.0	$ (105.9)	$ 8.1
Derivative liabilities	$ 194.0	$ (112.5)	$ 81.5	$ 183.3	$ (105.9)	$ 77.4

NOTE 27. PAYROLL STAFF

As of December 31, 2019, TechnipFMC had approximately 37,000 full-time employees.

The average monthly number of employees (including executive directors) employed by TechnipFMC during the year was:

By function:	2019
Production / Services	27,512
Selling and distribution	3,368
General and administrative	7,146
Total	38,026

NOTE 28. RELATED PARTIES DISCLOSURES

28.1 Transactions with related parties and equity affiliates

Receivables, payables, revenues and expenses which are included in our consolidated financial statements for all transactions with related parties, defined as entities related to our directors and main shareholders as well as the partners of our consolidated joint ventures, were as follows.

Trade receivables consisted of receivables due from following related parties:

	December 31,	
(In millions)	**2019**	**2018**
TP JGC Coral France SNC	$ 40.1	$ 31.6
TTSJV W.L.L	22.4	—
TOP CV	—	10.9
Anadarko Petroleum Company	—	4.9
Others	14.3	14.3
Total trade receivables	$ 76.8	$ 61.7

TP JGC Coral France SNC and TTSJV W.L.L. are equity method affiliates. TOP CV was previously an equity method affiliate.

A member of our Board of Directors (the “Director”) served on the Board of Directors of Anadarko Petroleum Company (“Anadarko”) until August 2019. In August 2019, Anadarko was acquired by Occidental Petroleum Corporation (“Occidental”). As a result, the Director no longer serves as a member of the Board of Directors of Anadarko. The Director is not an officer or director of Occidental.

Trade payables consisted of payables due to following related parties:

	December 31,	
(In millions)	**2019**	**2018**
Chiyoda	$ 24.8	$ 70.0
JGC Corporation	15.1	69.5
IFP Energies nouvelles	2.4	2.4
Dofcon Navegacao	2.1	2.5
Magma Global Limited	—	0.6
Anadarko Petroleum Company	—	0.7
Others	6.7	2.9
Total trade payables	$ 51.1	$ 148.6

Dofcon Navegacao and Magma Global Limited are equity affiliates. JGC Corporation and Chiyoda are joint venture partners on our Yamal project. A member of our Board of Directors is an executive officer of IFP Energies nouvelles.

Additionally, we have note receivable balance of $65.2 million and $130.0 million as of December 31, 2019 and 2018, respectively. The note receivables balance includes $62.5 million and $119.9 million with Dofcon Brasil AS at December 31, 2019 and 2018, respectively. Dofcon Brasil AS is an associate and accounted for as an equity method investment. These are included in other assets on our consolidated statements of financial position.

Revenue consisted of amount from following related parties:

	Year Ended December 31,	
(In millions)	**2019**	**2018**
TTSJV W.L.L.	$ 127.9	$ —
TP JGC Coral France SNC	110.4	118.2
Anadarko Petroleum Company	67.1	124.8
TOP CV	11.9	7.2
Storengy	8.8	—
Dofcon Navegacao	8.4	2.9
Techdof Brasil AS	8.3	7.0
JGC Corporation	6.7	—
Others	30.1	33.2
Total revenue	$ 379.6	$ 293.3

A member of our Board of Directors serve on the Board of Directors for Storengy.

Expenses consisted of amount to following related parties:

	Year Ended December 31,	
(In millions)	**2019**	**2018**
Chiyoda	$ 25.1	$ 53.0
JGC Corporation	20.8	81.2
Arkema S.A.	18.9	2.6
Serimax Holdings SAS	17.7	0.1
Magma Global Limited	7.3	3.0
TP JGC Coral France SNC	5.0	—
Jumbo Shipping	4.5	—
IFP Energies nouvelles	3.8	4.4
Creowave OY	2.6	1.9
Amaja Oil	2.0	—
Altus Intervention	1.8	—
Competentia	1.6	—
Others	31.3	8.5
Total expenses	$ 142.4	$ 154.7

Serimax Holdings SAS is an equity affiliate. Amaja Oil is a joint venture partner. We own a minority interest in a Creowave OY joint venture. Members of our Board of Directors serve on the Board of Directors for Arkema S.A., Altus Intervention, Jumbo Shipping and Competentia.

28.2 Executive compensation

The below table sets forth the single figure of remuneration for the periods ended December 31, 2019 and 2018 for each of TechnipFMC's executive directors; the Chief Executive Officer and the Executive Chairman.

	Chief Executive Officer		Executive Chairman	
(In U.S. dollars)	**2019**	**2018**	**2019**	**2018**
Salary [(1)]	$ 1,236,000	$ 1,230,000	$ 335,391	$ 1,061,194
Taxable benefits [(2)]	84,989	122,231	46,193	110,492
Annual incentive [(3)]	4,843,364	3,894,477	402,470	1,758,397
Long-term incentive awards [(4)]	1,455,003	—	901,545	—
Pension-related benefits	241,779	190,796	9,665	29,983
Total remuneration	$ 7,861,135	$ 5,437,504	$ 1,695,264	$ 2,960,066

(1) Salary provides a fixed level of market competitive compensation to our executive directors that reflects their major responsibilities. Base pay is set with reference to market median, based on responsibility, experience, individual performance, and contributions to the business.

Salary for our Chairman and CEO is unchanged since March 1, 2018.

(2) The Taxable Benefits for 2019 for the Chairman and CEO includes: (i) personal use of Company automobile of $4,977; (ii) spouse travel for Company business functions of $42,699; (iii) financial planning and personal tax assistance of $20,935; and (iv) security services of $16,378.

Taxable Benefits for the Executive Chairman include premiums for (i) medical, life, and disability insurance of $3,457, (ii) financial planning and personal tax assistance of $25,581, and (iii) spouse travel for Company business functions of $17,155.

(3) The amount disclosed in the Annual Incentive Awards column for our Chairman and CEO represents the sum of annual cash incentive bonus and time-based (non-performance based) RSUs awarded in 2019. In 2019, our Chairman and CEO's annual cash incentive was $2,903,364 calculated using a target bonus of 135% of salary, a BPI rating of 172%, and an API rating of 180%. The time-vested (non-performance based) RSUs awarded in 2019 were valued at $1,940,000, comprising 20% of the Chairman and CEO's long-term equity incentive target value of $9,700,000.

Amounts disclosed in the Annual Incentive Awards column for our Chairman and CEO represent the sum of annual cash incentive bonus and time-based (non-performance based) RSUs awarded in 2018. In 2018, our Chairman and CEO received a cash bonus of $2,154,499 calculated using a target bonus of 135% of salary, a BPI rating of 123%, and an API rating of 150%. The time-vested (non-performance) RSUs awarded in 2018 were valued at $1,739,978, comprising 20% of the Chairman and CEO's long-term equity incentive value of $8,700,000.

The Executive Chairman was not awarded any time-based RSUs in 2019. The amount disclosed in 2019 as annual incentive awards reflects only the annual cash incentive bonus awarded to Mr. Pilenko, pro-rated January 1 to May 1, 2019.

The Executive Chairman was not awarded any time-based RSUs in 2018. The amount disclosed in 2018 as annual incentive reflects only the annual cash incentive bonus awarded to Mr. Pilenko.

Mr. Pilenko's 2019 annual cash incentive bonus was paid at its target value, pro-rated to his time of service as Executive Chairman, from January 1 to May 1, 2019.

The payments for loss of office received by Mr. Pilenko are detailed in the paragraph entitled "*Payments for Loss of Office*".

For more details on the Company's executive director compensation program, please see the section "*Elements of 2019 Executive Director Compensation*".

(4) Amounts disclosed in the Long-Term Incentive Awards column for our Chairman and CEO represent the value of performance-based RSUs subject to performance (ROIC) and market-based (TSR) vesting conditions with a performance period ending December 31, 2019. It does not include the performance (ROIC) or market-based (TSR) RSUs or market value of stock options awarded in 2019.

Amounts disclosed in the Long-term Incentive Awards column for our Executive Chairman represent the value of performance-based RSUs subject to performance (ROIC) and market-based (TSR) vesting conditions with a performance period ending December 31, 2019.

The long-term incentive awards disclosed in our 2018 U.K. Annual Report were the time-based (non-performance based) RSUs, performance-based RSUs subject to performance (ROIC) and market-based (TSR) vesting conditions with a performance period ending December 31, 2020, and grant date value of market value stock options awarded to our Chairman and CEO in 2018. The value of the time-based (non-performance based) RSUs has been moved to the Annual Incentive Award column (see footnote 4 above). No long-term incentive value related to performance-based or market-based RSUs was realized in 2018, therefore this value has been excluded. The value of the market value stock options has also been excluded since the exercise price of these options is equal to the grant price.

Note: The amounts reported as Salary, Taxable Benefits, Annual Incentive Awards, and Pension-Related Benefits to our former Executive Chairman were paid in Euros. These amounts were converted to U.S. dollars utilizing an average of the Euro to U.S. dollar exchange rates on the last day of each month during each reporting year (for 2019: EUR 1 to USD 1.117971). For 2019, the table includes all compensation paid during the period he served as Executive Chairman, from January 1 to May 1, 2019.

NOTE 29. MARKET RELATED EXPOSURE

29.1 Liquidity risk

Most of our cash is managed centrally and flowed through centralized bank accounts controlled and maintained by TechnipFMC domestically and in foreign jurisdictions to best meet the liquidity needs of our global operations.

We expect to meet the continuing funding requirements of our global operations with cash generated by such operations and our existing revolving credit facility.

Net (debt) cash

Net (debt) cash, is a non-IFRS financial measure reflecting cash and cash equivalents, net of debt. Management uses this non-IFRS financial measure to evaluate our capital structure and financial leverage. We believe net debt, or net cash, is a meaningful financial measure that may assist investors in understanding our financial condition and recognising underlying trends in our capital structure. Net (debt) cash should not be considered an alternative to, or more meaningful than, cash and cash equivalents as determined in accordance with IFRS or as an indicator of our operating performance or liquidity.

The following table provides a reconciliation of our cash and cash equivalents to net (debt) cash, utilizing details of classifications from our consolidated statement of financial position:

(In millions)	December 31, 2019	December 31, 2018
Cash and cash equivalents	$ 5,190.1	$ 5,542.2
Less: Short-term debt and current portion of long-term debt	2,462.2	1,983.5
Less: Long-term debt, less current portion	2,013.2	2,208.2
Less: Lease liabilities	956.8	337.8
Net (debt) cash	$ (242.1)	$ 1,012.7

Cash flows

Operating cash flows - During 2019, we generated $1,182.1 million in cash flows from operating activities as compared to $182.3 million used in 2018, resulting in a $1,364.4 million increase compared to 2018. 65.9% of the annual operating cash flow was generated in the fourth quarter, primarily due to timing differences on project milestones and vendor payments.

Investing cash flows - Investing activities used $419.8 million and $460.2 million of cash in 2019 and 2018, respectively. The decrease in cash used by investing activities was primarily due to proceeds from repayment of advance to joint venture of $62.0 million, decrease in cash used for acquisitions, partially offset by increased capital expenditures and payment to acquire debt securities in 2019. In 2019, we purchased a deepwater dive support vessel, Deep Discoverer, that was subsequently funded through a sale-leaseback transaction.

Financing cash flows - Financing activities used $1,120.2 million and $444.8 million in 2019 and 2018, respectively. The increase of $675.4 million in cash required for financing activities was primarily due to increased settlement of mandatorily redeemable financial liability, increased payments for the principal portion of lease liabilities and decreased borrowings of commercial paper, partially offset by decreased purchases of treasury stock in 2019.

Credit facility

The following is a summary of our revolving credit facility at December 31, 2019:

(In millions)	Amount	Debt Outstanding	Commercial Paper Outstanding	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$ 2,500	$ —	$ 1,967	$ —	$ 533	January 2023

Under our commercial paper program, we have the ability to access up to $1.5 billion and €1.0 billion of financing through our commercial paper dealers. Our available capacity under our revolving credit facility is reduced by any outstanding commercial paper. We had $1,967.0 million and $1,916.1 million of commercial paper issued under our facility at December 31, 2019 and 2018, respectively.

As of December 31, 2019, we were in compliance with all restrictive covenants under our revolving credit facility.

