# IFRS Financial Statements
# for the half-year ended June 30, 2019

## TECHNIPFMC PLC
## Company No. 09909709

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This Interim report should be read in conjunction with the Annual Report.

## 1. 2019 INTERIM MANAGEMENT REPORT

### 1.1 HALF-YEAR RESULTS

### BUSINESS OUTLOOK

Overall Outlook - The price of crude oil has been on a gradual upward trend since the cyclical trough experienced in early 2016, although with continued price volatility. The sustainability of the price recovery and business activity levels is dependent on several variables, including geopolitical stability, OPEC's actions to regulate its production capacity, changes in demand patterns, and international sanctions and tariffs. However, as long-term demand is forecast to rise and base production continues to naturally decline, we believe the macroeconomic backdrop will provide our customers with greater confidence to increase their investments in new sources of oil and natural gas production.

*Subsea* - The impact of the crude oil price decline earlier this decade and the subsequent low price environment led many of our customers to reduce their capital spending plans and defer new offshore projects. During this period, we lowered our cost base through reductions in both workforce and physical manufacturing capacity. These actions led to improved cost efficiency and helped mitigate some of the negative impacts to our operating profit caused by the lower activity and reduced pricing. However, we remain committed to further developing and investing in our people and assets to ensure we have the core competencies and capabilities necessary for continued success during the market recovery.

Our lowered cost base combined with the aggressive cost reductions taken by our customers has caused project economics to improve. Many current and future offshore projects are deemed to be economic at prices below those experienced in the first quarter. While customer investment decisions can be delayed for a variety of reasons, we continue to work closely with our customers through early engagement in front end engineering and design (FEED) studies and the use of our unique integrated approach to subsea development (iEPCI™) to allow more project final investment decisions through the cycle. iEPCI™ can support clients' initiatives to improve subsea project economics by helping to reduce cost and accelerate time to first oil. In the long term, we continue to believe that offshore and deepwater developments will remain a significant part of our customers' portfolios.

The outlook for the subsea industry continues to improve. We remain encouraged by the increased level of client engagement and project tendering. We have experienced growth in both the volume and value of subsea projects that have the potential for sanctioning over the intermediate term. Increased activity will also benefit the industry's underutilized manufacturing and vessel capacity that has contributed to the pricing pressure.

*Onshore/Offshore* - Onshore market activity continues to provide a tangible set of opportunities, particularly for natural gas monetization projects, as natural gas continues to take a larger share of global energy demand. Market conditions for liquefied natural gas ("LNG") have improved as rising demand continues to rebalance an oversupplied market. This is driving an improved outlook for our business, and we see potential for significant new liquefaction and regasification capacity to be sanctioned in the near and intermediate term. As an industry leader, we are well positioned for this growth and are actively pursuing several opportunities. The first project award to materialize in 2019 was the Arctic LNG 2 contract. This project will bring on-stream three LNG trains with total capacity of nearly 20 million metric tonnes per annum. This award further demonstrates our leadership in the delivery of large scale modularized fabrication for harsh environment mega projects.

We are engaged in LNG FEED studies across multiple geographies. These FEED studies provide a platform for early engagement with clients and can significantly de-risk project execution while also supporting our pursuit of the engineering, procurement and construction ("EPC") contract. Additionally, we continue to selectively pursue refining, petrochemical, and fertilizer project opportunities in the Middle East, Africa, Asia, and North American markets.

*Surface Technologies* - After a period of rapid growth, the North America unconventional market is undergoing near-term volatility. Completions activity was reduced in the second half of 2018, stemming from pipeline take-away capacity constraints and exhaustion of operator capital budgets for exploration and production. Hydraulic fracturing activity slowed, particularly in the Permian basin.

North American activity continued to decline in the first half of 2019 in both drilling and completions-related activities. Reduced operator spending, mainly driven by increased capital discipline and by oil-price volatility, has also negatively impacted equipment and services pricing as the market adjusts to the excess capacity created by the lower activity. Despite the near-term volatility, we are continuing to introduce new, innovative commercial models in North America.

Activity in our Surface Technologies business outside of North America has been more resilient. Activity has increased in the first half of 2019 compared with first half of 2018 and we expect activity to continue to be strong throughout 2019, although most markets continue to experience pressure from competitive pricing.

## CONSOLIDATED RESULTS OF OPERATIONS OF TECHNIPFMC PLC
## SIX MONTHS ENDED JUNE 30, 2019 AND 2018

| (In millions, except %) | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 | Change $ | Change % |
|---|---|---|---|---|
| Revenue | $ 6,362.4 | $ 6,098.9 | $ 263.5 | 4.3 |
| *Costs and expenses* | | | | |
| Cost of sales | 5,145.3 | 4,955.0 | 190.3 | 3.8 |
| Selling, general and administrative expense | 621.8 | 609.3 | 12.5 | 2.1 |
| Research and development expense | 69.2 | 94.7 | (25.5) | (26.9) |
| Impairment, restructuring and other expenses | 25.7 | 23.1 | 2.6 | 11.3 |
| Merger transaction and integration costs | 25.0 | 14.6 | 10.4 | 71.2 |
| **Total costs and expenses** | 5,887.0 | 5,696.7 | 190.3 | 3.3 |
| Other income (expense), net | (127.1) | (10.7) | (116.4) | (1,087.9) |
| Income from equity affiliates | (2.5) | 52.6 | (55.1) | (104.8) |
| Net interest expense | (253.2) | (145.5) | (107.7) | (74.0) |
| **Profit before income taxes** | 92.6 | 298.6 | (206.0) | (69.0) |
| Provision for income taxes | 1.1 | 108.8 | (107.7) | (99.0) |
| **Net profit** | 91.5 | 189.8 | (98.3) | (51.8) |
| Net profit attributable to noncontrolling interests | (15.6) | (0.7) | (14.9) | n/a |
| **Net profit attributable to TechnipFMC plc** | $ 75.9 | $ 189.1 | $ (113.2) | (59.9) |

### *Revenue*

Revenue increased $263.5 million or 4.3% in the first six months of 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 and increased demand in services. Onshore/Offshore revenue declined as projects progressed towards completion, driven primarily by Yamal LNG, partially offset by an increase in 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 Asia Pacific and Middle East regions.

### *Gross Profit*

Gross profit (revenue less cost of sales) as a percentage of sales slightly increased to 19.1% in the first six months of 2019, from 18.8% in the prior-year period. The improvement in gross profit as a percentage of sales was primarily due to the realization of a lower operating cost structure and strong project execution.

### *Selling, General and Administrative Expense*

Selling, general and administrative expense increased $12.5 million year-over-year, primarily as a result of increased sales activity.

### *Impairment, Restructuring and Other Expense*

We incurred $25.7 million of restructuring charges during the first six months of 2019, primarily related to employee severance.

### *Merger Transaction and Integration Costs*

We incurred merger transaction and integration costs of $25.0 million during the first six months of 2019, primarily due to integration activities pertaining to combining the two legacy companies.

### *Other Income (expense), Net*

Other income (expense), net, primarily reflects foreign currency gains and losses, including gains and losses associated with the remeasurement of net cash positions. In the first six months of 2019, we recognized $40.9 million of net foreign exchange losses, compared with $27.8 million of net foreign exchange loss in the prior year period. Other Income (expense) also includes movements in certain corporate items, including legal provisions as further explained in Note 11.

### *Net Interest Expense*

Net interest expense increased $107.7 million in the first six months of 2019 compared to 2018, primarily due to the change in the fair value of the redeemable financial liability and the adoption of new leasing standard. We revalued the mandatorily redeemable financial liability to reflect current expectations about the obligation and recognized a charge of $224.9 million. See Note 13 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, excluding the fair value measurement of the mandatorily redeemable financial liability, also includes interest income and expenses, which were higher by $3.1 million on a net basis due to adoption of the new leasing standard as compared to the same period in 2018.

### *Provision for Income Taxes*

The effective tax rate was 1.1% and 36.4% for the six months ended June 30, 2019 and 2018, respectively. The year-over-year decrease in the effective tax rate was primarily due to recognized tax benefits related to the finalization of previously estimated tax liabilities based on the filing of tax returns in certain jurisdictions and the release of a valuation allowance previously recorded against certain deferred tax assets in Brazil, offset in part by the reduced benefit of losses in jurisdictions with a full valuation allowance, the impact of a nondeductible legal provision and an unfavorable change in earnings mix. In addition, individual tax items, combined with higher profitability in the prior period, had a greater impact on the effective tax rate in the six months ended June 30, 2019 as compared to the same period in 2018.

Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to higher tax rates than in the United Kingdom.

## SEGMENT RESULTS OF OPERATIONS OF TECHNIPFMC PLC
## SIX MONTHS ENDED JUNE 30, 2019 AND 2018

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. See Note 5 to our condensed consolidated financial statements of this Half-Year Report for more information.

### *Subsea*

| | Six Months Ended | | | |
|---|---|---|---|---|
| | June 30, | | Favorable/(Unfavorable) | |
| (In millions, except %) | 2019 | 2018 | $ | % |
| Revenue | $ 2,705.5 | $ 2,410.4 | 295.1 | 12.2 |
| Operating profit | $ 129.7 | $ 130.3 | (0.6) | (0.5) |
| | | | | |
| Operating profit as a percentage of revenue | 4.8% | 5.4% | | (0.6) pts. |

Subsea revenue increased $295.1 million or 12.2% year-over-year, primarily due to higher project-related activity and growth in Subsea services. Integrated (iEPCI™) project activity continues to represent an increasing share of revenue.

Operating profit remained flat year-over-year. Additionally, the first six months of 2019 included $6.8 million impairment, restructuring and other severance charges which compared favorably to $14.1 million incurred in the prior year.

### *Onshore/Offshore*

| | Six Months Ended | | | |
|---|---|---|---|---|
| | June 30, | | Favorable/(Unfavorable) | |
| (In millions, except %) | 2019 | 2018 | $ | % |
| Revenue | 2,840.1 | 2,915.8 | (75.7) | (2.6) |
| Operating profit | 431.0 | 374.2 | 56.8 | 15.2 |
| | | | | |
| Operating profit as a percentage of revenue | 15.2% | 12.8% | | 2.4pts. |

Onshore/Offshore revenue decreased $75.7 million or 2.6% year-over-year as we moved closer to completion on Yamal LNG, partially offset by increased activity on recent awards in the downstream, petrochemical and offshore sectors. Projects awarded in recent quarters are in early stages of completion and will contribute more significantly in subsequent quarters as the projects progress.

Operating profit increased year-over-year, primarily due to strong project execution across many portfolio projects, primarily Yamal LNG. Additionally, the first six months of 2019 included $5.9 million of impairment, restructuring and other severance charges compared to the first six months ended June 30, 2018 favorably impacted by $5.6 million.