The contractual, undiscounted repayment schedule of financial liabilities is as follows:

(In millions)	2020	2021	2022	2023	2024	2025 and beyond	Total
Debt	$ 2,462.2	$ 624.4	$ 801.2	$ 285.6	$ —	$ 302.0	$ 4,475.4
Interest on debt	54.9	44.4	24.2	19.3	12.1	77.7	232.6
Accounts payable, trade	2,660.7	—	—	—	—	—	2,660.7
Derivative financial instruments	141.3	37.3	13.2	2.2	—	—	194.0
Redeemable financial liability	138.7	119.8	65.0	40.0	15.0	—	378.5
Finance lease liabilities	305.3	184.6	128.0	101.9	89.7	330.4	1,139.9
Total financial liabilities as of December 31, 2019	$ 5,763.1	$ 1,010.5	$ 1,031.6	$ 449.0	$ 116.8	$ 710.1	$ 9,081.1

(In millions)	2019	2020	2021	2022	2023	2024 and beyond	Total
Debt	$ 1,983.5	$ 229.0	$ 700.7	$ 671.8	$ 292.0	$ 326.1	$ 4,203.1
Interest on debt	60.6	60.6	60.6	46.8	46.8	119.4	394.8
Accounts payable, trade	2,610.8	—	—	—	—	—	2,610.8
Derivative financial instruments	138.3	28.8	13.5	1.7	0.9	—	183.2
Redeemable financial liability	179.2	100.0	142.3	70.0	40.0	25.0	556.5
Finance lease liabilities	16.2	16.2	327.7	0.8	21.1	—	382.0
Total financial liabilities as of December 31, 2018	$ 4,988.6	$ 434.6	$ 1,244.8	$ 791.1	$ 400.8	$ 470.5	$ 8,330.4

29.2 Foreign currency exchange rate risk

We conduct operations around the world in a number of different currencies. Many of our significant foreign subsidiaries have designated the local currency as their functional currency. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. We do not hedge this translation impact on earnings. A 10% increase or decrease in the average exchange rates of all foreign currencies at December 31, 2019, would have changed our revenue and profit (loss) before income taxes attributable to TechnipFMC by approximately $140.6 million and $5.5 million, respectively. A 10% increase or decrease in the average exchange rates of all foreign currencies at December 31, 2018, would have changed our revenue and income before income taxes attributable to TechnipFMC by approximately $134.6 million and $5.7 million, respectively.

When transactions are denominated in currencies other than our subsidiaries’ respective functional currencies, we manage these exposures through the use of derivative instruments. We primarily use foreign currency forward contracts to hedge the foreign currency fluctuation associated with firmly committed and forecasted foreign currency denominated payments and receipts. The derivative instruments associated with these anticipated transactions are usually designated and qualify as cash flow hedges, and as such the gains and losses associated with these instruments are recorded in other comprehensive income until such time that the underlying transactions are recognized. Unless these cash flow contracts are deemed to be ineffective or are not designated as cash flow hedges at inception, changes in the derivative fair value will not have an immediate impact on our results of operations since the gains and losses associated with these instruments are recorded in other comprehensive income. When the anticipated transactions occur, these changes in value of derivative instrument positions will be offset against changes in the value of the underlying transaction. When an anticipated transaction in a currency other than the functional currency of an entity is recognized as an asset or liability on the statement of financial position, we also hedge the foreign currency fluctuation of these assets and liabilities with derivative instruments after netting our exposures worldwide. These derivative instruments do not qualify as cash flow hedges.

Occasionally, we enter into contracts or other arrangements containing terms and conditions that qualify as embedded derivative instruments and are subject to fluctuations in foreign exchange rates. In those situations, we enter into derivative foreign exchange contracts that hedge the price or cost fluctuations due to movements in the foreign exchange rates. These derivative instruments are not designated as cash flow hedges.

For our foreign currency forward contracts hedging anticipated transactions that are accounted for as cash flow hedges, a 10% increase in the value of the U.S. dollar would have resulted in an additional loss of $83.8 million and $50.7 million in the net fair value of cash flow hedges reflected in our consolidated statement of financial position at December 31, 2019 and 2018, respectively.

29.3 Interest rate risk

We assess effectiveness of forward foreign currency contracts designated as cash flow hedges based on changes in fair value attributable to changes in spot rates. We exclude the impact attributable to changes in the difference between the spot rate and the forward rate for the assessment of hedge effectiveness and recognize the change in

fair value of this component immediately in earnings. Considering that the difference between the spot rate and the forward rate is proportional to the differences in the interest rates of the countries of the currencies being traded, we have exposure in the unrealized valuation of our forward foreign currency contracts to relative changes in interest rates between countries in our results of operations. Based on our portfolio as of December 31, 2019, we have material positions with exposure to interest rates in the United States, Canada, Australia, Brazil, the United Kingdom, Singapore, the European Community and Norway.

Our interest-bearing loans and borrowings were split between fixed and floating rate as follows:

(In millions)	December 31, 2019	December 31, 2018
Fixed Rate	$ 4,432.3	$ 4,468.6
Floating Rate	43.1	60.9
Total debt	$ 4,475.4	$ 4,529.5

Sensitivity analysis as of December 31, 2019

TechnipFMC's floating rate debt amounted to $43.1 million compared to an aggregate total debt of $4,475.4 million. To ensure liquidity, cash is invested on a short-term basis. Financial products are subject to fluctuations in currency interest rates.

As of December 31, 2019, the net short-term cash position of TechnipFMC (cash and cash equivalents, less short-term financial debts) amounted to $2,452.8 million.

As of December 31, 2019, a 1% (100 basis points) increase in interest rates would lower the fair value of the fixed rate synthetic bonds, convertible bonds and private placements by $53.7 million before tax. A 1% (100 basis points) decrease in interest rates would raise the fair value by $56.6 million before tax.

A 1% (100 basis points) increase in interest rates would generate an additional profit of $27.3 million before tax in the net cash position. A 1% (100 basis points) decrease in interest rates would generate a loss of the same amount.

Sensitivity analysis as of December 31, 2018

TechnipFMC's floating rate debt amounted to $60.9 million compared to an aggregate total debt of $4,529.5 million. To ensure liquidity, cash is invested on a short-term basis. Financial products are subject to fluctuations in currency interest rates.

As of December 31, 2018, the net short-term cash position of TechnipFMC (cash and cash equivalents, less short-term financial debts) amounted to $3,558.7 million.

As of December 31, 2018, a 1% (100 basis points) increase in interest rates would lower the fair value of the fixed rate synthetic bonds, convertible bonds and private placements by $66.0 million before tax. A 1% (100 basis points) decrease in interest rates would raise the fair value by $70.6 million before tax.

A 1% (100 basis points) increase in interest rates would generate an additional profit of $35.6 million before tax in the net cash position. A 1% (100 basis points) decrease in interest rates would generate a loss of the same amount

29.4 Credit risk

Valuations of derivative assets and liabilities reflect the value of the instruments, including the values associated with counterparty risk. These values must also take into account our credit standing, thus including in the valuation of the derivative instrument the value of the net credit differential between the counterparties to the derivative contract. Our methodology includes the impact of both counterparty and our own credit standing. Adjustments to our derivative assets and liabilities related to credit risk were not material for any period presented.

By their nature, financial instruments involve risk, including credit risk, for non-performance by counterparties. Financial instruments that potentially subject us to credit risk primarily consist of trade receivables, contract assets, contractual cash flows from our debt instruments (primarily loans), cash equivalents and deposits with banks, as well as derivative contracts. We manage the credit risk on financial instruments by transacting only with what management believes are financially secure counterparties, requiring credit approvals and credit limits, and monitoring counterparties' financial condition. Our maximum exposure to credit loss in the event of non-performance by the counterparty is limited to the amount drawn and outstanding on the financial instrument. We mitigate credit risk on derivative contracts by executing contracts only with counterparties that consent to a master netting agreement, which permits the net settlement of gross derivative assets against gross derivative liabilities.

We apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. TechnipFMC's trade receivables and contracts assets constitute a homogeneous portfolio. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. TechnipFMC has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on a selection of TechnipFMC's subsidiaries that cover a representative part of TechnipFMC's consolidated trade receivables and contract assets at each period end.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before December 31, 2018 or January 1, 2018, respectively, and the corresponding historical credit losses experienced within this period.

Credit risk exposure on our trade receivables and contract assets using a provision matrix are set out as follows:

	December 31, 2019					
	Days past due					
(In millions)	Current	Less than 3 months	3 to 12 months	Over 1 year	Total Trade Receivables	Contract Assets
Carrying amount - Gross	$ 1,539.5	$ 366.1	$ 232.0	$ 244.9	$ 2,382.5	$ 1,521.6
Weighted average expected credit loss rate	—	—	—	—	0.16%	0.16%

	December 31, 2018					
	Days past due					
(In millions)	Current	Less than 3 months	3 to 12 months	Over 1 year	Total Trade Receivables	Contract Assets
Carrying amount - Gross	$ 1,807.9	$ 366.8	$ 110.3	$ 308.0	$ 2,593	$ 1,298.7
Weighted average expected credit loss rate	—	—	—	—	0.14%	0.14%

NOTE 30. AUDITORS' REMUNERATION

Fees payable to TechnipFMC's auditors and its associates are as follows:

(In millions)	2019	2018
Fees payable to TechnipFMC plc's auditors for the audit of its annual financial statements including 404B internal control	$ 11.2	$ 11.6
Fees payable to TechnipFMC plc's auditors and its associates for the audit of its subsidiaries	4.5	3.9
Audit services	$ 15.7	$ 15.5
Audit related services	$ 8.4	$ 0.3
Legal and tax compliance services	0.1	0.5
Other services	—	0.9
Total fees payable for other services	$ 8.5	$ 1.7

NOTE 31. SUBSIDIARIES, JOINT VENTURE UNDERTAKINGS AND EQUITY AFFILIATES

TechnipFMC's subsidiaries, joint venture undertakings and equity affiliates at December 31, 2019 are listed below:

31.1 Directly owned subsidiaries

Company Name	Address	Share Class	Group interest held in %
AUSTRALIA			
Technip Australia Pty	1120 Hay Street, Perth WA 6000	Ordinary shares	100
BRAZIL			
Technip Cleplan Empreendimentos E Projetos Industriais Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 202 (parte) 20211-178, Cidade Nova, Rio de Janeiro	Equity interest	58.29[1]
CHINA			
Technip Chemical Engineering (Tianjin) Co., Ltd.	521 Jingjin, Road Tianjin	Equity interest	100
FRANCE			
Compagnie Française De Réalisations Industrielles, Cofri SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Cybernetix SAS	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Ordinary shares	100
Genesis Nimes SAS	19, Avenue Feuchères 30000 Nîmes	Ordinary shares	100
Technip Corporate Services SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	78[1]
Technip Eurocash SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Equity interest	96[1]
Technip France SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	78[1]
Technip Ingenierie Defense SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Technip Offshore International SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Technipnet SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
ITALY			
Technip Italy S.P.A.	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
TPL - Tecnologie Progetti Lavori S.P.A. In Liquidazione	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
MALAYSIA			
Technip Far East Sdn Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak Kuala Lumpur 50400	Ordinary shares	100
NETHERLANDS			
Technip Energies BV	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Technip Holding Benelux B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
NEW-CALEDONIA - FRENCH OVERSEAS TERRITORY			
Technip Nouvelle-Caledonie	27 bis Avenue du Maréchal Foch - Galerie CENTER FOCH - Centre-Ville B.P. 4460 98847 NOUMEA	Ordinary shares	100
PANAMA			

Company Name	Address	Share Class	Group interest held in %
Technip Overseas S.A.	East 53rd Street Marbella, Humboldt Tower 2nd Floor	Ordinary shares	100
RUSSIAN FEDERATION			
Technip Rus LLC	266 Litera O, Ligovsky Prospect 196084 St Petersburg	Ordinary shares	99.98
SINGAPORE			
Technip Energies Singapore Pte Ltd	149 Gul Circle 629605 Singapore	Ordinary shares	100
SPAIN			
Technip Iberia, S.A.	Building n° 8 - Floor 4th Plaça de la Pau s/n World Trade Center - Almeda Park - Cornellà de Llobregat 08940 Barcelone	Ordinary shares	99.99[1]
SWITZERLAND			
Engineering Re AG	Basteiplatz 7 8001 Zurich	Ordinary shares	100
UNITED KINGDOM			
TechnipFMC Corporate Holdings Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC Holdings Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares A Ordinary shares B	88.12[1]
VENEZUELA			
Inversiones Dinsa, C.A.	Avenida Principal de La Urbina, calle 1 con calle 2 Centro Empresarial INECOM, piso 1, oficina 1-1 La Urbina, Minicipio Sucre 1070 Caracas	Ordinary shares	100
Technip Bolivar, C.A. en liquidation	523 Zona Industrial Matanzas, Planta De Bauxilum Puerto Ordaz Ciudad Bolivar	Ordinary shares	99.88[1]

[1] Subsidiary fully and indirectly owned by TechnipFMC, plc.