### *Surface Technologies*

| | Six Months Ended | | | |
|---|---|---|---|---|
| | June 30, | | Favorable/(Unfavorable) | |
| (In millions, except %) | 2019 | 2018 | $ | % |
| Revenue | 816.8 | 772.7 | $ 44.1 | 5.7 |
| Operating profit | 48.7 | 80.3 | (31.6) | (39.4) |
| | | | | |
| Operating profit as a percentage of revenue | 6.0% | 10.4% | | (4.4) pts. |

Surface Technologies revenue increased $44.1 million or 5.7% year-over-year, primarily driven by higher demand for pressure control equipment outside the Americas. North American revenue declined in the period as a result of lower activity.

Operating profit decreased year-over-year, primarily due to the continued decline in completions-related activity, one-time charges related to new product introduction and unfavorable product line mix in North America. Operating profit outside the Americas was negatively impacted by delays in shipments of backlog orders now expected to be delivered throughout the remainder of 2019.

Additionally, the first six months of 2019 included $2.7 million of impairment, restructuring and other severance charges which compared favorably to $6.7 million incurred in the prior year.

***Corporate Items***

| | Six Months Ended June 30, | | Favorable/(Unfavorable) | |
|---|---|---|---|---|
| **(In millions, except %)** | **2019** | **2018** | **$** | **%** |
| Corporate expense | $ (263.6) | $ (140.7) | $ (122.9) | (87.3) |

Corporate expense in the six months ended June 30, 2019 was $263.6 million. This includes charges and credits totaling $90.5 million of expense resulting from net legal provisions of $55.2 million and $35.3 million of expense primarily related to merger integration. Excluding charges and credits, corporate expense was $173.1 million which included $40.9 million of foreign exchange losses.

## 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 Six Months Ended June 30, | |
|---|---|---|
| **(In millions)** | **2019** | **2018** |
| Subsea | $ 5,310.4 | $ 2,744.0 |
| Onshore/Offshore | 11,270.0 | 4,150.4 |
| Surface Technologies | 783.6 | 824.3 |
| **Total inbound orders** | $ 17,364.0 | $ 7,718.7 |

*Order backlog* - 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"* Note 4 to our condensed consolidated financial statements of this Half-Year Report for more information on order backlog.

| | Order Backlog | |
|---|---|---|
| **(In millions)** | **June 30, 2019** | **December 31, 2018** |
| Subsea | $ 8,747.0 | $ 5,999.6 |
| Onshore/Offshore | 16,608.3 | 8,090.5 |
| Surface Technologies | 426.6 | 469.9 |
| **Total order backlog** | $ 25,781.9 | $ 14,560.0 |

*Subsea* - Order backlog for Subsea at June 30, 2019 increased by $2.7 billion compared to December 31, 2018. Subsea backlog of $8.7 billion at June 30, 2019 was composed of various subsea projects, including Anadarko Golfinho; Petrobras pipelay support vessels and Mero I; Eni Coral and Merakes; Lundin Solveig and Rolvsnes; Equinor Johan Sverdrup Phase 2; Neptune Cara & Gioa; Energean Karish; Reliance MJ1; ConocoPhillips Tor II; BP Thunderhorse South Extension 2; and ExxonMobil Liza.

*Onshore/Offshore* - Onshore/Offshore order backlog at June 30, 2019 increased by $8.5 billion compared to December 31, 2018. Onshore/Offshore backlog of $16.6 billion was composed of various projects, including Arctic LNG 2, Yamal LNG; Midor refinery expansion; BP Tortue FPSO; ExxonMobil Beaumont refinery expansion; Long Son Petrochemicals; Energean Karish; HURL fertilizer plants; Neste bio-diesel expansion; and HPCL Visakh refinery.

*Surface Technologies* - Order backlog for Surface Technologies at June 30, 2019 decreased by $43.3 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 |
|---|---|
| **(In millions)** | **June 30, 2019** |
| Subsea | $ 873.8 |
| Onshore/Offshore | 2,825.4 |
| **Total order backlog** | $ 3,699.2 |

## 1.2 PRINCIPAL RISKS AND UNCERTAINTIES

Important risk factors that could impact our ability to achieve our anticipated operating results and growth plan goals are presented below. The following risk factors should be read in conjunction with discussions of our business and the factors affecting our business located elsewhere in this half-year report.

***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 results of operations, financial condition 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;
- government policies and subsidies related to 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, and 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 recently started to rebound 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 and 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 patent, trade secret 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, and 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. Although we have obtained insurance against many of these risks, our insurance 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 are 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 for 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 for which production equipment and machinery currently being utilized on a project were intended.

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 its 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 to any large construction project, and are the result of numerous factors including, but not limited to, the following:

- shortages of key equipment, materials or skilled labor;
- unscheduled delays in the delivery or 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 its design specifications, may result in loss of revenue. Additionally, capital expenditures for construction projects could materially exceed the initially planned investments or can result in 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 timeframe. 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.

***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.

***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, and 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 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 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, or results of operations.

***Compliance with environmental 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. These laws and regulations, as well as the adoption of new legal requirements or other 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.***

Existing or future laws concerning the release of greenhouse gas emissions or that concern climate change (including laws and regulations 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 and regulations and as a consequence demand for our equipment, systems and services may also decline. In addition, such laws and regulations 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 and 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, 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;
- 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 Paris 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 proposed 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. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum ("Brexit"). The referendum was advisory, and the United Kingdom government served notice under Article 50 of the Treaty of the European Union in March 2017 to formally initiate a withdrawal process. The United Kingdom and the European Union have had a two-year period under Article 50 to negotiate the terms for the United Kingdom's withdrawal from the European Union. The withdrawal agreement and political declaration that were endorsed at a special meeting of the European Council on November 25, 2018 did not receive the approval of the United Kingdom Parliament in January or March 2019. Further discussions are ongoing, although the European Commission has stated that the European Union will not reopen the withdrawal agreement. Any extension of the negotiation period for withdrawal will require the consent of the remaining 27 member states of the European Union. Brexit has created significant uncertainty about the future relationship between the United Kingdom and the European Union and has given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom.

These developments, or the perception that any of them could occur, 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. Lack of clarity about applicable future laws, regulations, or treaties as the United Kingdom negotiates the terms of a withdrawal, as well as the operation of any such rules pursuant to any withdrawal terms, 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.

If the United Kingdom and the European Union are unable to negotiate mutually acceptable withdrawal terms or if other E.U. member states pursue withdrawal, barrier-free access between the United Kingdom and other E.U. member states

or within the European Economic Area overall could be diminished or eliminated. Any of these factors could have a material adverse effect on our business, financial condition, and 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, and other factors, 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 June 30, 2019, after giving effect to the Merger, our total debt is $3.8 billion. We also have the capacity under our $2.5 billion credit facility, in addition to our bilateral facilities 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 enable us 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 Inter-bank 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, and 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. Although we do not hedge translation impacts on earnings, we do hedge transaction impacts on margins and earnings where the transaction is not in the functional currency of the business unit. 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 the Company trades, 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.

***We may incur significant Merger-related costs.***

We have incurred and expect to incur additional non-recurring direct and indirect costs associated with the Merger. In addition to the costs and expenses associated with the consummation of the Merger, we are also integrating processes, policies, procedures, operations, technologies, and systems. While we have assumed that a certain level of expenses would be incurred relating to the Merger and continue to assess the magnitude of these costs, there are many factors beyond our control that could affect the total amount or the timing of the integration and implementation expenses. These costs and expenses could reduce the realization of efficiencies and strategic benefits we expect to achieve from the Merger, and the expected net benefit of the Merger may not be achieved in the near term or at all.

***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, and although no such attack has had a material adverse effect on our business, 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. 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, and prospects.

***We may not realize the cost savings, synergies, and other benefits expected from the Merger.***

The combination of two independent companies is a complex, costly, and time-consuming process. As a result, we will be required to continue to devote management attention and resources to integrating the business practices and operations of Technip and FMC Technologies. The integration process may disrupt our businesses and, if ineffectively implemented, could preclude realization of the full benefits expected from the Merger. Our failure to meet the challenges involved in successfully integrating the operations of Technip and FMC Technologies or otherwise realize the anticipated benefits of the Merger could interrupt, and seriously harm the results of, our operations. In addition, the overall integration of Technip and FMC Technologies may result in unanticipated expenses, liabilities, competitive responses, loss of client relationships, diversion of management's attention, or other problems, and such problems could, if material, cause our stock price to decline. The difficulties of combining the operations of Technip and FMC Technologies include, but are not limited to, the following:

- managing a significantly larger company;
- coordinating geographically separate organizations;
- the potential diversion of management focus and resources from other strategic opportunities and from operational matters;
- aligning and executing our strategy;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- integrating two unique business cultures,
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating distribution and marketing efforts;
- integrating IT, communications, and other systems;
- changes in applicable laws and regulations;
- managing tax costs or inefficiencies associated with integrating our operations;
- unforeseen expenses or delays associated with the Merger; and
- taking actions that may be required in connection with obtaining regulatory approvals.

Many of these factors are at least partially outside our control and any one of them could result in increased costs, decreased revenue, and diversion of management's time and energy, which could materially impact our business, financial condition, and results of operations. In addition, even if the operations of Technip and FMC Technologies are

successfully integrated, we may not realize the full benefits of the Merger, including the synergies, cost savings, sales, or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. As a result, the combination of Technip and FMC Technologies may not result in the realization of the full benefits expected from the Merger.

***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 proposes deferring certain documentation requirements that would otherwise be imposed with respect 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.

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 the anticipated withdrawal of the United Kingdom from the European Union ("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; a determination which could materially and adversely affect our business, financial condition, results of operations, and future prospects. 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.

***The Company has identified material weaknesses relating to internal control over financial reporting. If our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to further restate our financial results, which could have a material adverse effect on our financial condition, results of operations, and cash flows.***

Management identified material weaknesses in the Company's internal control over financial reporting as of December 31, 2017 and December 31, 2018 as described in the Corporate Governance Report of the Company's U.K. Annual Report.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

As a result of the material weaknesses, management has concluded that our internal control over financial reporting was not effective as of December 31, 2018. In addition, as a result of these material weaknesses, our chief executive officer and chief financial officer have concluded that, as of December 31, 2018, our disclosure controls and procedures were not effective. Until these material weaknesses are remediated, they could lead to errors in our financial results and could have a material adverse effect on our financial condition, results of operations, and cash flows.

If our remedial measures are insufficient to address the material weaknesses, or if one or more additional material weaknesses or significant deficiencies in our disclosure controls and procedures or internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could have a material adverse effect on our financial condition, results of operations, and cash flows, restrict our ability to access the capital markets, require significant resources to correct the weaknesses or deficiencies, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence and in the market price of our stock.