31.2 Indirectly owned subsidiaries

Company Name	Address	Share Class	Group interest held in %
ALGERIA			
FMC Technologies Algeria SARL	Rue Shakespeare BT 08/10 Commune d'El Mouradia Algiers	Ordinary Shares	100
ANGOLA			
Angoflex Industrial Limitada	Rua 1 de Dezembro nº 15, Lobito, Província de Benguela	Ordinary Shares	70
Technip Angola-Engenharia, Limitada	Rua Rei Katyavala, N.°43-45, Edificio Avenca Plaza, 5°. Andar 5364 Luanda	Ordinary Shares	60
TechnipFMC Angola, Limitada	Rua Rei Katyavala, n.º 41-43, Edifício Avenca Plaza, 12.º Andar, Bairro e Distrito Urbano da Ingombota, Luanda, Angola	Ordinary Shares	49
ARGENTINA			
FMC Technologies Argentina S.R.L.	c/o Allende & Brea Maipú 1300, 10th Floor Buenos Aires C1006ACT	Equity interest	100
AUSTRALIA			
FMC Technologies Australia Limited	66 Sparks Road - Henderson WA 6166	Ordinary shares	100
Genesis Oil & Gas Consultants (Pty) Ltd	1120 Hay St, West Perth WA 6005	Ordinary shares	100

Company Name	Address	Share Class	Group interest held in %
Technip Oceania Pty Ltd	1120 Hay St, West Perth WA 6005	Ordinary shares	100
BAHAMAS			
AMC Angola Offshore Ltd	c/o Trident Corporate Services Limited Provident House East Hill Street, Nassau	Ordinary shares	100
BELARUS			
Technip Bel	Pobediteley avenue, 17, room 1009 220004 Minsk	Ordinary shares	100
BRAZIL			
Cybernétix Produtos E Serviços Do Brasil Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 402 20211-178, Cidade Nova, Rio de Janeiro	Equity interest	100
FMC Technologies do Brasil Ltda	Rodovia Presidente Dutra 2660 Pavuna - RJ - Brazil CEP 21535-900	Equity interest	100
Forsys Subsea Engenharia e Serviços Offshore Ltda.	Rua Dom Marcos Barbosa, nº 2, salas 403 e 404 20211-178 Cidade Nova, Rio de Janeiro	Equity interest	100
Genesis Oil & Gás Brasil Engenharia Ltda.	Rua Paulo Emídio Barbosa, 485, quadra 4 (parte), Cidade Universitária cidade e estado do Rio de Janeiro, CEP: 21941-615	Equity interest	100
GLBL Brasil Oleodutos E Serviços Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 602 (parte) 20211-178, Cidade Nova, Rio de Janeiro	Equity interest	100
Technip Brasil - Engenharia, Instalações e Apoio Marítimo Ltda.	Rua Dom Marcos Barbosa, nº 2, salas 202 (parte), 203, 302, 303, 304, 503 e 603 20211-178, Cidade Nova, Rio de Janeiro	Equity interest	100
Technip Serviços Offshore, Engenharia e Navegação Ltda.	Rua Dom Marcos Barbosa, nº 2, salas 204, 403, 404, 504 e 604 (parte) 20211-178, Cidade Nova, Rio de Janeiro	Equity interest	100
BRUNEI DARUSSALAM			
Technip Engineering (B) Sendirian Berhad	B6, Second Floor, Block B Shakirin Complex, Kampong Kiulap BE1518 Bandar Seri Begawan	Ordinary shares	93.10
CAMEROON			
FMC Technologies Cameroon SARL	Zone Portuaire/Place de l'Udeac, P.B. 12804, Bonanjo, Douala	Equity interest	100
CANADA			
TechnipFMC Canada Limited	c/o McInnes Cooper 5th Floor, 10 Fort William Place P.O. Box 5939, St John's, NL A1C 5X4 Newfoundland and Labrador	Ordinary shares	100
CHILE			
FMC Technologies Chile Limitada	Callao 2910, Office 704 Las Condes, Santiago	Equity interest	100
CHINA			
FMC Technologies Energy (Hong Kong) Limited	Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai Hong Kong	Ordinary shares	100
FMC Technologies Energy Holdings (Shanghai) Ltd.	Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai Hong Kong	Ordinary shares	100
FMC Technologies (Shanghai) Co., Ltd	Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai Hong Kong	Equity interest	100
FMC Technologies (Shenzhen) Co., Ltd.	Room H, 12/F, Times Plaza, 1 Taizi Road, Shekou, Nanshan District 518607 Shenzhen	Equity interest	100
Shanghai Technip Trading Company	Room 1903, 55 Ding'An Road, Shanghai	Equity interest	100

Company Name	Address	Share Class	Group interest held in %
Technip Engineering Consultant (Shanghai) Co., Ltd	Room 1902, 55 Ding'An Road, Shanghai	Equity interest	100
CYPRUS			
Subtec Marine Services Limited	3 Chrysanthou Mylona, P.C.3030 Limassol	Ordinary shares	100
EGYPT			
FMC Technologies Egypt LLC	1 Street 293 New Maadi Cairo	Ordinary shares	100
EQUATORIAL GUINEA			
Technipfmc Equatorial Guinea SARL	Carretera de Aeropuerto, KM 5, APDO 925, Malabo. EG	Ordinary shares	65
FRANCE			
Angoflex SAS	ZAC Danton 92400 Courbevoie	Ordinary shares	100
Clecel SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Consorcio Intep SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Equity interest	90
Cyxplus SAS	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Ordinary shares	100
Flexi France SAS	Rue Jean Huré 76580 Le Trait	Ordinary shares	100
FMC Loading Systems SAS	Route des Clérimois 89100 Sens	Ordinary shares	100
FMC Technologies Overseas, SAS	Route des Clérimois 89100 Sens	Ordinary shares	100
FMC Technologies SAS	Route des Clérimois 89100 Sens	Ordinary shares	100
Gydan LNG SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	84
Gygaz SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	84.85
Middle East Projects International (Technip Mepi)	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Safrel SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
SCI les Bessons	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Equity interest	100
Technip Normandie SAS	14 rue Linus Carl Pauling PAT La Vatine 76130 Mont-Saint-Aignan	Ordinary shares	100
Technip N-Power SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
TechnipFMC Corporate Services SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
GABON			
FMC Technologies Gabon S.A.R.L.	Boite Postale (B.P) 277 Port Gentil	Equity interest	90
GERMANY			
F.A. Sening GmbH	Regentstraße 1 25474 Ellerbek	Ordinary shares	100
Smith Meter GmbH	Regentstraße 1 25474 Ellerbek	Ordinary shares	100
Technip Offshore Wind Germany - GmbH	Friesstrasse 20 60388 Frankfurt am Main	Ordinary shares	100
Technip Zimmer GmbH	Friesstrasse 20 60388 Frankfurt am Main	Ordinary shares	100
GHANA			

Company Name	Address	Share Class	Group interest held in %
FMC Technologies (Ghana) Limited	Commercial Port Gate 2 Takoradi P.O. Box CT 42, Cantonments, Accra	Ordinary shares	100
GNPC-TechnipFMC Engineering Services Limited	6th Floor, One Airport Square, Airport City, Accra PMB CT 305 Cantonments, Accra	Ordinary shares	70
GUYANA			
TechnipFMC Guyana INC.	c/o Cameron & Shepherd 2 Avenue of the Republic, Georgetown	Ordinary shares	100
INDIA			
FMC Technologies India Private Limited	Plot No.27(Part) Survey No. 124, Road No 12, Commerzone, Raheja IT Park, Opp. Institute of Preventive Medicine, Industrial Park, IDA Nacharam, Hyderabad, Telangana 500 076	Ordinary shares	100
Technip Global Business Services Private Limited	9th Floor, World Trade Tower (WTT) Tower-B C-1, Sector 16, Noida - 201301, U.P 201301 Noida	Ordinary shares	100
Technip India Limited	B-22, Okhla Phase, 1 Industrial Area 110020 New Delhi	Ordinary shares	100
INDONESIA			
PT FMC Santana Petroleum Equipment Indonesia	Jalan Cakung Cilincing Raya KM 2.5 Semper, Jakarta 14130	Ordinary shares	60
PT FMC Technologies Subsea Indonesia	Metropolitan Tower Lantai 15 Unit B, JL RA Kartini TB Simatupang Kav 14 RT/RW 010/04, Cilandak Barat, Cilandak, Jakarta Selatan 12430	Ordinary shares	95
IRAQ			
F.M.C Petroleum Services Ltd.	Erbil - English Village - N°161	Ordinary shares	100
Advanced Oil Services LLC	Al Mansour - District 609 - Alley 23, Building 70 - Office 15, Baghdad	Equity interest	100
ISLE OF MAN			
Subtec Asia Ltd	Burleigh Manor, Peel Road Douglas IM1 5EP	Ordinary shares	100
ITALY			
Consorzio Technip Italy Procurement Services - TIPS	68, Viale Castello della Magliana 00148 Rome	Equity interest	100
FMC Technologies S.r.l. a socio unico	6, Via Giardinetto 43044 Collechio Parma	Equity interest	100
Technip Italy Direzione Lavori S.P.A.	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
JERSEY			
CSO Oil & Gas Technology (West Africa) Ltd	26 New Street, St. Helier, Jersey, JE2 3RA	Ordinary shares	100
KAZAKHSTAN			
FMC Technologies Kazakhstan LLP	43/5 building, industrial zone 3 Birlik residential area, 130006 Kyzyltobe village, Munaily district Mangistau Region	Equity interest	100
TKJV LLP	Karagandy district, Karaganda city, Kazybek bi district, av.Abdirova, bld. 3, postal index 100009	Participatory Interest	49.5
LUXEMBOURG			
FMC Technologies Global Rental Tools S.a r.l	8-10 avenue de la Gare 1610 Luxembourg	Ordinary shares	100
FMC Technologies Tool Holdings S.ar.l	8-10 avenue de la Gare 1610 Luxembourg	Ordinary shares	100
MALAYSIA			
Asiaflex Products Sdn. Bhd.	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	65.75

Company Name	Address	Share Class	Group interest held in %
Flexiasia Sdn Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	48.89
FMC Petroleum Equipment (Malaysia) Sdn. Bhd.	Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus Johor Bahru 80000 Johor	Ordinary shares	100
FMC Technologies Global Supply Sdn. Bhd.	Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus Johor Bahru 80000 Johor	Ordinary shares	100
Genesis Oil & Gas Consultants Malaysia Sdn. Bhd.	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	100
MAURITIUS			
Coflexip Stena Offshore (Mauritius) Ltd.	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
GIL Mauritius Holdings Ltd	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
Global Construction Mauritius Services Ltd	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
Global Vessels Mauritius, Ltd.	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
MEXICO			
FMC Technologies de México S.A. de R.L de C.V.	FMC Technologies de Mexico, S.A. de C.V. Laurel Lote 41, Manzana 19, Col. Bruno Pagliai Veracruz, Veracruz C.P. 91697	Ordinary shares	100
FMC Technologies Servicios Corporativos, S. de R.L de C.V.	FMC Technologies de Mexico, S.A. de C.V. Laurel Lote 41, Manzana 19, Col. Bruno Pagliai Veracruz, Veracruz C.P. 91697	Ordinary shares	100
Global Industries Mexico Holdings S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Industries Offshore Services, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Industries Services, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Offshore Mexico, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Vessels Mexico, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	99
Technip De Mexico S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
MOZAMBIQUE			
Technip Mozambique Lda	Distrito Urbano 1, Bairro Central Avenida da Vladmir Lénine n.°1123 Ed. Topázio 7° andar Maputo	Ordinary Shares	100

Company Name	Address	Share Class	Group interest held in %
FMC Technologies Mozambique Lda	Distrito Urbano 1, Av. Zedequias Manganhela no 257, 5 Andar (5th floor), Maputo Cidade	Ordinary Shares	100
MYANMAR			
Technip Myanmar Co. Ltd	No. 18 G/F, Ground Floor Tha Pyay Nyo Street ,Shin Saw Pu Quarter Sanchaung Township 11201	Ordinary shares	100
NETHERLANDS			
FMC Separation Systems B.V.	Delta 101 Amsterdam 6825 MN Arnhem	Ordinary shares	100
FMC Technologies B.V.	Zuidplein 126, WTC, Tower H, 15é Amsterdam 1077XV	Ordinary shares	100
FMC Technologies Brazil Finance B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	100
FMC Technologies Global B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	100
FMC Technologies International Services B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	100
FMC Technologies Surface Wellhead B.V.	Industrieweg 31 7761 PV Schoonebeek	Ordinary shares	100
TSLP B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
Technip Benelux B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
Technip EPG B.V.	Barbizonlaan 50 Capelle aan den Ijssel 2908 ME	Ordinary shares	100
TechnipFMC PLSV BV	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
TechnipFMC PLSV CV	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
Technip Offshore Contracting B.V.	Luna ArenA, Herikerbergweg 238 P.O. Box 23393 - 1100 DW Amsterdam Zuidoost 1101 CM	Ordinary shares	100
Technip Offshore N.V.	Luna ArenA, Herikerbergweg 238 P.O. Box 23393 - 1100 DW Amsterdam Zuidoost 1101 CM	Ordinary shares	100
Technip Oil & Gas B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
Technip Ships (Netherlands) B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
TechnipFMC Cash B.V.	Zuidplein 126, 1077XV Amsterdam	Ordinary shares	100
TechnipFMC International Holdings B.V.	Zuidplein 126, WTC, Tower H, 15th Fl. Amsterdam 1077XV	Ordinary shares Preferred shares	100 100
TechnipFMC Pipelaying BV	Kingsfordweg 151, 1043GR Amsterdam	Ordinary shares	100
NIGERIA			
Global Pipelines Plus Nigeria Ltd.	7 Town Planning way, Ilupeju, Lagos	Ordinary shares	99.99
Neptune Maritime Nigeria Ltd.	Neptune Base, Rumuolumeni PMB 017 (Trans Amadi) Port Harcourt	Ordinary shares	66.91
TechnipFMC Nigeria Limited	22A Gerrard Road Ikoyi Lagos	Ordinary shares	100

Company Name	Address	Share Class	Group interest held in %
Technip Offshore (Nigeria) Ltd	22A, Gerrard Road, Ikoyi, Lagos.	Ordinary shares	100
NORWAY			
Agat Technology AS	Lagerveien 23 4033, Stavanger	Ordinary shares	26.52
Anchor Contracting AS	Bryggegata 9 0250 Oslo	Ordinary shares	51
FMC Kongsberg Subsea AS	Kirkegårdsveien 45 3616 Kongsberg	Ordinary shares	100
FMC Technologies Norway AS	Kirkegårdsveien 45 3616 Kongsberg	Ordinary shares	100
Inocean AS	Bryggegata 3 0250 Oslo	Ordinary shares	51
Inocean Engineering AS	Bryggegata 9 0250 Oslo	Ordinary shares	51
Kanfa AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
Technip - FMC IEPCI DA	Philip Pedersens vei 7 1366 Lysaker	Equity interest	100
Genesis Oil & Gas Consultants Norway AS	Moseidsletta 122 4033 Stavanger	Ordinary shares	100
Technip Chartering Norge AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
Technip Norge AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
Technip-Coflexip Norge AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
TIOS AS	Lagerveien 23 4033 Stavanger	Ordinary shares	51
TIOS Crewing AS	Lagerveien 23 4033 Stavanger	Ordinary shares	51
POLAND			
Inocean Poland Sp Z.o.o	ul. Dubois 20 71-610 Szczecin	Ordinary shares	30.6
FMC Technologies Sp.z.o.o.	al. Gen. Tadeusza Bora-Komorowskiego 25b Buma Quattro Complex Buidling B 31476 Krakow	Ordinary shares	100
Technip Polska Sp. Z o.o.	ul. Promyka No.13, suíte 4, 01-604 Warsaw	Ordinary shares	100
PORTUGAL			
Angoltech, SGPS, LDA.	Rua Castilho, 39-15°, São Mamede 1250-068 Lisboa	Ordinary shares	100
Lusotechnip Engenharia, Sociedade Unipessoal Lda.	Centro Empresarial Torres de Lisboa, Rua Tomás da Fonseca, Torre E, Piso 9 1600-209 Lisboa	Ordinary shares	100
RUSSIAN FEDERATION			
FMC Eurasia LLC	st. B. Yakimanka, 31, office 401, 119180 Moscow	Ordinary shares	100
Rus Technip LLC	Prechistenka, str. 40/2, building 1, office XXVII, 4th floor, 119034 Moscow	Ordinary shares	51
JSC FMC Overseas	h.11, 3rd Samotechniy pereylok, 127473 Moscow	Ordinary shares	100
SAUDI ARABIA			
FMC Technologies Saudi Arabia Limited	PO Box 3076 2nd Industrial City Dammam 34326, Eastern Province	Ordinary shares	100
Technip Saudi Arabia Limited	Dhahran Center Building - 5th Floor, Suite #501 Dharan Street, P.O. Box 30893 31952 Al-Khobar	Ordinary shares	76

Company Name	Address	Share Class	Group interest held in %
TPL Arabia	Dhahran Center Building - 5th Floor, Suite #501 Dharan Street, P.O. Box 30893 31952 Al-Khobar	Ordinary shares	90
SINGAPORE			
Coflexip Singapore Pte Ltd	149 Gul Circle 629605 Singapore	Ordinary shares	100
FMC Technologies Global Services Pte. Ltd.	149 Gul Circle 629605 Singapore	Ordinary shares	100
FMC Technologies Singapore Pte. Ltd.	149 Gul Circle 629605 Singapore	Ordinary shares	100
Technip Singapore Pte. Ltd.	149 Gul Circle 629605 Singapore	Ordinary shares	100
TP-NPV Singapore Pte Ltd	149 Gul Circle 629605 Singapore	Ordinary shares	100
SOUTH AFRICA			
FMC Technologies (Pty.) Ltd.	Koper Street Brackenfell 7560	Ordinary shares	100
Technip South Africa (Pty.) Ltd	34 Monkor Road - Randpark Ridge Randburg 2194	Ordinary shares	100
SPAIN			
Global Industries Offshore Spain, S.L.	Arturo Soria 263B 28003 Madrid	Ordinary shares	100
SWEDEN			
Inocean AB	Gårdatorget 1 SE-412 50 Gothenburg	Ordinary shares	51
SWITZERLAND			
FMC Kongsberg International GmbH	Bahnofstrasse 10 6300 Zurich	Ordinary shares	100
FMC Technologies GmbH	Bahnofstrasse 10 6300 Zug	Ordinary shares	100
Technipetrol AG	Industriestrasse 13c CH-6304 Zug	Ordinary shares	100
THAILAND			
Global Industries Offshore (Thailand), Ltd.	18th Floor, Sathorn Thani Building 2, No. 92/52, North Sathorn Road, Kwaeng Silom, Khet Bangrak, Bangkok 10500	Ordinary shares	100
Technip Engineering (Thailand) Co. Ltd	20th Floor - Suntowers Building A 123 Vibhavadee - Rangsit Road Chatuchak, Bangkok 10900	Ordinary shares	74
TUNISIA			
FMC Technologies Service SARL	Rue Lac Tanganyika, Immeuble Junior, Bureaux 2-3, Les Berges du Lac, 1053, La Marsa,Tunis	Ordinary shares	100
UNITED ARAB EMIRATES			
Multi Phase Meters FZE	Office LB14414, Jebel Ali Free Zone P.O. Box 262274, Dubai	Ordinary shares	100
Technip Middle East FZCO	Office LB 15310, Jebel Ali Free Zone P.O. Box 17864	Ordinary shares	100
TechnipFMC Gulf FZCO	Office LB 173331, Jebel Ali Free Zone Dubaï	Ordinary shares	100
UNITED KINGDOM			
AABB Limited	One St Paul's Churchyard London EC4M 8AP	48,880 Ordinary (equity) of 1p each 4,937,630 Ordinary deferred of 10p	100 100

Company Name	Address	Share Class	Group interest held in %
Coflexip (UK) Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Control Systems International (UK) Limited	One St. Paul’s Churchyard, London, EC4M 8AP	Ordinary shares	100
Crosby Services International Ltd.	Enterprise Drive, Westhill, Aberdeenshire, AB32 6TQ	Ordinary shares	100
Cybernetix S.R.I.S. Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Forsys Subsea Limited	One St Paul's Churchyard London EC4M 8AP	Share A Share B	100
Genesis Oil & Gas Consultants Ltd	One St Paul's Churchyard London EC4M 8AP	Share A Share B	100
Genesis Oil & Gas Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
FMC Kongsberg Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
FMC KOS West Africa Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
FMC Technologies Global Business Services Ltd.	3-5 Melville Street Edinburgh EH3 7PE	Ordinary shares	100
FMC Technologies Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
FMC Technologies Pension Plan Ltd	One St. Paul’s Churchyard, London, EC4M 8AP	Ordinary shares	100
Spoolbase UK Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Subsea I & C Services Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Subsea Maritime Services Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Subsea Offshore Services Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Schilling Robotics Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip E&C Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip Maritime UK Limited	One St Paul’s Churchyard London EC4M 8AP	Redeemable ordinary shares Ordinary shares	100 100
Technip Offshore Holdings Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip Offshore Manning Services Ltd	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip PMC Services Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip Services Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip Ships One Ltd	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip UK Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
Technip-Coflexip UK Holdings Ltd	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC DSV3 Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC (Europe) Limited	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC Finance ULC	One St Paul’s Churchyard London EC4M 8AP	Ordinary shares	100

Company Name	Address	Share Class	Group interest held in %
TechnipFMC International Finance Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC International UK Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC Island Offshore Subsea UK Ltd	Pavilion 2, Aspect 32 Prospect Road, Arnhall Business Park, Westhill	Ordinary shares	51
TechnipFMC Umbilicals Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
West Africa Subsea Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
UNITED STATES			
Badger Licensing LLC	Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808	Membership interest	100
Badger Technologies, LLC	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Membership interest	100
Badger Technology Holdings, LLC	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Membership interest	100
Control Systems International, Inc.	c/o CT Corporation Company, Inc. 3800 North Central Avenue, Suite 460 Topeka, Kansas 66603	Ordinary shares	100
Deepwater Technologies Inc	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	75
Direct Drive Systems, Inc	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Subsea Service, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Technologies Energy LLC	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership interest	100
FMC Technologies, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Technologies Measurement Solutions, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Technologies Overseas Ltd.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Technologies Separation Systems, Inc.	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201	Ordinary shares	100
FMC Technologies Surface Integrated Services, Inc.	c/o The Corporation Company 7700 E Arapahoe Road, Suite 220 Centennial, Colorado 80112-1268	Ordinary shares	100
FMX, LLC	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201	Membership interest	100
Schilling Robotics, LLC	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership interest	100

Company Name	Address	Share Class	Group interest held in %
Subtec Middle East Ltd	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
Technip E&C, Inc.	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201	Ordinary shares	100
Technip Energy & Chemicals International, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
Technip Process Technology, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
Technip S&W Abu Dhabi, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
Technip S&W International, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
Technip Stone & Webster Process Technology, Inc	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
Technip USA, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
TechnipFMC Umbilicals, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
TechnipFMC USA, Inc	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
TechnipFMC US Holdings Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
TechnipFMC US LLC 1	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership Interest	100
TechnipFMC US LLC 2	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership Interest	100
The Red Adair Company, L.L.C.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Membership interest	100
VENEZUELA			
FMC Wellhead de Venezuela, S.A.	Av. 62 # 147-35, Zona Industrial, Maracaibo, Zulia State, 4001	Ordinary shares	100
Technip Velam, S.A	Av. Principal con Calle 1 y Calle 2 Centro Empresarial Inecom Piso 1 - La Urbina 1060 Caracas	Ordinary shares	100
VIETNAM			