Additional material weaknesses or significant deficiencies in our internal control over financial reporting could be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in additional significant deficiencies or material weaknesses, cause us to fail to meet our periodic reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting required under Section 404 of the U.S. Sarbanes-Oxley Act of 2002 and the rules promulgated under Section 404. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to, among other things, a decline in our stock price.

We can give no assurances that the measures we have taken to date, or any future measures we may take, will fully remediate the material weaknesses identified or that any additional material weaknesses will not arise in the future due to our failure to implement and maintain adequate internal control over financial reporting. In addition, even if we are successful in strengthening our controls and procedures, those controls and procedures may not be adequate to prevent or identify irregularities or ensure the fair and accurate presentation of our financial statements included in our periodic reports filed with the U.S. Securities and Exchange Commission.

### 1.3 RELATED PARTY TRANSACTIONS

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:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| TP JGC Coral France SNC | $ 79.1 | $ 31.6 |
| TTSJV W.L.L. | 30.6 | — |
| Technip Odebrecht PLSV CV | 11.2 | 10.9 |
| Anadarko Petroleum Company | 9.5 | 4.9 |
| Others | 15.8 | 14.3 |
| **Total trade receivables** | $ 146.2 | $ 61.7 |

TP JGC Coral France SNC, TTSJV W.L.L. and Technip Odebrecht PLSV CV are equity method affiliates. A member of our Board of Directors serves on the Board of Directors of Anadarko Petroleum Company.

Trade payables consisted of payables due to following related parties:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Chiyoda | $ 21.4 | $ 70.0 |
| JGC Corporation | 18.7 | 69.5 |
| IFP Energies nouvelles | 2.2 | 2.4 |
| Magma Global Limited | 0.6 | 0.6 |
| Dofcon Navegacao | 0.2 | 2.5 |
| Anadarko Petroleum Company | — | 0.7 |
| Others | 2.5 | 2.9 |
| **Total trade payables** | $ 45.6 | $ 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, our note receivables balance was $100.2 million and $130.0 million at June 30, 2019 and December 31, 2018, respectively. The balance includes $100.2 million and $119.9 million with Dofcon Brasil AS at June 30, 2019 and December 31, 2018, respectively. Dofcon Brasil AS is a structured entity and accounted for as an equity method affiliate. These are included in other noncurrent assets on our consolidated statement of financial position.

Revenue consisted of amount from following related parties:

| | Six Months Ended June 30, | |
|---|---|---|
| (In millions) | 2019 | 2018 |
| TP JGC Coral France SNC | $ 77.7 | $ 61.4 |
| TTSJV W.L.L. | 75.5 | — |
| Anadarko Petroleum Company | 40.8 | 75.5 |
| Dofcon Navegacao | 5.7 | — |
| Others | 26.5 | $ 15.8 |
| **Total revenue** | $ 226.2 | $ 152.7 |

Expenses consisted of amount to following related parties:

| (In millions) | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|
| JGC Corporation | $ 18.9 | $ 19.6 |
| Serimax Holdings SAS | 17.7 | — |
| Chiyoda | 17.6 | 11.1 |
| Arkema S.A. | 9.8 | — |
| Magma Global Limited | 3.2 | — |
| IFP Energy nouvelles | 1.0 | 2.3 |
| Others | 9.6 | 3.7 |
| **Total expenses** | $ 77.8 | $ 36.7 |

Serimax Holdings SAS is an equity affiliate. A member of our Board of Directors serves on the Board of Directors for Arkema S.A.

## 2. DIRECTORS' RESPONSIBILITY STATEMENT

The members of the Audit Committee of the Company, on behalf of the Board of Directors, confirm that, to the best of their knowledge:

- the condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34: 'Interim Financial Reporting', as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit or loss of TechnipFMC plc; and
- the interim management report includes a fair review of the information required by:
    - Disclosure and Transparency Rule 4.2.7R, which requires an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year, and
    - Disclosure and Transparency Rule 4.2.8R, which requires disclosure of material related-party transactions in the first six months and that have materially affected the financial position or performance of the enterprise during that period and any material changes in the related-party transactions described in the last Annual Report.

By order of the Audit Committee on behalf of the Board of Directors,

Douglas J. Pferdehirt
Chairman and Chief Executive Officer
August 8, 2019

## 3. 2019 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
## 3.1 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | | Six Months Ended June 30, | |
|---|---|---|---|
| **(In millions, except per share data)** | **Note** | **2019** | **2018** |
| *Revenue:* | | | |
| Service revenue from customer contracts | 4 | $ 4,612.1 | $ 4,352.8 |
| Product revenue from customer contracts | 4 | 1,633.9 | 1,643.4 |
| Lease revenue | 4 | 116.4 | 102.7 |
| **Total revenue** | | 6,362.4 | 6,098.9 |
| | | | |
| Costs and expenses: | | | |
| Cost of service revenue | | 3,612.1 | 3,635.5 |
| Cost of product revenue | | 1,463.6 | 1,251.0 |
| Cost of lease and other revenue | | 69.6 | 68.5 |
| Selling, general and administrative expense | | 621.8 | 609.3 |
| Research and development expense | | 69.2 | 94.7 |
| Impairment, restructuring and other expenses | | 25.7 | 23.1 |
| Merger transaction and integration costs | | 25.0 | 14.6 |
| **Total costs and expenses** | | 5,887.0 | 5,696.7 |
| | | | |
| Other income (expense), net | | (127.1) | (10.7) |
| Income from equity affiliates | | (2.5) | 52.6 |
| **Profit before net interest expense and income taxes** | | 345.8 | 444.1 |
| Financial income | | 61.5 | 59.9 |
| Financial expense | | (314.7) | (205.4) |
| **Profit before income taxes** | | 92.6 | 298.6 |
| Provision for income taxes | 12 | 1.1 | 108.8 |
| **Net profit** | | 91.5 | 189.8 |
| Net profit attributable to noncontrolling interests | | (15.6) | (0.7) |
| **Net profit attributable to TechnipFMC plc** | | $ 75.9 | $ 189.1 |
| | | | |
| *Earnings per share attributable to TechnipFMC plc* | | | |
| Basic | 6 | $ 0.17 | $ 0.41 |
| Diluted | 6 | $ 0.17 | $ 0.41 |
| | | | |
| *Weighted average shares outstanding* | | | |
| *Basic* | 6 | 447.7 | 462.8 |
| Diluted | 6 | 451.9 | 464.2 |
| | | | |
| Cash dividends declared per share | | $ 0.26 | $ 0.26 |

The accompanying notes are an integral part of the interim condensed 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 3.

## 3.2 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

| (In millions) | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|
| **Net profit** | $ 91.5 | $ 189.8 |
| | | |
| Exchange differences on translating entities operating in foreign currency | (1.4) | (139.8) |
| Cash flow hedging | 28.2 | (48.0) |
| Income tax effect | (4.7) | 6.1 |
| **Other comprehensive income (loss) to be reclassified to statement of income in subsequent years** | 22.1 | (181.7) |
| | | |
| Actuarial gains (losses) on defined benefit plans | 0.8 | 0.3 |
| Income tax effect | 0.9 | (0.1) |
| **Other comprehensive income (loss) not being reclassified to statement of income in subsequent years** | 1.7 | 0.2 |
| Other comprehensive income (loss), net of tax | 23.8 | (181.5) |
| **Comprehensive income** | 115.3 | 8.3 |
| Comprehensive (income) loss attributable to noncontrolling interest | (16.9) | (1.7) |
| **Comprehensive income attributable to TechnipFMC plc** | $ 98.4 | $ 6.6 |

The accompanying notes are an integral part of the interim condensed 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 3.

## 3.3 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

| (In millions, except par value data) | Note | June 30, 2019 | December 31, 2018 |
|---|---|---|---|
| *Assets* | | | |
| Investments in equity affiliates | | $ 351.8 | $ 359.1 |
| Property, plant and equipment, net | | 3,335.9 | 3,570.1 |
| Right-of-use assets | 3 | 943.8 | — |
| Goodwill | 7 | 7,695.5 | 7,693.9 |
| Intangible assets, net | 7 | 1,123.7 | 1,176.7 |
| Deferred income taxes | | 373.8 | 244.2 |
| Derivative financial instruments | | 39.8 | 18.3 |
| Other assets | 13 | 333.8 | 313.6 |
| Total non-current assets | | 14,198.1 | 13,375.9 |
| Cash and cash equivalents | 13 | 4,626.7 | 5,542.2 |
| Trade receivables, net | 13 | 2,240.3 | 2,467.8 |
| Contract assets | 4 | 1,612.4 | 1,295.0 |
| Inventories, net | | 1,402.9 | 1,257.0 |
| Derivative financial instruments | | 73.2 | 95.7 |
| Income taxes receivable | | 488.9 | 284.0 |
| Advances paid to suppliers | | 177.6 | 189.6 |
| Other current assets | | 820.2 | 666.4 |
| Total current assets | | 11,442.2 | 11,797.7 |
| **Total assets** | | $ 25,640.3 | $ 25,173.6 |
| | | | |
| *Liabilities and equity* | | | |
| Ordinary shares | 10 | $ 446.5 | $ 450.5 |
| Ordinary shares held in treasury and employee benefit trust | 10 | — | (2.4) |
| Retained earnings, net income and other reserves | 10 | 10,715.5 | 10,788.0 |
| Accumulated other comprehensive income (loss) | | (893.8) | (916.3) |
| Total TechnipFMC plc shareholders’ equity | | 10,268.2 | 10,319.8 |
| Non-controlling interest | | 84.3 | 69.8 |
| Total equity | | 10,352.5 | 10,389.6 |
| Long-term debt, less current portion | 9 | 2,269.9 | 2,546.0 |
| Lease liabilities | 3 | 774.8 | — |
| Deferred income taxes | | 312.8 | 236.5 |
| Accrued pension and other post-retirement benefits, less current portion | | 333.0 | 325.2 |
| Derivative financial instruments | | 75.2 | 44.9 |
| Non-current provisions | 8 | 104.2 | 42.7 |
| Other liabilities | 8 | 406.2 | 547.2 |
| Total non-current liabilities | | 4,276.1 | 3,742.5 |
| Short-term debt and current portion of long-term debt | 9 | 1,512.1 | 1,983.5 |
| Lease liabilities | 3 | 270.8 | — |
| Accounts payable, trade | | 2,505.0 | 2,610.8 |
| Contract liabilities | 4 | 4,335.9 | 4,069.0 |
| Accrued payroll | | 346.6 | 394.7 |
| Derivative financial instruments | | 126.9 | 138.4 |
| Income taxes payable | | 112.0 | 66.9 |
| Current provisions | 8 | 735.5 | 826.3 |
| Other current liabilities | 8 | 1,066.9 | 951.9 |
| Total current liabilities | | 11,011.7 | 11,041.5 |
| Total liabilities | | 15,287.8 | 14,784.0 |
| **Total equity and liabilities** | | $ 25,640.3 | $ 25,173.6 |

The accompanying notes are an integral part of the interim condensed 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 3.