Company Name	Address	Share Class	Group interest held in %
FMC Technologies (Vietnam) Co., Ltd.	No. 29, Le Duan Street Ben Nghe Ward, Distric 1 Ho Chi Minh City	Equity interest	100
Technip Vietnam Co., Ltd.	7F, Centec Tower Building 72-74 Nguyen Thi Minh Khai Street and 143-145B Hai Ba Trung Street, Ward 6, District 3, Ho Chi Minh City	Equity interest	100

31.3 Joint ventures

Company Name	Address	Share Class	Group interest held in %
BAHRAIN			
TTSJV W.L.L.	Flat 33, Building Number 98, Road Number 3901, Block 939, Riffa Alhajiyat,	Ordinary shares	36
ESTONIA			
Ingenium Baltic OU	Teaduspargi 8, 12618 Tallinn	Ordinary shares	70
FRANCE			
South Tambey LNG	5 place de la Pyramide 92088 La Défense Cedex	Equity interest	50
TP JGC Coral France SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Equity interest	50
Yamal Services SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	50
Yamgaz SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Equity interest	50
ITALY			
Consorzio Technip Italy Worley Parsons	Viale Castello della Magliana, 68 00148 Roma	Equity interest	90
TP - HQC S.R.L.	68, Viale Castello della Magliana 00148 Rome	Equity interest	51
MOZAMBIQUE			
ENHL- TechnipFMC Mozambique, LDA	Av. Vladmir Lenine, 1123, 7° Andar | Edifício Topázio | Maputo | Mozambique	Ordinary shares	51
JGC Fluor TechnipFMC Moçambique, LDA	Av. Vladmir Lenine, 1123, 7° Andar | Edifício Topázio | Maputo | Mozambique	Ordinary shares	33.33
TP JGC Coral Mozambique	Av. Vladmir Lenine, 1123, 7° Andar | Edifício Topázio | Maputo | Mozambique	Ordinary shares	50
NETHERLANDS			
Etileno XXI Holding B.V.	Kleine Houtweg 33 Haarlem 2012 CB	Ordinary shares	50
NIGERIA			
B7JV(Nigeria) Limited	3rd Floor, WAEC Office Complex, 10, Zambezi Crescent, Maitama, Abuja, PCT Maitama PCP	Ordinary shares	33.33
NORWAY			
Dofcon Brasil AS	Thormohlens Gate 53 C 5006 Bergen	Ordinary shares	50
Marine Offshore AS	Vollsveien 17A 1327 Lysaker	Ordinary shares	51
Technip-DeepOcean PRS JV DA	Killingøy 5515 Haugesund	No capital	50
PORTUGAL			
TSKJ - Serviços De Engenharia, Lda.	Avenida Arriaga, n.º 30, 1.º andar - H Funchal (Sé) 9000 064, Ilha da Madeira, Portugal	Ordinary shares	25

SAUDI ARABIA			
Global Al Rushaid Offshore Ltd	P O Box No 31685 31952 Al Khobar	Ordinary shares	50
Technip Italy S.p.A. & Dar Al Riyadh for Engineering Consulting	Khobar Business Gate, Tower B, 7th Floor, King Faisal Bin Abdul-Aziz Road 34423 Al-Khobar	Ordinary shares	60
THAILAND			
Technip (Thailand) Ltd	20th Floor - Suntowers Building A 123 Vibhavadee - Rangsit Road Chatuchak, Bangkok 10900	Ordinary shares	49
UNITED ARAB EMIRATES			
Yemgas FZCO	Office LB 15312 P.O. Box No.17891 Jebel Ali Free Zone - Dubai	Ordinary shares	33.33
UNITED KINGDOM			
B7JV(UK) Limited	Hill Park Court Springfield Drive, Leatherhead, Surrey, KT22 7NL	Ordinary shares	33.33
UNITED STATES			
FMC Technologies Offshore, LLC	c/o The Corporation Trust Center 1209 Orange Street Wilmington, Delaware 19801 USA	Ownership based on Contributions	50
Spars International Inc.	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201 USA	Class A Common Stock	50

31.4 Associated undertakings

Company Name	Address	Share Class	Group interest held in %
BOSNIA AND HERZEGOVINA			
Petrolinvest, D.D. Sarajevo	Tvornicka 3 71000 Sarajevo	Ordinary shares	33
BRAZIL			
FSTP Brasil Ltda.	Rua da Candelária, 65, sala 1615 20091-906 Rio de Janeiro	Ordinary shares	25
CHINA			
HQC - TP Co. Ltd	n° 7 Yinghuayuan Dongjie, Chaoyang District Pechino	Equity interest	49
COLOMBIA			
Tipiel, S.A.	Calle 38 # 8-62 Piso 3 Santafe De Bogota D.C.	Ordinary shares	45.10
FINLAND			
Creowave Oy	Yrttipellontie 10 H 90230 Oulu	Ordinary shares	24.9
FRANCE			
Novarctic SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	33.33
Oceanide	Port de Brégaillon 83502 La Seyne sur Mer	Ordinary shares	23.10
Serimax Holdings SAS	346 rue de la Belle Etoile 95700 Roissy en France	Ordinary shares	20
GHANA			
TechnipFMC Ghana Limited	6th Floor, One Airport Square 00233 Accra	Ordinary shares	49
INDONESIA			
PT Technip Indonesia	Metropolitan Tower, 15th Florr, JL. R. A. Kartini Kav. 14 (T.B Simatupang), Cilandak Jakarta Selatan 12430	Ordinary shares	42.1
MALAYSIA			

FMC Wellhead Equipment Sdn. Bhd.	Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus Johor Bahru 80000 Johor	Ordinary shares	49
Technip Consultant (M) Sdn. Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	25
Technip Geoproduction (M) Sdn. Bhd.	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	31
NETHERLANDS			
Etileno XXI Services B.V.	Prins Bernhardplein 200 Amsterdam 1097 JB	Ordinary shares	40
NORWAY			
Inocean Marotec AS	Bryggegata 9 0250 Oslo	Ordinary shares	46
Kongsberg Technology Training Centre AS	Kirkegårdsveien 45 3616 KONGSBERG	Ordinary shares	33.33
RUSSIA			
LNG Nova Engineering LLC	Room 1,2 Premises XXXV, ul. Akademika Pilyugina 22 Moscow 117393	Ordinary shares	34.90
SINGAPORE			
FSTP Pte Ltd	50 Gul road 629351 Singapore	Ordinary shares	25
UNITED ARAB EMIRATES			
CTEP Free Zone Company	Jebel Ali Free Zone - Office 10007 P.O. Box 261645 Dubaï	Ordinary shares	40
UNITED KINGDOM			
Magma Global Limited	Magma House, Trafalgar Wharf, Hamilton Road, Portsmouth, PO6 4PX	Ordinary shares	25

NOTE 32. SUBSEQUENT EVENTS

None.

NOTE 33. RECONCILIATION OF US GAAP TO IFRS AND NON-GAAP MEASURES

33.1 Reconciliation of US GAAP to IFRS

In accordance with the Securities and Exchange Commission (“SEC”), TechnipFMC is required to prepare its Annual Report on Form 10-K for the three years ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and SEC rules and regulations pertaining to annual financial information.

To assist TechnipFMC’s shareholders in understanding the differences in the basis of preparation of the TechnipFMC’s consolidated financial statements, the tables below set out reconciliations from US GAAP to IFRS for Net Loss attributable to TechnipFMC plc for the years ended December 31, 2019 and 2018, respectively, together with a reconciliation of Total Equity from US GAAP to IFRS as at December 31, 2019 and December 31, 2018. These reconciliations set out all significant differences which are expected to result from the conversion from US GAAP to IFRS.

In the consolidated financial statements as of December 31, 2019 and for the two years then ended, the main differences between US GAAP and IFRS for TechnipFMC relate to the following:

(In millions)	December 31,	
	2019	2018
Total TechnipFMC plc stockholders' equity in accordance with US GAAP	$ 7,688.1	$ 10,388.9
Leases	(25.0)	(16.5)
Goodwill	56.2	86.3
Impairment of property, plant and equipment	(18.1)	(9.7)
Defined benefit plans	(32.6)	(36.7)
Hedge accounting	8.5	11.0
LIFO adjustments	10.9	7.9
Expected credit losses	(9.6)	(6.4)
Equity method investments	—	(33.9)
Other	6.1	(1.3)
Total equity in accordance with IFRS	$ 7,684.5	$ 10,389.6

(In millions)	Year Ended	
	2019	2018
Net loss attributable to TechnipFMC plc in accordance with US GAAP	$ (2,415.2)	$ (1,921.6)
Leases	(8.6)	(8.3)
Goodwill	(30.0)	58.8
Impairment of property, plant and equipment	(8.5)	118.5
Defined benefit plans	(25.5)	(48.4)
Hedge accounting	(3.6)	30.3
LIFO adjustments	3.0	7.3
Expected credit losses	(2.6)	(1.7)
Equity method investments	33.7	17.2
Other	3.3	(8.5)
Net loss attributable to TechnipFMC plc in accordance with IFRS	$ (2,454.0)	$ (1,756.4)

Leases

Under the new US GAAP leasing accounting guidance, that is effective from January 1, 2019, at lease commencement, a lessee classifies a lease as a finance lease or an operating lease. Under the new IFRS accounting guidance, lessees do not classify leases and all leases are treated under a single model that is similar to a finance lease model under US GAAP. TechnipFMC classified all of its leases as operating lease under US GAAP that resulted in significant accounting differences between the two standards.

In 2018, prior to adoption of the new leasing standard on January 1, 2019, certain TechnipFMC's lease agreements met a finance lease classification under IFRS. The previous US GAAP accounting guidance on leases contained specific quantitative thresholds ("bright-line tests") that must be evaluated in determining whether a lease is capital or operating. A review of the overall substance of TechnipFMC's lease arrangements indicated that certain leases classified as operating leases in accordance with US GAAP should be classified as finance leases under IFRS.

Goodwill

Both US GAAP and IFRS require initial measurement of assets acquired, liabilities assumed and noncontrolling interests in a business combination, subject to certain exceptions, at fair value. There are certain differences between fair value measurements under US GAAP and related measurement concepts in IFRS. On the merger date on January 16, 2017 the recognized goodwill under IFRS was higher when compared to the value of goodwill under US GAAP as of January 16, 2017.

In addition, in a valuation of TechnipFMC's GCGUs for the purpose of goodwill impairment test an overall net impact of GAAP differences resulted in lower carrying values of Subsea and Surface Technologies operating segments and

in a higher carrying value of Subsea operating segment under IFRS when compared to carrying values of these operating segments under US GAAP in 2019 and 2018, respectively. Under IFRS the differences in carrying values of our operating segments resulted in an additional goodwill impairment charge in 2019 and in a reduction of goodwill impairment charge in 2018.

Impairment of property, plant and equipment

US GAAP has a higher hurdle for impairment of long-lived assets (property, plant and equipment) than IFRS, meaning it is less likely for impairment charges to be recognized. Therefore, the US GAAP impairment test had yielded different results in 2017 that subsequently resulted in a positive impact to IFRS earnings in 2018.

Defined benefit plans

There are differences between the methodologies for defined benefits under IFRS compared to US GAAP. The most notable differences relate to accounting for actuarial gains and losses, recognition of prior service costs, special event accounting and calculation of the expected return on plan assets.

Under US GAAP all actuarial gains and losses are deferred in OCI and subsequently amortized to net income through a corridor approach as elected by TechnipFMC. Under IFRS actuarial gains and losses are recognized immediately in OCI for long-term benefit plans. Gains and losses are not subsequently recognized in net income in subsequent periods for these plans. Several small short-term plans (such as jubilee plans) do expense gains and losses directly in net income in the year incurred.

Under US GAAP prior service costs or credits from plan amendments are initially deferred in OCI and subsequently recognized in net income over the average remaining service period of active employees affected by the plan amendment. Under IFRS all past service costs and credits are immediately recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized.