## 3.4 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| (In millions) | Note | Six Months Ended June 30, 2019 | Six Months Ended June 30, 2018 |
|---|---|---|---|
| *Cash provided (required) by operating activities* | | | |
| Net profit | | $ 91.5 | $ 189.8 |
| *Adjustments to reconcile net profit to cash provided (required) by operating activities* | | | |
| Depreciation | | 342.5 | 181.8 |
| Amortisation | | 60.7 | 90.9 |
| Employee benefit plan and share-based compensation costs | | 60.1 | 46.7 |
| Deferred income tax provision (benefit), net | | (50.7) | (37.0) |
| Unrealised loss on derivative instruments and foreign exchange | | 43.8 | 28.0 |
| Impairments | | 1.2 | 12.5 |
| Income from equity affiliates, net of dividends received | | 6.5 | (50.2) |
| Other | | 230.5 | 50.6 |
| *Changes in operating assets and liabilities, net of effects of acquisitions* | | | |
| Trade receivables, net and contract assets | | (85.2) | (194.8) |
| Inventories, net | | (145.0) | (154.2) |
| Accounts payable, trade | | (99.6) | (912.5) |
| Contract liabilities | | 271.6 | 295.7 |
| Income taxes payable (receivable), net | | (159.6) | (81.8) |
| Other assets and liabilities, net | | (206.8) | 51.8 |
| **Cash provided (required) by operating activities** | | 361.5 | (482.7) |
| *Cash provided (required) by investing activities* | | | |
| Capital expenditures | | (270.5) | (134.8) |
| Payment to acquire debt securities | | (59.7) | — |
| Proceeds from sale of debt securities | | 18.9 | — |
| Acquisitions, net of cash acquired | 2 | — | (103.4) |
| Cash divested from deconsolidation | | — | 1.7 |
| Proceeds from sale of assets | | 1.3 | 6.2 |
| Other | | 22.5 | (4.9) |
| **Cash provided (required) by investing activities** | | (287.5) | (235.2) |
| *Cash provided (required) by financing activities* | | | |
| Net decrease in short-term debt | | (17.9) | (22.4) |
| Net (decrease) increase in commercial paper | | (479.5) | 83.7 |
| Proceeds from issuance of long-term debt | | 96.2 | 6.4 |
| Repayments of long-term debt | | — | (4.2) |
| Payments for the principal portion of lease liabilities | | (162.9) | — |
| Purchase of treasury shares | | (90.1) | (226.3) |
| Dividends paid | | (116.6) | (120.2) |
| Settlements of mandatorily redeemable financial liability | | (220.6) | (124.2) |
| Other | | — | 1.0 |
| **Cash provided (required) by financing activities** | | (991.4) | (406.2) |
| Effect of changes in foreign exchange rates on cash and cash equivalents | | 1.9 | (55.6) |
| Decrease in cash and cash equivalents | | (915.5) | (1,179.7) |
| Cash and cash equivalents, beginning of period | | 5,542.2 | 6,737.4 |
| **Cash and cash equivalents, end of period** | | $ 4,626.7 | $ 5,557.7 |

The accompanying notes are an integral part of the interim condensed 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 3.

## 3.5 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

| (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, 2018** | $ 450.5 | $ (2.4) | $ 10,788.0 | $ (916.3) | $ 69.8 | $ 10,389.6 |
| Cumulative effect of initial application of IFRS 16 | — | — | 1.8 | — | — | 1.8 |
| Net profit | — | — | 75.9 | — | 15.6 | 91.5 |
| Other comprehensive income | — | — | — | 22.5 | 1.3 | 23.8 |
| Dividends | — | — | (116.6) | — | — | (116.6) |
| Cancellation treasury shares | (4.0) | — | (86.1) | — | — | (90.1) |
| Net sales of ordinary shares for employee benefit trust | — | 2.4 | — | — | — | 2.4 |
| Share-based compensation | — | — | 41.5 | — | — | 41.5 |
| Other | — | — | 11.0 | — | (2.4) | 8.6 |
| **Balance as of June 30, 2019** | $ 446.5 | $ — | $ 10,715.5 | $ (893.8) | $ 84.3 | $ 10,352.5 |
| | | | | | | |
| **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 | — | — | (91.5) | — | 0.1 | (91.4) |
| Cumulative effect of initial application of IFRS 9 | — | — | (4.7) | — | — | (4.7) |
| Net profit | — | — | 189.1 | — | 0.7 | 189.8 |
| Other comprehensive income (loss) | — | — | — | (182.5) | 1.0 | (181.5) |
| Dividends | — | — | (120.2) | — | — | (120.2) |
| Cancellation treasury shares | (7.7) | — | (234.3) | — | — | (242.0) |
| Issuance of ordinary shares | 0.1 | — | — | — | — | 0.1 |
| Net sales of ordinary shares for employee benefit trust | — | 0.9 | — | — | — | 0.9 |
| Share-based compensation | — | — | 25.8 | — | — | 25.8 |
| Put option on non-controlling interests | — | — | (40.3) | — | — | (40.3) |
| Acquisition | — | — | — | — | 38.9 | 38.9 |
| Other | — | — | 0.3 | — | (0.1) | 0.2 |
| **Balance as of June 30, 2018** | $ 457.5 | $ (3.9) | $ 13,026.2 | $ (781.8) | $ 62.1 | $ 12,760.1 |

The accompanying notes are an integral part of the interim condensed 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 3.

## 3.6 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED)

The interim condensed consolidated financial statements are expressed in millions of U.S. dollars and all values are rounded to the nearest thousand, unless specified otherwise. The interim financial statements for the half-year ended June 30, 2019 were approved by the Board of Directors and signed on its behalf by Douglas J. Pferdehirt, Director and Chief Executive Officer, on August 8, 2019.

## NOTE 1. ACCOUNTING PRINCIPLES

*Nature of operations* - TechnipFMC plc and its consolidated subsidiaries (“TechnipFMC,” the "Company", “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.

The Company's operation may be affected by variation from normal weather patterns, such as cooler or warmer summers and winters. Adverse weather conditions, such as hurricanes or extreme winter conditions, 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. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not "highly seasonal" in accordance with IAS 34.

Details of its activities during the half-year period are provided in the Interim Management Report. TechnipFMC plc 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

The interim condensed consolidated financial statements (the "interim financial statements") for the six month period ended June 30, 2019 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 "Interim Financial Reporting" standard of the IFRS framework as issued by the International Accounting Standards Board and as adopted by the European Union.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended December 31, 2018 were approved by the Board of Directors on March 15, 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim financial statements are expressed in millions of U.S. dollars and all values are rounded to the nearest thousand, unless specified otherwise.

The accounting policies applied in the interim financial statements for the six-month period ended June 30, 2019 are in conformity with those we applied and detailed in the U.K. Annual Report as of December 31, 2018 except for the estimation of income tax (Note 12) and the adoption of new standards. The Company has applied the following standards and amendments for the first time for its interim financial statements for the six-month period ended June 30, 2019:

- IFRS 16 "Leases" ("IFRS 16")
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 "Uncertainty over Income Tax Treatments".

TechnipFMC also elected to early adopt the hedging requirements of IFRS 9 as amended by IFRS 9.7.2.21.

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 impact on TechnipFMC's accounting policies and did not require retrospective adjustments.

*Revision of prior period financial statements* - In connection with the adoption of the new lease standard we reviewed our existing lease contracts, and we corrected our Condensed consolidated statements of financial position and Condensed 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 errors are not material to any prior interim or annual financial statements.

In connection with the preparation of the condensed consolidated statements of income for the six months ended June 30, 2019, we identified errors in our previously issued financial statements related to the classification between service revenue, product revenue and the related cost of sales. The correction had no effect on the reported total revenues, consolidated net profit or stockholders' equity for any periods previously presented.

The effects of the revision on our condensed consolidated statements of income for the six months ended June 30, 2018 are as follows:

| | | Six Months Ended June 30, 2018 | | |
|---|---|---|---|---|
| **(In millions, except per share data)** | **Note** | **As Previously Reported** | **Adjustments** | **As Revised** |
| *Revenue:* | | | | |
| Service revenue from customer contracts | 4 | $ 4,684.1 | $ (331.3) | $ 4,352.8 |
| Product revenue from customer contracts | 4 | 1,312.1 | 331.3 | 1,643.4 |
| **Total revenue** | | 6,098.9 | — | 6,098.9 |
| | | | | |
| Costs and expenses: | | | | |
| Cost of service revenue | | 3,806.7 | (171.2) | 3,635.5 |
| Cost of product revenue | | 1,079.8 | 171.2 | 1,251.0 |
| **Total costs and expenses** | | 5,696.7 | — | 5,696.7 |
| | | | | |
| **Net profit attributable to TechnipFMC plc** | | $ 189.1 | $ — | $ 189.1 |
| | | | | |
| *Earnings per share attributable to TechnipFMC plc* | | | | |
| Basic | 6 | $ 0.41 | $ — | $ 0.41 |
| Diluted | 6 | $ 0.41 | $ — | $ 0.41 |
| | | | | |
| *Weighted average shares outstanding* | | | | |
| *Basic* | 6 | 462.8 | — | 462.8 |
| Diluted | 6 | 464.2 | — | 464.2 |

## 1.2 Changes in accounting policies

### 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 3 for disclosures on the adoption impact and changes in TechnipFMC's accounting policies.

***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.

The Company 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 directly, Net Income and Other Reserves as of January 1, 2019.

The Company applied hedge accounting prospectively from January 1, 2019. At the date of initial application, all of the Company's existing hedging relationships were eligible to be treated as continuing hedging relationships. Upon adoption of the hedge accounting requirements of IFRS 9, the Company continues to designate only the spot element of forward contracts as hedging instrument. The forward element is recognised in the income statement, in the same line as the hedged item.

Under 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.

*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 recognised 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, 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 recognised asset or liability or an unrecognised 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 recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised 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 centralised 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.

Before January 1, 2019, the documentation included 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.

After January 1, 2019, 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 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 recognised 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 recognised 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 recognised in the income statement in the same line item as the underlying hedged item.

Application of hedge accounting resulted in certain additional disclosures, see Note 13.

**b) Standards, amendments and interpretations to existing standards that are issued, not yet effective and have not been early adopted as of June 30, 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" 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 and 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 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 the amendments will have a significant impact on its consolidated financial statements.

**c) Use of critical accounting estimates, judgments and assumptions**

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

Refer to our U.K. Annual Report for the year ended December 31, 2018 for a discussion of our critical accounting estimates, judgments and assumptions. During the six months ended June 30, 2019, there were no changes to our identified critical accounting estimates, judgments and assumptions.

***Revenue Recognition***

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 impact on our operating profit a result of changes in contract estimates related to projects that were in progress at the prior year end is presented below.

Our operating profit was positively impacted by approximately $432.3 million for the six months ended June 30, 2019, comprised of $256.9 million and $175.4 million in our Onshore/Offshore and Subsea segments, respectively.

Our operating profit was positively impacted by approximately $291.2 million for the six months ended June 30, 2018, comprised of $223.3 million and $67.9 million in our Onshore/Offshore and Subsea segments, respectively.

The changes in contract estimates are attributed to better than expected performance throughout our execution of our projects.

## NOTE 2. SCOPE OF CONSOLIDATION

**Half-Year ended June 30, 2019 - Significant business combinations and other changes**

TechnipFMC did not have any significant acquisitions during the six months ended June 30, 2019.

**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 riserless light well intervention ("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 and goodwill of $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 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 recognised 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.

## NOTE 3. LEASES

In January 2016, the IASB issued "Leases (IFRS 16)". IFRS 16 requires that a lessee recognise 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 guidance became effective for us on January 1, 2019.

We 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 recognised 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 recognised 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 recognise 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 recognised on a straight-line basis over the lease term and disclosed within our financial statements. We believe short-term lease commitments are not materially different than the short-term lease cost for the period.

In addition, we elected the transition practical expedient available to lessees and lessors for grandfathering the lease definition previously identified under existing guidance. We 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 our financial statements from a lessor perspective, and we did not experience a significant change in our lessor leasing activities at adoption.

Adoption of the new lease accounting guidance had a material impact on our consolidated balance sheets. On January 1, 2019, we (1) carried forward existing finance lease liability of $337.8 million and recognised 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 recognised 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*

We lease 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 us. All of our leases are classified as finance leases.

We determine 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 our consolidated statements of financial position. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognised 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, we use our 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 recognised on a front-loaded expense pattern over the lease term. Several of our leases provide for certain guarantees of residual value. We estimate and include in the determination of lease payments any amount probable of being owed under these residual value guarantees. At the date of adoption and June 30, 2019, we determined that there were no residual value guarantees which were probable of being owed. Our leases do not contain any material restrictive covenants.

Lease terms within our 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. The Company applies a portfolio approach by asset class to determine lease term renewals. The leases within these portfolios are categorised 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 recognised on a straight-line basis over the lease term and amounts related to short-term leases are disclosed within our financial statements.

The Company 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 our 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 recognised in profit or loss and are disclosed as 'variable lease cost' in the period they are incurred.

We 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 Company currently subleases certain of its leased real estate and vessels to third parties. The subleases will be classified as operating leases by the sublessor under IFRS.

The following table is a summary of amounts recognised in consolidated statement of income for the six months ended June 30, 2019:

| **(In millions)** | **Six Months Ended June 30, 2019** |
|---|---|
| Depreciation of right-of-use assets | $ 163.5 |
| Interest expense on lease liabilities | 23.6 |
| Short-term lease costs | 14.9 |
| Sublease income | $ 4.0 |

The table below shows the ending balance and depreciation of right-of-use assets by types of assets:

| | **Six Months Ended June 30, 2019** | **As of June 30, 2019** |
|---|---|---|
| **(In millions)** | **Depreciation** | **Net Book Value** |
| IT equipment | $ 1.4 | $ 6.4 |
| Machinery and equipment | 3.4 | 10.9 |
| Office furniture and equipment | 1.0 | 2.4 |
| Vessels | 65.3 | 165.6 |
| Real estate | 92.4 | 758.5 |
| **Total** | $ 163.5 | $ 943.8 |

The following table is the lease liability recognised as of June 30, 2019:

| **(In millions except for discount rate)** | **June 30,2019** |
|---|---|
| **Lease liability recognised as of June 30, 2019** | $ 1,045.6 |
| Current lease liabilities | 270.8 |
| Non-current lease liabilities | 774.8 |
| | |
| **Weighted average discount rate** | 4.3% |

Supplemental cash flow information related to leases for the six months ended June 30, 2019 is as follows:

| **(In millions)** | **Six Months Ended June 30, 2019** |
|---|---|
| Payments for the principal portion of lease liabilities | $ 162.9 |
| Right-of-use assets obtained in exchange for lease obligations | 23.8 |

The following table is a summary of the maturity of lease liabilities for leases as of June 30, 2019:

| (In millions) | Lease liabilities |
|---|---|
| 2019 | $ 333.7 |
| 2020 | 249.5 |
| 2021 | 138.3 |
| 2022 | 104.7 |
| 2023 | 82.1 |
| Thereafter | 369.5 |
| **Total lease payments** | 1,277.8 |
| Less: Imputed interest [(a)] | 232.2 |
| **Total lease liabilities [(b)]** | $ 1,045.6 |

Note: For leases commencing prior to 2019, minimum lease payments exclude payments to landlords for real estate taxes and common area maintenance.

(a) Calculated using the interest rate for each lease.

(b) Includes the current portion of $270.8 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 June 30, 2019, we have an additional lease, for our future 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*

We lease real estate including land, buildings and warehouses, machinery/equipment, and vessels from a lessor perspective. We determine 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. We use our implicit rate for our lessor arrangements. We estimate the amount we expect to derive from the underlying asset following the end of the lease term based on remaining economic life. Our lessor arrangements generally do not include any residual value guarantees. We recognise 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 six months ended June 30, 2019:

| (In millions) | Six Months Ended June 30, 2019 |
|---|---|
| Operating lease revenue | $ 116.4 |

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 |
|---|---|
| 2019 | $ 26.0 |
| 2020 | 14.2 |
| 2021 | 18.3 |
| 2022 | 20.6 |
| 2023 | 1.0 |
| Thereafter | — |
| **Total undiscounted cash flows** | **$ 80.1** |

## NOTE 4. REVENUE

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.

***Disaggregation of Revenue***

The Company disaggregates revenue by geographic location and contract types. The tables also include a reconciliation of the disaggregated revenue with the reportable segments.

The following tables present products and services revenue by geography for each reportable segment for the six months ended June 30, 2019 and 2018:

| | Reportable Segments | | | | | |
|---|---|---|---|---|---|---|
| | Six Months Ended | | | | | |
| | June 30, 2019 | | | June 30, 2018 | | |
| (In millions) | Subsea | Onshore/ Offshore | Surface Technologies | Subsea | Onshore/ Offshore | Surface Technologies |
| Europe, Russia, Central Asia | $ 859.2 | $ 1,292.8 | $ 115.8 | $ 714.9 | $ 1,706.4 | $ 106.5 |
| America | 730.4 | 357.3 | 395.6 | 794.7 | 163.6 | 445.0 |
| Asia Pacific | 277.4 | 577.4 | 89.1 | 249.9 | 605.9 | 51.8 |
| Africa | 519.6 | 171.5 | 26.2 | 541.4 | 147.5 | 27.1 |
| Middle East | 270.8 | 441.1 | 121.8 | 50.3 | 292.4 | 98.8 |
| **Total products and services revenue** | $ 2,657.4 | $ 2,840.1 | $ 748.5 | $ 2,351.2 | $ 2,915.8 | $ 729.2 |

The following tables represent revenue by contract type for each reportable segment for the six months ended June 30, 2019 and 2018:

| | Reportable Segments | | | | | |
|---|---|---|---|---|---|---|
| | Six Months Ended | | | | | |
| | June 30, 2019 | | | June 30, 2018 | | |
| (In millions) | Subsea | Onshore/Off shore | Surface Technologies | Subsea[(b)] | Onshore/Off shore | Surface Technologies |
| Services | $ 1,627.3 | $ 2,840.1 | $ 144.7 | $ 1,322.2 | $ 2,915.8 | $ 114.8 |
| Products | 1,030.1 | — | 603.8 | 1,029.0 | — | 614.4 |
| Total products and services revenue | 2,657.4 | 2,840.1 | 748.5 | 2,351.2 | 2,915.8 | 729.2 |
| Lease[(a)] | 48.1 | — | 68.3 | 59.2 | — | 43.5 |
| **Total revenue** | $ 2,705.5 | $ 2,840.1 | $ 816.8 | $ 2,410.4 | $ 2,915.8 | $ 772.7 |

(a) Represents revenue not subject to IFRS15. See Note 3 to our interim financial statements for additional disclosure related to lease revenue.

(b) We revised the condensed consolidated statement of income to correct the classification of service revenue and product revenue in the amount of $331.3 million for the six months ended June 30, 2019 . See Note 1.

### *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* - Contract Assets, previously disclosed as costs and estimated earnings in excess of billings on uncompleted contracts, include unbilled amounts typically resulting from sales under long-term contracts when revenue is recognised over time and revenue recognised 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 recognised, resulting in contract liabilities.

The following table provides information about net contract assets (liabilities) as of June 30, 2019 and December 31, 2018:

| (In millions) | June 30, 2019 | December 31, 2018 | $ change | % change |
|---|---|---|---|---|
| Contract assets | $ 1,612.4 | $ 1,295.0 | $ 317.4 | 24.5 |
| Contract (liabilities) | (4,335.9) | (4,069.0) | (266.9) | (6.6) |
| **Net contract assets (liabilities)** | $ (2,723.5) | $ (2,774.0) | $ 50.5 | 1.8 |

The increase in our contract assets from December 31, 2018 to June 30, 2019 was primarily due to the timing of milestones.

The increase in our contract liabilities was primarily due to additional cash received, excluding amounts recognised as revenue during the period.

In order to determine revenue recognised in the period from contract liabilities, we allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. Revenue recognised for the six months ended June 30, 2019 and 2018 that were included in the contract liabilities balance at December 31, 2018 and 2017 was $2,014.3 million and $1,437.7 million, respectively.

In addition, revenue recognised for the six months ended June 30, 2019 and 2018 from our performance obligations satisfied in previous periods had a favorable impact of $493.4 million and a favorable impact of $306.8 million, respectively. This primarily relates to changes in the estimated costs to complete certain projects.

### *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 recognise 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 June 30, 2019, the aggregate amount of the transaction price allocated to order backlog was $25,781.9 million. The Company expects to recognise revenue on approximately 23.8% of the order backlog through 2019 and 76.2% thereafter.