Under US GAAP special events such as settlements and curtailments are recognized differently from IFRS. Under US GAAP settlements are triggered through lump sums exceeding a specified threshold in a given year, resulting in accelerated recognition of actuarial gains and losses. Under IFRS, settlements are triggered based on non-routine lump sum payments, with the settlement impact calculated as the difference between the cash payout and the present value of the benefit held on the balance sheet. Curtailments have different definitions of when to recognize, with US GAAP triggering a curtailment when an event causes a significant decrease in the plan's future service and IFRS triggering a curtailment based on a significant reduction in employee headcount based on a specific event. The net income impact under IFRS is calculated as the change in present value due to the curtailment, and US GAAP using a more complicated formula depending on whether the curtailment is a gain or loss, and whether any outstanding prior service cost exists.

The US GAAP expected return on plan assets is calculated using the expected long-term rate of return on invested assets in the underlying portfolio. Under IFRS, a "net interest" expense (income) on the net defined benefit liability (asset) is recognized as a component of defined benefit cost, based on the discount rate used to determine the obligation.

Hedge accounting

Using cash as natural hedge instrument is not allowed under US GAAP. An adjustment to reclassify natural hedging results from income statement to OCI is recorded under IFRS.

LIFO adjustments

TechnipFMC has several subsidiaries that utilize LIFO cost accounting method under US GAAP. While LIFO is an allowable method under US GAAP, it is prohibited under IFRS. TechnipFMC records an adjustment to reverse the impact from LIFO costing method under IFRS in its consolidated financial statements.

Expected credit losses

IFRS requires to use a new forward-looking “expected loss” model to estimate the allowance for trade and other receivables, debt securities held to maturity, loans receivable and other financial assets. The new guidance resulted in the earlier recognition of loss allowance under IFRS.

Equity method investments

US GAAP and IFRS have different methodologies in assessment of impairment on equity method investments.

Other

TechnipFMC recorded other various insignificant differences including differences from deferred taxes.

33.2 Non-GAAP measures

In addition to financial results determined in accordance with US GAAP, we provide non-GAAP financial measures (as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended) below.

Net income, excluding charges and credits, as well as measures derived from it (including diluted earnings (loss) per share, excluding charges and credits; Income before net interest expense and taxes, excluding charges and credits ("Adjusted Operating profit"); Depreciation and amortization, excluding charges and credits; Earnings before net interest expense, income taxes, depreciation and amortization, excluding charges and credits ("Adjusted EBITDA"); and net cash) are non-GAAP financial measures.

Management believes that the exclusion of charges and credits from these financial measures enables investors and management to more effectively evaluate TechnipFMC's operations and consolidated results of operations period-over-period, and to identify operating trends that could otherwise be masked or misleading to both investors and management by the excluded items. These measures are also used by management as performance measures in determining certain incentive compensation. The foregoing non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP.

The following is a reconciliation of the most comparable financial measures under US GAAP to the non-GAAP financial measures.

	Year Ended December 31, 2019						
	Net income (loss) attributable to TechnipFMC plc	Net income (loss) attributable to noncontrolling interests	Provision for income taxes	Net interest expense	Income (loss) before net interest expense and income taxes (Operating profit)	Depreciation and amortization	Earnings before net interest expense, income taxes, depreciation and amortization
TechnipFMC plc, as reported	$ (2,415.2)	$ 3.1	$ 276.3	$ 451.3	$ (1,684.5)	$ 509.6	$ (1,174.9)
Charges and (credits):							
Impairment and other charges	2,364.2	—	119.9	—	2,484.1	—	2,484.1
Restructuring and other charges	27.7	—	9.3	—	37.0	—	37.0
Business combination transaction and integration costs	23.1	—	8.1	—	31.2	—	31.2
Separation costs	54.2	—	17.9	—	72.1	—	72.1
Reorganization	17.2	—	8.1	—	25.3	—	25.3
Legal provision, net	46.3	—	8.3	—	54.6	—	54.6
Purchase price accounting adjustment	26.0	—	8.0	—	34.0	(34.0)	—
Valuation allowance	187.0	—	(187.0)	—	—	—	—
Net foreign exchanges	146.9	—	—	—	146.9	—	146.9
Other	(9.2)	—	—	—	(9.2)	—	(9.2)
Adjusted financial measures	$ 468.2	$ 3.1	$ 268.9	$ 451.3	$ 1,191.5	$ 475.6	$ 1,667.1

COMPANY FINANCIAL STATEMENTS
TECHNIPFMC PLC
AS OF DECEMBER 31, 2019
Company No. 09909709

1. COMPANY STATEMENT OF FINANCIAL POSITION

(In millions)	Note	December 31, 2019	December 31, 2018
Assets			
Investments in subsidiaries	3	$ 14,475.5	$ 16,584.8
Property, plant and equipment, net		0.3	0.3
Right-of-use assets	4	42.6	—
Intangible assets, net		1.3	1.4
Loan receivables – related parties	5	1,551.9	1,585.9
Other non-current financial assets		28.9	18.1
Deferred income taxes	6	0.6	22.8
Total non-current assets		16,101.1	18,213.3
Cash and cash equivalents		5.5	3.5
Trade and other receivables, net	7	195.0	171.9
Derivative financial instruments		4.3	9.2
Income taxes receivable	8	180.6	123.6
Other current assets		23.5	22.7
Total current assets		408.9	330.9
Total assets		$ 16,510.0	$ 18,544.2
Equity and Liabilities			
Ordinary shares	9	$ 447.1	$ 450.5
Retained earnings, net income and other reserves		5,935.7	8,317.7
Total shareholders' equity		6,382.8	8,768.2
Long-term debt	10	1,707.5	1,968.5
Loan payables – related parties	11	5,599.5	5,417.3
Deferred income taxes	6	—	0.6
Lease liabilities	4	9.9	—
Derivative financial instruments		4.3	9.2
Other non-current liabilities		113.9	82.9
Total non-current liabilities		7,435.1	7,478.5
Short term debt	10	244.6	—
Trade and other payables	12	2,327.2	2,220.6
Lease liabilities	4	35.5	—
Income taxes payable	8	84.8	76.9
Total current liabilities		2,692.1	2,297.5
Total liabilities		10,127.2	9,776.0
Total equity and liabilities		$ 16,510.0	$ 18,544.2
At January 1		$ 8,317.7	$ 10,774.5
Loss for the year		(2,068.0)	(1,678.9)
Other changes in retained earnings		(314.0)	(777.9)
Retained earnings		$ 5,935.7	$ 8,317.7

The accompanying notes are an integral part of the consolidated financial statements.

The Company has applied IFRS 16 for the first time from January 1, 2019. Under the transition methods chosen, comparative information is not restated. See Note 4.

The financial statements were approved by the Board of Directors and signed on its behalf by

Douglas J. Pferdehirt
Director and Chief Executive Officer
March 13, 2020

2. COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In millions)	Ordinary Shares	Share Premium	Merger Reserve	Retained Earnings, Net Income and Other reserves	Total Shareholders' Equity
Balance as of December 31, 2017	$ 465.1	$ —	$ —	$ 10,774.5	$ 11,239.6
Cumulative effect of initial application of IFRS 9	—	—	—	(9.1)	(9.1)
Net loss	—	—	—	(1,678.9)	(1,678.9)
Other comprehensive income/(loss)	—	—	—	(151.8)	(151.8)
Dividends (Note 9)	—	—	—	(238.1)	(238.1)
Issuance of ordinary shares (Note 9)	0.2	—	—	—	0.2
Cancellation of treasury shares (Note 9)	(14.8)	—	—	(428.0)	(442.8)
Share-based compensation (Note 9)	—	—	—	49.1	49.1
Balance as of December 31, 2018	$ 450.5	$ —	$ —	$ 8,317.7	$ 8,768.2
Cumulative effect of initial application of IFRS 16 (Note 4)	—	—	—	(1.2)	(1.2)
Net loss	—	—	—	(2,068.0)	(2,068.0)
Other comprehensive income/(loss)	—	—	—	(65.8)	(65.8)
Dividends (Note 9)	—	—	—	(232.8)	(232.8)
Issuance of ordinary shares (Note 9)	0.6	—	—	—	0.6
Cancellation of treasury shares (Note 9)	(4.0)	—	—	(88.7)	(92.7)
Share-based compensation (Note 9)	—	—	—	74.5	74.5
Balance as of December 31, 2019	$ 447.1	$ —	$ —	$ 5,935.7	$ 6,382.8

The accompanying notes are an integral part of the consolidated financial statements.

The Company has applied IFRS 16 for the first time from January 1, 2019. Under the transition methods chosen, comparative information is not restated. See Note 4.

3. NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1 - GENERAL CORPORATE INFORMATION

TechnipFMC plc (the "Company" or "TechnipFMC") is a global leader in subsea, onshore/offshore, and surface projects. TechnipFMC is a public limited company limited by shares. The company is incorporated under the laws of England and Wales. The Company's registered address is One St. Paul's Churchyard, London, EC4M 8AP.

On June 14, 2016, FMC Technologies, Inc. ("FMC Technologies") and Technip S.A. ("Technip") entered into a definitive merger agreement (the "Merger") providing for the merger among FMC Technologies, FMC Technologies SIS Limited, a private limited company, and a wholly-owned subsidiary of FMC Technologies and Technip. FMC Technologies SIS Limited was formed and incorporated under the Act and under the laws of England and Wales on December 9, 2015, and for the purposes of participating in the all-share merger.

On August 4, 2016, the legal name of FMC Technologies SIS Limited was changed to TechnipFMC Limited, and on January 11, 2017, was subsequently re-registered as TechnipFMC.

On January 16, 2017, the cross-border Merger was completed. Pursuant to the terms of the Merger, Technip merged with and into TechnipFMC, with TechnipFMC continuing as the surviving company (the "Technip Merger"), and each ordinary share of Technip (the "Technip Shares"), other than Technip Shares owned by Technip or its wholly-owned subsidiaries, were exchanged for 2.0 ordinary shares of TechnipFMC, subject to the terms of the Merger. Immediately following the Technip Merger, a wholly-owned indirect subsidiary of TechnipFMC ("Merger Sub") merged with and into FMC Technologies, with FMC Technologies continuing as the surviving company and as a wholly-owned indirect subsidiary of TechnipFMC, and each share of ordinary share of FMC Technologies (the "FMCTI Shares"), other than FMCTI Shares owned by FMC Technologies, TechnipFMC, Merger Sub or their wholly-owned subsidiaries, were exchanged for 1.0 ordinary share of TechnipFMC, subject to the terms of the Merger.

As noted above, the Company obtained control of the entire share capital of Technip via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share for share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of Technip (now as a branch), headed by TechnipFMC. The December 31, 2016 equity position reflects the share capital structure of Technip. The statement of changes in equity presents the legal change in ownership of the Company, including the share capital of TechnipFMC and the merger reserve arising as a result of the share for share exchange transaction in 2017.

NOTE 2 - ACCOUNTING PRINCIPLES

2.1 Basis of preparation

The financial statements for the year ended December 31, 2019 have been prepared in accordance with United Kingdom Accounting Standards – in particular Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") – and with the Act. FRS 101 sets out a reduced disclosure framework for a qualifying entity as defined in the Standards which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The Company is a qualifying entity for the purposes of FRS 101. The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted IFRS in full. The only such exemptions that the directors considered to be significant are:

- No detailed disclosures in relation to financial instruments;
- No cash flow statement;
- No disclosure of related party transactions with subsidiaries;
- No statement regarding the potential impact of forthcoming changes in financial reporting standards;
- No disclosure of “key management compensation” for key management other than the Directors;
- No disclosures relating to the Company’s policy on capital management, and
- No disclosure of requirements of paragraph 45b and 46-52 of IFRS 2 Share based charges.

The assets and liabilities of Technip have been recognized at their respective historic carrying values in the accounts of Technip, rather than uplifted to fair value, on the basis that, in substance, the Merger represents a capital reorganization of Technip and TechnipFMC and therefore represents a continuation of Technip. Accordingly, the comparative information presented in the Company Statement of Financial Position and the Company Statement of Changes in Stockholders’ Equity is that of Technip. Prior to the Merger, Technip had a Euro functional currency. The comparative information for the year ended December 31, 2016, and information up to the date of the Merger, has been retranslated into the U.S. Dollar presentational currency in accordance with IAS 21, “The Effects of Changes in Foreign Exchange Rates”. From the date of the Merger, TechnipFMC’s functional currency was determined to be U.S. Dollars as this is the primary economic environment in which the post-merger entity operates.

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which are measured at fair value. Accounting policies have been consistently applied throughout the reporting period. The financial statements of the Company for the year ended December 31, 2019 are presented in U.S. dollars, the presentation and functional currency of the Company, and all values are rounded to the nearest million included to one decimal place.

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

The directors have taken advantage of the exemption available under Section 408 of the Act and have not presented a profit and loss account for the Company.

Planned Separation transaction

On August 26, 2019, TechnipFMC announced that its Board of Directors had unanimously approved a plan to separate our Onshore/Offshore segment, Loading Systems and Process Automation businesses (the "Separation") into an independent, publicly traded company (“Technip Energies”). If it goes ahead the transaction is expected to be tax free to certain shareholders where permissible, including the U.S. It is expected that the transaction will be completed in the first half of 2020, subject to general market conditions, regulatory approvals, consultation of employee representatives, where applicable, and final approval from TechnipFMC’s Board of Directors. Refer to Note 1 of TechnipFMC consolidated financial statements for management’s judgment on accounting for the planned Separation transaction.

2.2 Changes in accounting policies and disclosures

a) Standards, amendments and interpretations effective in 2019

IFRS 16 "Leases"

IFRS 16 supersedes IAS 17 "Leases" ("IAS 17"), IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Refer to Note 4 for disclosures on the adoption impact and changes in the Company's financial statements.

IFRS 9 "Financial instruments" ("IFRS 9")

The Company has initially applied IFRS 9 on January 1, 2018 with exception to the hedging requirements of IFRS 9 as amended by IFRS 9.7.2.21. The hedge accounting is adopted with the date of initial application as of January 1, 2019. There is no impact on the Company's financial statements from adoption of hedging requirements of IFRS 9.

b) Standards, amendments and interpretations to existing standards that are issued, not yet effective and have not been early adopted as of December 31, 2019

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is discussed in Note 1 of TechnipFMC consolidated financial statements.

2.3 Summary of significant accounting policies

The significant accounting policies, which have been used in the preparation of the Company financial statements, are set out below. These policies have been consistently applied to all years presented.

a) Investments

Investments are measured initially at cost, including transaction costs, less any provision for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized immediately in the income statement.

b) Trade receivable and loans issued to related parties

Recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Financial assets at amortized cost is the most relevant category to the Company. The Company measures trade receivable and loans issued to related parties at amortized cost when both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Loans receivable (debt instruments) are initially measured at their fair values plus transaction costs.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Impairment

An allowance for expected credit losses ("ECL") is recognized for all financial assets not held at fair value through profit or loss. As opposed to the incurred loss approach, ECL is based on the difference between the carrying amount (as per the contractual cash flows of the instruments) and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows will include consideration of collaterals or other credit enhancements that are integral to the contractual terms.

In case of instruments for which there has not been a significant increase in credit risk since initial recognition, ECL is applied for default events that are possible within the next 12-months (a 12-month ECL). In case there has been a significant increase in credit risk since initial recognition, a ECL is applied over the remaining life of the exposure ("lifetime ECL").

For trade receivables and loans, the Company has elected to apply a simplified approach and calculates an ECL based on loss rates from historical data. Under the simplified approach the Company develops loss-rate statistics on the basis of the amount written off over the life of the financial assets and adjusts these historical credit loss trends for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected losses.

c) Share-based employee compensation

The measurement of share-based compensation expense on restricted share awards is based on the market price at the grant date and the number of shares awarded. The Company used the Black-Scholes options pricing model to measure the fair value of share options granted on or after January 1, 2017, excluding from such valuation the service and non-market performance conditions (which are considered in the expected number of awards that will ultimately vest) but including market conditions. The share-based compensation expense for each award is recognized during the vesting period (i.e., the period in which the service and, where applicable, the performance conditions are fulfilled). The cumulative expense recognized for share-based employee compensation at each reporting date reflects the already expired portion of the vesting period and the Company's best estimate of the number of awards that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

d) Long term debt

Non-current financial debt includes bond loans and other borrowings. After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method. Transaction costs, such as issuance fees and redemption premium on convertible bonds are included in the cost of debt on the liability side of the statement of financial position, as an adjustment to the nominal amount of the debt. The difference between the initial debt and redemption at maturity is amortized at the effective interest rate.

e) Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate applicable on the transaction date.

At the closing balance sheet date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the income statement, except exchange gains or losses on cash accounts eligible for future cash flow hedging and for hedging on net foreign currency investments.

Translation of financial statements of the Company's branch in foreign currency

The income statements of the Company's branch are translated into USD at the average exchange rate prevailing during the year. Statements of financial position are translated at the exchange rate at the closing date. Differences arising in the translation of financial statements of the branch are recorded in other comprehensive income as foreign currency translation reserve. The functional currency of the branch is the local currency (euro).

f) Derivative financial instruments and hedging

The Company uses derivative financial instruments, such as forward contracts, swaps and options to hedge its risks, in particular foreign exchange risks. Currently, every derivative financial instrument held by the Company is aimed at hedging future inflows or outflows against exchange rate fluctuations during the period of contract performance. Derivative instruments and in particular forward exchange transactions are aimed at hedging future cash inflows or outflows against exchange rate fluctuations in relation with awarded commercial contracts.

Refer to Note 26 of TechnipFMC consolidated financial statements for further details.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and in hand, as well as securities fulfilling the following criteria: an original maturity of usually less than three months, highly liquid, a fixed exchange value and an insignificant risk of loss of value. Securities are measured at their market value at year-end. Any change in fair value is recorded in the income statement.

h) Share capital and dividend distribution

Ordinary shares and redeemable shares are classified as equity. The redeemable shares may be redeemed by the Company for nil consideration at any time and are therefore recognized within equity.

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognized when paid.

i) Taxation

Corporate tax is payable on taxable profits at amounts expected to be paid, or recovered, under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized to take account of timing differences between the treatment of transactions for financial reporting purposes and their treatment for tax purposes. A deferred tax asset is only recognized when it is regarded as more likely than not there will be a suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

j) Non-current assets held for sale or distribution to equity holders

TechnipFMC classifies non-current assets as held for sale/or distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale transaction or a distribution rather than through continuing use. Such non-current assets classified as held for sale/or distribution are measured at the lower of their carrying amount and fair value less costs to sell or distribute. Costs to sell/or distribute are the incremental costs directly attributable to the sale or distribution, excluding finance costs and income tax expense.

The criteria for held for sale/or distribution classification is regarded as met only when the sale/or distribution is highly probable and the asset is available for immediate sale/ or distribution in its present condition. Actions required to complete the sale/or distribution should indicate that it is unlikely that significant changes to the sale/or distribution will be made or that the decision to sale/or distribute will be withdrawn. Management must be committed to the sale/or distribution expected within one year from the date of the classification.

k) Cash dividend and non-cash distribution to equity holders

The Company recognizes a liability to make cash or non-cash distributions to its equity holders when the distribution is approved by its shareholders. A corresponding amount is recognized directly in the statement of equity.

2.4 Use of critical accounting estimates, judgments and assumptions

The preparation of the financial statements requires the use of critical accounting estimates, judgments and assumptions that may affect the assessment and disclosure of assets and liabilities at the date of the financial statements, as well as the income and the reported expenses regarding this financial year. Estimates may be revised if the circumstances and the assumptions on which they were based change, if new information becomes available, or as a result of greater experience. Consequently, the actual result from these operations may differ from these estimates.

a) Judgments

Areas of judgment that have the most significant effect on the amounts recognized in the Company's financial statements relate to the planned Separation transaction and to determining whether the Company's investments are impaired.

Refer to Note 1 of TechnipFMC consolidated financial statements for management's judgment on accounting for the planned Separation transaction.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year relate to estimates on provision for expected credit losses on trade receivable and loans issued to related parties and are described below.

The assessment of the correlation between the historical observed loss rate statistic, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast

economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Company assesses whether there are any indicators of impairment of investments at each reporting date. Investments are tested for impairment when there are indicators that the carrying amount may not be recoverable. Details of impairment recorded during the year and the carrying value of investments are contained in Note 3.

NOTE 3 - INVESTMENTS IN SUBSIDIARIES

The movement in investments account balances are described below:

(In millions)	2019	2018
Cost at January 1	$ 18,581.6	$ 15,526.0
Additions [(1)]	—	3,263.1
Net foreign exchange difference	(83.9)	(207.5)
Total Cost at December 31,	$ 18,497.7	$ 18,581.6
Impairment at January 1	$ 1,996.9	$ 217.1
Impairments [(2)]	2,035.8	1,789.8
Net foreign exchange difference	(10.5)	(10.0)
Total impairment at December 31,	$ 4,022.2	$ 1,996.9
Net book value at December 31,	$ 14,475.5	$ 16,584.8

(1) Additions in 2018 mainly comprise TechnipFMC International Holdings BV for $2,255.1 million and FMC Technologies Global BV for $1,008.1 million.

(2) Impairments relate to the carrying value of intermediate holding company investments. The methodology and assumptions used in reviewing the investments for impairment were the same as those used in the Goodwill review. See Note 11 of TechnipFMC consolidated financial statements for further details.

The Company's direct subsidiaries as at December 31, 2019 are listed below. Ownership interests reflect holdings of ordinary shares. Details of other related undertakings are provided in Note 31 of TechnipFMC consolidated financial statements.

Company Name	Address	Share Class	The Company interest held in %
AUSTRALIA			
Technip Australia Pty	1120 Hay Street, Perth WA 6000	Ordinary shares	100
BRAZIL			
Technip Cleplan Empreendimentos E Projetos Industriais Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 202 (parte) 20211-178 Rio de Janeiro	Equity interest	58.29
TSKJ Servicos De Engenharia, Lda.	Avenida Arriaga, numero trinta Terceiro andar - H Freguesia da Sé, Concelho do Funchal 9000-064 Funchal	Equity interest	25
CHINA			
Technip Chemical Engineering (Tianjin) Co., Ltd.	10th Floor - Yunhai Mansion 200031 Shanghai	Equity interest	100
COLUMBIA			
Tipiel, S.A.	Calle 38 # 8-62 Piso 3 Santafe de Bogota D.C.	Equity interest	7.2

Company Name	Address	Share Class	The Company interest held in %
FRANCE			
Technip Corporate Services SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	78
Technip Eurocash SNC	89, avenue de la Grande Armée 75116 Paris	Equity interest	96
Technip France SA	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	78
Compagnie Française De Réalisations Industrielles, Cofri SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Cybernetix SAS	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Ordinary shares	100
Genesis Nimes SAS	19, Avenue Feuchères 30000 Nîmes	Ordinary shares	100
Serimax Holdings SAS	95700 Roissy en France	Ordinary shares	20
Technip Ingenierie Defense SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Technip Offshore International SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	100
Technipnet SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
INDONESIA			
PT Technip Indonesia	Metropolitan Tower, 15th Florr, JL. R. A. Kartini Kav. 14 (T.B Simatupang), Cilandak Jakarta Selatan 12430	Equity interest	9
ITALY			
Technip Italy S.P.A.	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
TPL - Tecnologie Progetti Lavori S.P.A. In Liquidazione	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
MALAYSIA			
Technip Far East Sdn Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak Kuala Lumpur 50400	Ordinary shares	100
NETHERLANDS			
FMC Technologies Global B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	68.6
Technip Holding Benelux B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
TechnipFMC International Holdings B.V.	Zuidplein 126, WTC, Tower H, 15é Amsterdam 1077XV	Preferred shares and Ordinary shares	38.93
NEW-CALEDONIA - FRENCH OVERSEAS TERRITORY			
Technip Nouvelle-Caledonie	27 bis Avenue du Maréchal Foch - Galerie CENTER FOCH - Centre-Ville B.P. 4460 98847 NOUMEA	Ordinary shares	100
PANAMA			
Technip Overseas S.A.	East 53rd Street Marbella, Humboldt Tower 2nd Floor Panama	Ordinary shares	100
RUSSIAN FEDERATION			

Company Name	Address	Share Class	The Company interest held in %
Technip Rus LLC	266 Litera O, Ligovsky Prospect 196084 St Petersburg	Ordinary shares	99.98
SAUDI ARABIA			
Technip Saudi Arabia Limited	Dhahran Center Building - 5th Floor, Suite $501 31952 Al-Khobar	Ordinary shares	40
SERBIA			
Petrolinvest, dd Sarajevo	Tvornicka 3 71000 Sarajevo	Equity interest	33.01
SPAIN			
Technip Iberia, S.A.	Building n° 8 - Floor 4th Plaça de la Pau s/n World Trade Center - Almeda Park - Cornellà de Llobregat 08940 Barcelone	Ordinary shares	99.99
SWITZERLAND			
Engineering Re AG	Basteiplatz 7 8001 Zurich	Ordinary shares	100
UNITED KINGDOM			
TechnipFMC Holdings Limited	One St Paul's Churchyard	Ordinary shares A	88.12
	London EC4M 8AP	Ordinary shares B	
VENEZUELA			
Inversiones Dinsa, C.A.	Avenida Principal de La Urbina, calle 1 con calle 2 Centro Empresarial INECOM, piso 1, oficina 1-1 La Urbina, Minicipio Sucre 1070 Caracas	Ordinary shares	100
Technip Bolivar, C.A. en liquidation	523 Zona Industrial Matanzas, Planta De Bauxilum Puerto Ordaz Ciudad Bolivar	Ordinary shares	99.94

NOTE 4 – LEASES

Refer to Note 4 of TechnipFMC consolidated financial statements for details regarding elections and exemptions applied as a result of adopting IFRS 16 on January 1, 2019.