The following table details the order backlog for each business segment as of June 30, 2019:

| (In millions) | 2019 | 2020 | Thereafter |
|---|---|---|---|
| Subsea | $ 2,480.5 | $ 3,465.5 | $ 2,801.0 |
| Onshore/Offshore | 3,252.7 | 4,758.7 | 8,596.9 |
| Surface Technologies | 393.6 | 33.0 | — |
| **Total remaining unsatisfied performance obligations** | $ 6,126.8 | $ 8,257.2 | $ 11,397.9 |

## NOTE 5. SEGMENT INFORMATION

Management's determination of our reporting segments was made on the basis of our strategic priorities within each segment and the differences in the products and services we provide, which corresponds to the manner in which our Chief Executive Officer, as our chief operating decision maker, reviews and evaluates operating performance to make decisions about resources to be allocated to the segment.

We report the results of operations in the following segments:

- *Subsea* - 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.
- *Onshore/Offshore* - designs and builds onshore facilities related to the production, treatment, transformation 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.
- *Surface Technologies* - designs and manufactures systems and provides services used by oil and gas companies involved in land and shallow water 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.

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.

Segment revenue and segment operating profit were as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| **(In millions)** | **2019** | **2018** |
| *Segment revenue* | | |
| Subsea | $ 2,705.5 | $ 2,410.4 |
| Onshore/Offshore | 2,840.1 | 2,915.8 |
| Surface Technologies | 816.8 | 772.7 |
| **Total revenue** | $ 6,362.4 | $ 6,098.9 |
| | | |
| *Segment operating profit* | | |
| Subsea | $ 129.7 | $ 130.3 |
| Onshore/Offshore | 431.0 | 374.2 |
| Surface Technologies | 48.7 | 80.3 |
| **Total segment operating profit** | $ 609.4 | $ 584.8 |
| | | |
| *Corporate items* | | |
| Corporate expense [(a)] | $ (263.6) | $ (140.7) |
| Net interest expense | (253.2) | (145.5) |
| **Total corporate items** | **$ (516.8)** | **$ (286.2)** |
| **Profit before income taxes** [(b)] | **$ 92.6** | **$ 298.6** |

(a) Corporate expense primarily includes corporate staff expenses, legal reserve, share-based compensation expenses, other employee benefits, certain foreign exchange gains and losses, and merger transaction and integration expenses.

(b) Includes amounts attributable to noncontrolling interests.

Segment assets were as follows:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| **Segment assets** | | |
| Subsea | $ 12,260.0 | $ 11,322.8 |
| Onshore/Offshore | 4,314.7 | 4,356.6 |
| Surface Technologies | 3,075.2 | 2,900.7 |
| Intercompany eliminations | (29.7) | (26.4) |
| **Total segment assets** | 19,620.2 | 18,553.7 |
| Corporate [(a)] | 6,020.1 | 6,619.9 |
| **Total assets** | $ 25,640.3 | $ 25,173.6 |

(a) Corporate includes cash, deferred income tax balances, legal provisions, property, plant and equipment not associated with a specific segment, pension assets, the fair value of derivative financial instruments and LIFO adjustments.

## NOTE 6. EARNINGS PER SHARE

A reconciliation of the number of shares used for the basic and diluted earnings per share calculation was as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| **(In millions of US dollars, except per share data)** | **2019** | **2018** |
| Net profit attributable to TechnipFMC plc | $ 75.9 | $ 189.1 |
| | | |
| Weighted average number of shares outstanding | 447.7 | 462.8 |
| Dilutive effect of restricted stock units | 1.8 | — |
| Dilutive effect of stock options | — | 0.1 |
| Dilutive effect of performance shares | 2.4 | 1.3 |
| **Total shares and dilutive securities** | 451.9 | 464.2 |
| | | |
| **Basic earnings per share attributable to TechnipFMC plc** | $ 0.17 | $ 0.41 |
| **Diluted earnings per share attributable to TechnipFMC plc** | $ 0.17 | $ 0.41 |

## NOTE 7. GOODWILL AND INTANGIBLE ASSETS

During the first six months ended June 30, 2019, no significant events occurred which might have caused to impair the carrying amount of goodwill or other intangible assets and property, plant and equipment. Therefore, no impairment assessment was performed as of June 30, 2019. During the year ended December 31, 2018 the Company recorded $1,324.2 million of goodwill impairment charge.

The changes in goodwill due to the new business combinations or disposals during 2018 are disclosed in Note 2. The Company did not have any significant acquisitions during the six months ended June 30, 2019.

## NOTE 8. OTHER LIABILITIES AND PROVISIONS (CURRENT AND NON-CURRENT)

Other current liabilities consisted of the following:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Redeemable financial liabilities | $ 251.7 | $ 173.0 |
| **Current financial liabilities** | 251.7 | 173.0 |
| Accruals on completed contracts | 205.9 | 234.4 |
| Other taxes payable | 233.5 | 215.0 |
| Social security liability | 108.2 | 112.3 |
| Other | 267.6 | 217.2 |
| **Other current liabilities** | $ 815.2 | $ 778.9 |
| **Total other current liabilities** | $ 1,066.9 | $ 951.9 |

Other non-current liabilities consisted of the following:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Redeemable financial liabilities | $ 202.8 | $ 276.3 |
| **Non-current financial liabilities** | 202.8 | 276.3 |
| Obligations on non-qualified employee retirement plans | 34.3 | 31.5 |
| Payable on property, plant and equipment | 16.0 | 23.1 |
| Subsidies | 5.3 | 5.4 |
| Other | 147.9 | 210.9 |
| **Other non-current liabilities** | 203.5 | 270.9 |
| **Total other non-current liabilities** | $ 406.3 | $ 547.2 |

Current and non-current provisons consisted of the following:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Contingencies related to contracts | $ 116.2 | $ 148.8 |
| Tax | 16.8 | 30.0 |
| Litigation [(a)] | 409.7 | 388.2 |
| Provisions for claims | 20.5 | 15.2 |
| Other current provisions | 172.3 | 244.1 |
| **Total current provisions** | 735.5 | 826.3 |
| Tax | 0.6 | 0.6 |
| Litigation [(a)] | 73.2 | 5.8 |
| Provisions for claims | 8.6 | 6.4 |
| Other non-current provisions | 21.8 | 29.9 |
| **Total non-current provisions** | 104.2 | 42.7 |
| **Total provisions** | $ 839.7 | $ 869.0 |

(a) An additional provision of $91.3 million was recorded in the first six months of 2019, regarding U.S. Department of Justice. Refer to Note 11 for detailed description.

## NOTE 9. DEBTS (SHORT-TERM AND LONG-TERM)

Long-term debt and short-term debt and current portion of long-term debt consisted of the following:

| | June 30, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| **(In millions)** | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| Synthetic bonds due 2021 | $ 491.5 | $ 544.2 | $ 488.8 | $ 532.4 |
| 3.45% Notes due 2022 | 500.0 | 508.9 | 500.0 | 489.7 |
| 5.00% 2010 Private placement due 2020 | 227.1 | 236.1 | 228.4 | 244.0 |
| 3.40% 2012 Private placement due 2022 | 170.5 | 184.6 | 171.6 | 186.9 |
| 3.15% 2013 Private placement due 2023 | 147.2 | 161.2 | 148.1 | 161.3 |
| 3.15% 2013 Private placement due 2023 | 142.0 | 153.3 | 142.9 | 153.3 |
| 4.00% 2012 Private placement due 2027 | 85.2 | 98.9 | 85.8 | 95.8 |
| 4.00% 2012 Private placement due 2032 | 109.9 | 134.6 | 110.5 | 120.2 |
| 3.75% 2013 Private placement due 2033 | 110.4 | 133.9 | 111.1 | 126.1 |
| Bank borrowings | 286.1 | 286.1 | 221.0 | 220.8 |
| Finance lease | — | — | 337.8 | 337.8 |
| **Total long-term debt** | 2,269.9 | 2,441.8 | 2,546.0 | 2,668.3 |
| Commercial paper | 1,431.2 | 1,431.2 | 1,916.1 | 1,916.1 |
| Bank borrowings | 51.0 | 51.0 | 44.2 | 44.2 |
| Other | 29.9 | 29.9 | 23.2 | 23.5 |
| **Total short-term debt and current portion of long-term** | 1,512.1 | 1,512.1 | 1,983.5 | 1,983.8 |
| **Total debt** | $ 3,782.0 | $ 3,953.9 | $ 4,529.5 | $ 4,652.1 |

*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.

The 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 revolving facility agreement. Commercial paper borrowings are issued at market interest rates. As of June 30, 2019, our commercial paper borrowings had a weighted average interest rate of 2.78% on the U.S. dollar denominated borrowings and (0.22)% on the Euro denominated borrowings.

*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 structured entity, which is fully consolidated in our interim financial statements. The transaction was funded through debt of $96.2 million which is primarily long-term, expiring on January 8, 2031.

## NOTE 10. STOCKHOLDERS' EQUITY

### (a) Dividends and Share Repurchases

Quarterly, cash dividends of $0.13 per ordinary share paid during the six months ended June 30, 2019 for dividends declared on February 19, 2019 and April 24, 2019 were $116.6 million. Quarterly, cash dividends of $0.13 per ordinary share paid during the six months ended June 30, 2018 were $120.2 million.

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 GAAP reported amount (e.g., retained earnings). The declaration and payment of dividends require the

authorisation 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 statement of financial position. Therefore, we are not permitted to pay dividends out of share capital, which includes share premium.

In December 2018, our Board of Directors authorised an extension of our share repurchase program for $300.0 million for the purchase of ordinary shares. We repurchased 4.0 million ordinary shares for a total consideration of $90.1 million during the six months ended June 30, 2019 under our authorised share repurchase program. We intend to cancel repurchased shares and not hold them in treasury. Canceled treasury shares are accounted for using the constructive retirement method.

**(b) Share-based Compensation**

Under the TechnipFMC plc Incentive Award Plan (the "Plan"), we grant certain incentives and awards to officers, employees, non-employee directors and consultants of TechnipFMC and its subsidiaries. Awards may include share options, share appreciation rights, performance stock units, restricted stock units, restricted shares or other awards authorised under the Plan. Under the Plan, 24.1 million ordinary shares were authorised for awards.

We recognise compensation expense and the corresponding tax benefits for awards under the Plan. Share-based compensation expense for nonvested share options and time-based and performance-based restricted stock units was $41.5 million and $25.8 million for the six months ended June 30, 2019 and 2018, respectively.

## NOTE 11. 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:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Financial guarantees [(a)] | $ 949.8 | $ 750.4 |
| Performance guarantees [(b)] | 4,093.9 | 4,047.6 |
| **Maximum potential undiscounted payments** | $ 5,043.7 | $ 4,798.0 |

(a) 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.

(b) 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 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 U.S. Securities and Exchange Commission ("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.

Additionally, we have reached an agreement in principle with the SEC Staff, subject to final SEC approval.

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.

In addition to the above-referenced matters, we are involved in various pending or potential legal 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.

*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 recognised probable liquidated damages at June 30, 2019 and December 31, 2018, and that the ultimate resolution of such matters will not materially affect our consolidated financial position, results of operations, or cash flows.

## NOTE 12. INCOME TAXES

Our provision for income taxes for the six months ended June 30, 2019 and 2018 reflected effective tax rates of 1.1% and 36.4%, respectively. The year-over-year decrease in the effective tax rate for the six months ended June 30, 2019 and 2018 was primarily due to recognized tax benefits related to the finalization of previously estimated tax liabilities based on the filing of tax returns in certain jurisdictions and the release of a valuation allowance previously recorded against certain deferred tax assets in Brazil, offset in part by the reduced benefit of losses in jurisdictions with a full valuation allowance, the impact of a nondeductible legal provision, and an unfavorable change in earnings mix. In addition, individual tax items, combined with higher profitability in the prior period, had a greater impact on the effective tax rate in the six months ended June 30, 2019 as compared to the same period in 2018.

Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to higher tax rates than in the United Kingdom.

## NOTE 13. FINANCIAL INSTRUMENTS

### 13.1 Financial assets and liabilities by category

TechnipFMC holds the following financial assets and liabilities by category:

| | June 30, 2019 | | | |
|---|---|---|---|---|
| | Analysis by Category of Financial Instruments | | | |
| (In millions) | Carrying amount | At Fair Value through Profit or Loss | Assets/Liabilities at amortised cost | At Fair Value through OCI |
| Trade receivables, net | $ 2,240.3 | $ — | $ 2,240.3 | $ — |
| Other financial assets | 333.8 | 53.6 | 280.2 | — |
| Derivative financial instruments | 113.0 | 31.3 | — | 81.7 |
| Cash and cash equivalents | 4,626.7 | 4,626.7 | — | — |
| **Total assets** | $ 7,313.8 | $ 4,711.6 | $ 2,520.5 | $ 81.7 |
| Long-term debt, less current portion | $ 2,269.9 | $ — | $ 2,269.9 | $ — |
| Other non-current financial liabilities | 202.8 | 161.1 | 41.7 | — |
| Short-term debt and current portion of long-term | 1,512.1 | — | 1,512.1 | — |
| Accounts payable, trade | 2,505.0 | — | 2,505.0 | — |
| Derivative financial instruments | 202.1 | 37.2 | — | 164.9 |
| Other current financial liabilities | 251.7 | 251.7 | — | — |
| **Total liabilities** | $ 6,943.6 | $ 450.0 | $ 6,328.7 | $ 164.9 |

| | December 31, 2018 | | | |
|---|---|---|---|---|
| | Analysis by Category of Financial Instruments | | | |
| (In millions) | Carrying amount | At Fair Value through Profit or Loss | Assets/Liabilities at amortised cost | At Fair Value through OCI |
| Trade receivables, net | $ 2,642.8 | $ — | $ 2,642.8 | $ — |
| 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 assets** | $ 8,612.6 | $ 5,602.6 | $ 2,917.2 | $ 92.8 |
| Long-term debt, less current portion | 2,546.0 | — | 2,546.0 | — |
| Other non-current financial liabilities | 276.3 | 235.5 | 40.8 | — |
| Short-term debt and current portion of long-term | 1,983.5 | — | 1,983.5 | — |
| Accounts payable, trade | 2,610.8 | — | 2,610.8 | — |
| Derivative financial instruments | 183.2 | 20.0 | — | 163.2 |
| Other current financial liabilities | 173.0 | 173.0 | — | — |
| **Total liabilities** | $ 7,772.8 | $ 428.5 | $ 7,181.1 | $ 163.2 |

The following explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised 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, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

| | June 30, 2019 | | | |
|---|---|---|---|---|
| **(In millions)** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Investments: | | | | |
| Nonqualified plan: | | | | |
| Traded securities [(a)] | $ 50.4 | $ — | $ — | $ 50.4 |
| Money market fund | — | 1.8 | — | 1.8 |
| Stable value fund [(b)] | — | 1.4 | — | 1.4 |
| Held-to-maturity debt securities | — | 60.0 | — | 60.0 |
| Derivative financial instruments: | | | | |
| Synthetic bonds - call option premium | — | 19.1 | — | 19.1 |
| Foreign exchange contracts | — | 93.9 | — | 93.9 |
| **Assets** | $ 50.4 | $ 176.2 | $ — | $ 226.6 |
| Redeemable financial liability | $ — | $ — | $ 412.8 | $ 412.8 |
| Derivative financial instruments: | | | | |
| Synthetic bonds - embedded derivatives | — | 19.1 | — | 19.1 |
| Foreign exchange contracts | — | 183.0 | — | 183.0 |
| **Liabilities** | $ — | $ 202.1 | $ 412.8 | $ 614.9 |

| | December 31, 2018 | | | |
|---|---|---|---|---|
| **(In millions)** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Investments: | | | | |
| Nonqualified plan: | | | | |
| Traded securities [(a)] | $ 40.6 | $ — | $ — | $ 40.6 |
| Money market fund | — | 1.6 | — | 1.6 |
| Stable value fund [(b)] | — | 0.5 | — | 0.5 |
| Held-to-maturity debt securities | — | 20.0 | — | 20.0 |
| Derivative financial instruments: | | | | |
| Synthetic bonds - call option premium | — | 9.2 | — | 9.2 |
| Foreign exchange contracts | — | 104.8 | — | 104.8 |
| **Assets** | $ 40.6 | $ 136.1 | $ — | $ 176.7 |
| Redeemable financial liability | $ — | $ — | $ 408.5 | $ 408.5 |
| Derivative financial instruments: | | | | |
| Synthetic bonds - embedded derivatives | — | 9.2 | — | 9.2 |
| Foreign exchange contracts | — | 174.0 | — | 174.0 |
| **Liabilities** | $ — | $ 183.2 | $ 408.5 | $ 591.7 |

(a) Includes equity securities, fixed income and other investments measured at fair value.

(b) Certain investments that are measured at fair value using net asset value per share (or its equivalent) have not been classified in the fair value hierarchy.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments depending on the valuation methods:

- 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;
- Level 3: Unobservable inputs (e.g., a reporting entity's own data).

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.

Due to their short maturities, the fair value of cash and cash equivalents is considered as being equivalent to carrying value.

During the half year ended 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 8 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. 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 our Level 3 mandatorily redeemable financial liabilities is presented below.

| | Six Months Ended June 30, | |
|---|---|---|
| **(In millions)** | **2019** | **2018** |
| **Balance at beginning of period** | $ 408.5 | $ 312.0 |
| Less: Gains (losses) recognized in net interest expense | (224.9) | (120.3) |
| Less: Settlements | 220.6 | 124.2 |
| **Balance at end of period** | $ 412.8 | $ 308.1 |

*Redeemable financial liability (Put option over non-controlling interests)*— In the first quarter of 2018, we acquired a 51% share in Island Offshore (Refer to Note 2). As a result of the acquisition, we recorded a redeemable financial liability equal to the fair value of a written put option. On acquisition date we determined the fair value of the put option over non-controlling interest as the present value of the expected redemption price of the written put option.

*Fair value of debt*—The fair values (based on Level 2 inputs) of our debt, carried at amortised cost, are presented in Note 9.

### 13.2 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 14.

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 June 30, 2019 and December 31, 2018, we held the following material net positions:

| | June 30, 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) | 121.1 | (12.4) | (0.3) | 108.4 | 183.2 |
| Average forward rate (LC/USD) | 1.43 | 1.43 | 1.43 | 1.43 | |
| USD equivalent | 84.9 | (8.3) | (0.2) | 76.4 | 129.3 |
| **Brazilian real** | | | | | |
| Notional amount (LC) | 610.6 | 353.2 | — | 963.8 | 752.3 |
| Average forward rate (LC/USD) | 3.83 | 3.83 | 3.83 | 3.83 | |
| USD equivalent | 159.3 | 92.2 | — | 251.5 | 194.2 |
| **British pound** | | | | | |
| Notional amount (LC) | 20.9 | 88.2 | 53.8 | 162.9 | 52.4 |
| Average forward rate (LC/USD) | 0.79 | 0.79 | 0.79 | 0.79 | |
| USD equivalent | 26.5 | 112.1 | 68.3 | 206.9 | 67.0 |
| **Canadian dollar** | | | | | |
| Notional amount (LC) | (91.6) | 0.5 | 0.3 | (90.8) | (247.0) |
| Average forward rate (LC/USD) | 1.31 | 1.31 | 1.31 | 1.31 | |
| USD equivalent | (70.0) | 0.4 | 0.3 | (69.3) | (181.0) |
| **Danish krone** | | | | | |
| Notional amount (LC) | — | — | (7.0) | (7.0) | — |
| Average forward rate (LC/USD) | 6.56 | 6.56 | 6.56 | 6.56 | |
| USD equivalent | — | — | (1.1) | (1.1) | — |
| **Euro** | | | | | |
| Notional amount (LC) | 359.2 | 149.3 | 123.0 | 631.5 | 725.9 |
| Average forward rate (LC/USD) | 0.88 | 0.88 | 0.88 | 0.88 | |
| USD equivalent | 408.5 | 169.8 | 139.9 | 718.2 | 831.1 |
| **Indian rupee** | | | | | |
| Notional amount (LC) | — | — | 377.0 | 377.0 | — |
| Average forward rate (LC/USD) | 68.92 | 68.92 | 68.92 | 68.92 | |
| USD equivalent | — | — | 5.5 | 5.5 | — |
| **Malaysian ringgit** | | | | | |
| Notional amount (LC) | 165.0 | 228.0 | — | 393.0 | 397.0 |
| Average forward rate (LC/USD) | 4.13 | 4.13 | 4.13 | 4.13 | |
| USD equivalent | 39.9 | 55.2 | — | 95.1 | 96.1 |
| **Mexican peso** | | | | | |
| Notional amount (LC) | (287.0) | — | — | (287.0) | — |
| Average forward rate (LC/USD) | 19.18 | 19.18 | 19.18 | 19.18 | |
| USD equivalent | (15.0) | — | — | (15.0) | — |
| **Norwegian krone** | | | | | |
| Notional amount (LC) | 1,252.1 | (348.6) | 280.0 | 1,183.5 | 2,264.7 |
| Average forward rate (LC/USD) | 8.52 | 8.52 | 8.52 | 8.52 | |
| USD equivalent | 146.9 | (40.9) | 32.9 | 138.9 | 260.6 |
| **Singapore dollar** | | | | | |