Adoption of the new lease accounting guidance had a material impact on the Company's statement of financial position. On January 1, 2019, the Company (1) recognized a lease liability of approximately $79.4 million which represents the present value of the remaining lease payments, discounted using the Company's applicable weighted average incremental borrowing rates, and (2) recognized a right-of-use ("ROU") asset of approximately $78.2 million adjusted for accrued rent of $1.2 million. The impact of adopting the new lease accounting guidance was recorded as an adjustment to increase retained earnings by approximately $1.2 million.

The Company has one real estate lease as a lessee with the following balances:

(In millions except for discount rate)	As of December 31, 2019
Right-of-use asset	$ 42.6
Lease liability	45.4
Current lease liabilities	35.5
Non-current lease liabilities	9.9
Weighted average discount rate	3.9%

The following summarizes various amounts recognized by the Company as of and for the year ended December 31, 2019:

- Depreciation of ROU asset in consolidated statement of income of $35.6 million
- Interest expense on lease liability of $2.0 million
- Payments for the principal portion of lease liability of $34.2 million and interest portion of $1.8 million for total payments of $36.0 million

The following table is a summary of the maturity of lease liabilities for the Company as of December 31, 2019:

In millions	Lease liabilities
2020	$ 35.5
2021	10.3
Total lease payments	45.8
Less: imputed interest (1)	0.4
Total lease liabilities (2)	$ 45.4

(1) Calculated using the interest rate for each lease.

(2) Includes the current portion of $$35.5 million for lease liabilities.

NOTE 5 - LOAN RECEIVABLES - RELATED PARTIES

	December 31,	
(In millions)	**2019**	**2018**
Loan receivables - related parties	$ 1,551.9	$ 1,585.9

In 2019, Technip Umbilicals and Asiaflex Products SDN BHD ("Asiaflex") repaid part of their intercompany loans for $9.8 million and $4.5 million, respectively.

The Company's loan receivables from related parties are unsecured and are stated net of impairment allowance of $4.7 million at December 31, 2019.

Loan receivables from related parties primarily consist of loans to Technip Offshore International SAS ("TOI"), Technip UK Ltd ("Technip UK") and Asiaflex. The terms and interest rates for significant loans are detailed below.

(i) Loans to TOI consist of two loans in the amount of $1,103.5 million and $114.0 million respectively with 5 year terms and interest rates of 4.16% and 2.10% respectively.

(ii) Loan to Technip UK is in the amount of $147.8 million with a 5 year term and interest rate of LIBOR GBP 6 months +0.5 basis point.

(iii) Loan to Asiaflex is in the amount of $70.0 million with a 10 year term and interest rate of LIBOR 3M +1.1%.

NOTE 6 - DEFERRED INCOME TAX

The tax rate utilized to compute deferred taxes depends on the location of the underlying transaction. The transactions carried out by the U.K. head office are tax effected using the U.K. tax rate. The transactions carried out by the French permanent establishment are tax effected using the French tax rate.

The earnings of the U.K. head office are subject to the U.K. statutory rate of 19.0%. The profits or losses of the French permanent establishment are not taxable in the U.K. as the election under section 18A CTA 2009 has been validly made.

The net deferred tax assets and liabilities amounts to $0.6 million and $22.2 million as of December 31, 2019 and 2018, respectively. The deferred tax balance comprises:

	December 31,	
(In millions)	**2019**	**2018**
Deferred tax relating to pensions	$ 0.4	$ 0.3
Deferred tax relating to financial instruments	(1.9)	(2.8)
Short term timing differences	0.9	0.9
Tax loss carry forward	1.2	23.8
Total	$ 0.6	$ 22.2

The movement in the deferred tax asset is shown below:

	December 31,	
(In millions)	**2019**	**2018**
At January 1	$ 22.2	$ 14.8
Movement relating to pensions	0.4	0.3
Credit to income statement	(22.0)	7.1
At December 31	$ 0.6	$ 22.2

NOTE 7 - TRADE AND OTHER RECEIVABLES

	December 31,	
(In millions)	**2019**	**2018**
Trade receivables - related parties	$ 182.7	$ 157.8
Prepaid expenses	11.9	14.0
Advances paid to suppliers	0.4	0.1
Trade and other receivables	$ 195.0	$ 171.9

The Company's trade receivables from related parties are stated net of loss allowance of $6.3 million at December 31, 2019.

NOTE 8 - INCOME TAX RECEIVABLE / INCOME TAX PAYABLE

The Company is a tax resident of both the United Kingdom (the "U.K.") and France.

The Company maintains a permanent establishment in France which carries out the activities that were previously carried out by Technip. For tax purposes, this permanent establishment is the head of the French tax consolidated group. As such, the Company's French branch is liable for tax at the French statutory rate of 34.3% on French consolidated income.

In turn, the Company's French branch receives from the French affiliates members of the French tax consolidated group the income tax that these affiliates would have paid on a standalone basis if they had not been a member of the French tax consolidated group.

The current income tax credit booked by the Company's French branch is the difference between the income tax due on the consolidated income to the French tax authorities and the income tax received from the affiliates members of the French tax consolidated group.

NOTE 9 - STOCKHOLDERS' EQUITY

9.1 Changes in the Company's ordinary shares

On November 27, 2019, TechnipFMC redeemed 50,000 redeemable shares of £1 each and cancelled one deferred ordinary share of £1 in the capital of TechnipFMC. As of December 31, 2019, the Company's share capital was 447,064,767. As of December 31, 2018, TechnipFMC's share capital was 50,000 non-voting redeemable shares and 450,480,680 ordinary shares. The movements in share capital were as follows:

(In millions of shares)	Ordinary Shares
December 31, 2017	465.1
Stock awards	0.2
Treasury stock cancellations	(14.8)
December 31, 2018	450.5
Stock awards	0.6
Treasury stock cancellations	(4.0)
December 31, 2019	447.1

As an English public limited company, we are required under U.K. law to have available "distributable reserves" to conduct share repurchases or pay dividends to shareholders. Distributable reserves are a statutory requirement and are not linked to a IFRS reported amount (e.g. retained earnings, net income ans other reserves). The declaration and payment of dividends require the authorization of our Board of Directors, provided that such dividends on issued share capital may be paid only out of our "distributable reserves" on our statutory balance sheet. Therefore, we are not permitted to pay dividends out of share capital, which includes share premium

Following the merger, the Company capitalized its reserves arising out of the merger by the allotment and issuance by the Company of a bonus share, which was paid up using such reserves, such that the amount of such reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to its share premium account. The Company implemented a court-approved reduction of its capital by way of a cancellation of the bonus share and share premium account which completed on June 29, 2017, in order to create distributable profits to support the payment of possible future dividends or future share repurchases. Its articles of association permit by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring payment of a dividend, the directors are required under English law to comply with their duties, including considering its future financial requirements.

The additional information required in relation to shareholder's equity is given in Note 17 to TechnipFMC consolidated financial statements.

9.2 Dividends

Dividends declared and paid during the year ended December 31, 2019 and 2018 were $232.8 million and $238.1 million, respectively.

The additional information required in relation to dividends is given in Note 17 to TechnipFMC consolidated financial statements.

9.3 Share-based compensation

Refer to Note 18 of TechnipFMC consolidated financial statements for details of share-based payment schemes. Details of the directors' remuneration is provided in the Directors' Remuneration Report in the Company's Annual Report.

NOTE 10 - DEBT (SHORT-TERM AND LONG-TERM)

Debt consisted of the following:

(In millions)	December 31, 2019 Carrying Amount	December 31, 2019 Fair Value	December 31, 2018 Carrying Amount	December 31, 2018 Fair Value
Synthetic bonds due 2021	$ 491.6	$ 513.1	$ 488.8	$ 532.4
3.45% Senior Notes due 2022	459.9	459.2	459.9	450.4
5.00% Notes due 2020	—	—	228.4	244.0
3.40% Notes due 2022	168.4	180.6	171.6	186.9
3.15% Notes due 2023	145.4	156.8	148.1	161.3
3.15% Notes due 2023	140.2	150.5	142.9	153.3
4.00% Notes due 2027	84.2	96.4	85.8	95.8
4.00% Notes due 2032	108.6	127.8	110.5	120.2
3.75% Notes due 2033	109.2	123.8	111.1	126.1
Other	—	—	21.4	21.4
Total Long-term debt	1,707.5	1,808.2	1,968.5	2,091.8
5.00% Notes due 2020	224.4	230.0	—	—
Other	20.2	20.2	—	—
Total short-term debt and current portion of long-term debt	244.6	250.2	—	—
Total debt	$ 1,952.1	$ 2,058.4	$ 1,968.5	$ 2,091.8

For details of long and short term debt included in the table above, refer to Note 19 of TechnipFMC consolidated financial statements.

NOTE 11 - LOAN PAYABLES - RELATED PARTIES

Loan payables - related parties consists of the following:

(In millions)	December 31, 2019	December 31, 2018
Borrowings from TechnipFMC Holdings ltd (UK)	$ 2,657.7	$ 2,551.4
Borrowings from TechnipFMC International (UK) ltd	2,131.0	2,076.0
Borrowings from TechnipFMC Finance ULC	446.7	435.1
Borrowing from TechnipFMC (Europe) Ltd	364.2	354.8
Loan payables - related parties	$ 5,599.6	$ 5,417.3

Loan payables to related parties are unsecured and consist of borrowings from TechnipFMC Holdings Ltd (UK) (“Holdings Ltd”), TechnipFMC International (UK) Ltd (“International Ltd”), TechnipFMC Finance ULC (“Finance ULC”), and TechnipFMC (Europe) Ltd (“Europe Ltd”). The terms and interest rates for significant loans are detailed below.

(i) Loans from Holdings Ltd primarily consist of three loans in the amount of $1,008.1 million, $838.5 million and $545.8 million respectively with 5 year terms and interest rates of 4.83%, 4.68% and 2.69% respectively.

(ii) Loan from International Ltd is in the amount of $2,048.2 million with a 5 year term and interest rate of 2.69%.

(iii) Loans from Finance ULC primarily consist of a loan in the amount of $389.4 million with a 5 year term and interest rate of 2.69%.

(iv) Loan from Europe Ltd is in the amount of $350.0 million with a 5 year term and interest rate of 2.69%.

NOTE 12 - TRADE AND OTHER PAYABLES

Trade and other payables consists of the following:

	December 31,			
(In millions)	**2019**		**2018**	
Overdraft with Technip Eurocash (Related party Cash Pooling)	$	2,176.6	$	2,014.4
Trade payables - related parties		131.5		192.0
Other current liabilities		19.1		14.2
Trade and other payables	$	2,327.2	$	2,220.6

TechnipFMC plc is registered in England and Wales
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