| (In millions except for rates) | June 30, 2019 | | | | December 31, 2018 |
|---|---|---|---|---|---|
| | Maturity | | | | Maturity |
| | 1-12 months | 12-24 months | Beyond 24 months | Total | Total |
| Notional amount (LC) | 111.4 | 7.6 | 1.2 | 120.2 | 108.2 |
| Average forward rate (LC/USD) | 1.35 | 1.35 | 1.35 | 1.35 | |
| USD equivalent | 82.4 | 5.5 | 0.9 | 88.8 | 79.4 |
| **Japanese yen** | | | | | |
| Notional amount (LC) | 4,948.0 | 3,739.0 | (240.0) | 8,447.0 | 8,118.0 |
| Average forward rate (LC/USD) | 107.74 | 107.74 | 107.74 | 107.74 | |
| USD equivalent | 45.9 | 34.7 | (2.2) | 78.4 | 73.9 |
| **Kuwaiti dinar** | | | | | |
| Notional amount (LC) | (1.1) | — | 0.1 | (1.0) | — |
| Average forward rate (LC/USD) | 0.30 | 0.30 | 0.30 | 0.30 | |
| USD equivalent | (3.5) | — | 0.2 | (3.3) | — |
| **U.S. dollar** | (683.8) | (517.2) | (69.0) | (1,270.0) | (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 June 30, 2019 and December 31, 2018, our portfolio of these instruments included the following material net positions:

| (In millions except rates) | June 30, 2019 | | | | December 31, 2018 |
|---|---|---|---|---|---|
| | 1-12 months | 12-24 months | Beyond 24 months | Total | Total |
| **Brazilian real** | | | | | |
| Notional amount (LC) | (14.0) | — | — | (14.0) | — |
| Average forward rate (LC/USD) | 3.83 | 3.83 | 3.83 | 3.83 | |
| USD equivalent | (3.7) | — | — | (3.7) | — |
| **Euro** | | | | | |
| Notional amount (LC) | (0.5) | (0.2) | — | (0.7) | — |
| Average forward rate (LC/USD) | 0.88 | 0.88 | 0.88 | 0.88 | |
| USD equivalent | (0.6) | (0.2) | — | (0.8) | — |
| **Norwegian krone** | | | | | |
| Notional amount (LC) | (7.1) | 2.0 | — | (5.1) | (104.3) |
| Average forward rate (LC/USD) | 8.52 | 8.52 | 8.52 | 8.52 | |
| USD equivalent | (0.8) | 0.2 | — | (0.6) | (12.0) |
| **U.S. dollar** | 4.8 | — | — | 4.8 | 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 realise 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) | June 30, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| *Derivatives designated as hedging instruments* | | | | |
| *Foreign exchange contracts* | | | | |
| Current - Derivative financial instruments | $ 61.0 | $ 108.8 | $ 83.8 | $ 127.7 |
| Long-term - Derivative financial instruments | 20.7 | 56.1 | 9.0 | 35.6 |
| **Total derivatives designated as hedging instruments** | 81.7 | 164.9 | 92.8 | 163.3 |
| *Derivatives not designated as hedging instruments* | | | | |
| *Foreign exchange contracts* | | | | |
| Current - Derivative financial instruments | 12.2 | 18.1 | 11.9 | 10.7 |
| Long-term - Derivative financial instruments | — | — | 0.1 | 0.1 |
| **Total derivatives not designated as hedging instruments** | 12.2 | 18.1 | 12.0 | 10.8 |
| Long-term - Derivative financial instruments - Synthetic Bonds - Call Option Premium | 19.1 | — | 9.2 | — |
| Long-term - Derivative financial instruments - Synthetic Bonds - Embedded Derivatives | — | 19.1 | — | 9.2 |
| **Total derivatives** | $ 113.0 | $ 202.1 | $ 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 recognised gain of $0.6 million and loss of $5.1 million for the six months ended June 30, 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 accumulated other comprehensive (loss)/income of $(44.5) million and $68.1 million at June 30, 2019 and December 31, 2018, respectively. We expect to transfer an approximately $2.8 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 six months ended June 30, 2019 and 2018:

| (In millions) | Six Months Ended June 30, 2019 | | | | Six Months Ended June 30, 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 | $ (12.5) | $ 4.9 | $ 0.1 | $ (1.4) | $ 3.6 | $ 5.1 | $ — | $ (4.7) |
| Ineffective amounts | — | — | — | 0.6 | 0.8 | (2.0) | — | 3.2 |
| **Total cash flow hedge gain (loss) recognized in income** | **(12.5)** | **4.9** | **0.1** | **(0.8)** | **4.4** | **3.1** | **—** | **(1.5)** |
| Gain (loss) recognized in income on derivatives not designated as hedging instruments | (1.1) | (0.1) | — | 5.0 | (0.9) | 0.2 | — | (1.6) |
| **Total** | **$ (13.6)** | **$ 4.8** | **$ 0.1** | **$ 4.2** | **$ 3.5** | **$ 3.3** | **$ —** | **$ (3.1)** |

*Impact of hedging on equity*

The following is the reconciliation of cash flow hedge reserve in OCI:

| (In millions) | Cash flow hedge reserve<br>Six Months Ended<br>June 30,<br>2019 |
|---|---|
| **Balance at beginning of period** | **$ (68.1)** |
| Effective portion of changes in fair value | 37.2 |
| Amount reclassified to profit or loss | (8.9) |
| Amount transferred to inventories | — |
| Tax effect | (4.7) |
| **Balance at end of period** | **$ (44.5)** |

### 13.3 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 June 30, 2019 and December 31, 2018, we had no collateralised derivative contracts. The following tables present both gross information and net information of recognised derivative instruments:

| | June 30, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| **(In millions)** | **Gross Amount Recognized** | **Gross Amounts Not Offset, But Permitted Under Master Netting Agreements** | **Net Amount** | **Gross Amount Recognized** | **Gross Amounts Not Offset, But Permitted Under Master Netting Agreements** | **Net Amount** |
| Derivative assets | $ 113.0 | $ (92.0) | $ 21.0 | $ 114.0 | $ (105.9) | $ 8.1 |
| Derivative liabilities | $ 202.1 | $ (92.0) | $ 110.1 | $ 183.3 | $ (105.9) | $ 77.4 |

## NOTE 14. MARKET RELATED EXPOSURE

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. As of June 30, 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.

**Liquidity risk**

Most of our cash is managed centrally and flowed through centralized bank accounts controlled and maintained by TechnipFMC globally and in many operating jurisdictions to best meet the liquidity needs of our global operations. Under current U.S. law, as amended by the Tax Cuts and Jobs Act, signed into law on December 22, 2017, any repatriation to the United States in the form of a dividend would generally be eligible for a 100% dividend received deduction and therefore would not be subject to U.S. federal income tax.

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* - 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 a reconciliation of our cash and cash equivalents to net (debt) cash, utilising details of classifications from our condensed consolidated statement of financial position:

| (In millions) | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Cash and cash equivalents | $ 4,626.7 | $ 5,542.2 |
| Short-term debt and current portion of long-term debt | (1,512.1) | (1,983.5) |
| Long-term debt, less current portion | (2,269.9) | (2,546.0) |
| **Net cash** | $ 844.7 | $ 1,012.7 |

*Cash Flows*

We generated $361.5 million of cash from operating activities during the six months ended June 30, 2019 as compared to $482.7 million cash used by operating activities during the same period in 2018. The change was primarily due to a significant decrease in trade payables during the six months ended June 30, 2018.

Investing activities consumed $287.5 million and $235.2 million of cash during the six months ended June 30, 2019 and 2018, respectively. The increase in cash consumed by investing activities was primarily due to increase in capital expenditures.

Financing activities used $991.4 million and $406.2 million of cash during the six months ended June 30, 2019 and 2018, respectively. The increase in cash used by financing activities was primarily due to repayments of commercial papers and settlements of mandatorily redeemable financial liability in the first half of 2019.

*Debt and Liquidity*

The following is a summary of our revolving credit facility at June 30, 2019:

| (In millions)<br>Description | Amount | Debt Outstanding | Commercial Paper Outstanding[(a)] | Letters of Credit | Unused Capacity | Maturity |
|---|---|---|---|---|---|---|
| Five-year revolving credit facility | $ 2,500.0 | $ — | $ 1,431.2 | $ — | $ 1,068.8 | 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.

We had $1,431.2 million of commercial paper issued under our facility at June 30, 2019.

As of June 30, 2019, we were in compliance with all restrictive covenants under our revolving credit facility.

See Note 9 to our interim financial statements for more information related to our credit facility.

**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.

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 recognised. 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 recognised 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 certain committed and anticipated future cash flows and recognised assets and liabilities which are denominated in a foreign currency we may choose to manage our risk against changes in the exchange rates, when compared against the functional currency, through the economic netting of exposures instead of derivative instruments. Cash outflows or liabilities in a foreign currency are matched against cash inflows or assets in the same currency such that movements in exchanges rates will result in offsetting gains or losses. Due to the inherent unpredictability of the timing of cash flows, gains and losses in the current period may be economically offset by gains and losses in a future period. All gains and losses are recorded in our consolidated statements of income in the period in which they are incurred. Gains and losses from the remeasurement of assets and liabilities are recognised in other income (expense).

**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 recognise 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 unrealised 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 June 30, 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.

**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.

Additional information about credit risk is incorporated herein by reference to Note 13 to our interim financial statements.

**NOTE 15. SUBSEQUENT EVENTS**

In July 2019, we paid approximately $160 million as part of our previously announced global resolution to pay a total of $301.3 million to resolve certain anti-corruption investigations. See Note 11 for further details regarding the global resolution.

## 4. STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION

### *Independent review report to TechnipFMC PLC*

### Report on the interim condensed consolidated financial statements

#### Our conclusion

We have reviewed TechnipFMC PLC's interim condensed consolidated financial statements (the "interim financial statements") in the IFRS Financial Statements for the half-year ended June 30, 2019 of TechnipFMC PLC for the 6 month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

#### What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 June 2019;
- the Condensed Consolidated Statements of Income and Condensed Consolidated Statements of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statements of Cash Flows for the period then ended;
- the Condensed Consolidated Statements of Changes in Stockholders' Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the IFRS Financial Statements for the half-year ended June 30, 2019 have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Responsibilities for the interim financial statements and the review

#### Our responsibilities and those of the directors

The IFRS Financial Statements for the half-year ended June 30, 2019, including the interim financial statements, are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the IFRS Financial Statements for the half-year ended June 30, 2019 in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

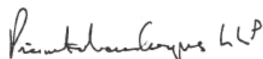
Our responsibility is to express a conclusion on the interim financial statements in the IFRS Financial Statements for the half-year ended June 30, 2019 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

#### What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the IFRS Financial Statements for the half-year ended June 30, 2019 and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants
Aberdeen
August 8, 2019