

TechnipFMC Second Quarter 2020 Earnings Call Presentation

LONDON & PARIS & HOUSTON – (BUSINESS WIRE) – 29 July 2020

TechnipFMC plc (“TechnipFMC”) (NYSE: FTI) (Paris: FTI) (ISIN: GB00BDSFG982) announces the availability of its Earnings Call Presentation in connection with its teleconference on Thursday, 30 July 2020 to discuss the second quarter 2020 financial results and updated outlook for 2020.

A copy of the Earnings Call Presentation can also be accessed on TechnipFMC’s website (www.technipfmc.com).

About TechnipFMC

TechnipFMC is a global leader in the energy industry; delivering projects, products, technologies and services. With our proprietary technologies and production systems, integrated expertise, and comprehensive solutions, we are transforming our customers’ project economics.

Organized in three business segments — Subsea, Surface Technologies and Technip Energies — we are uniquely positioned to deliver greater efficiency across project lifecycles from concept to project delivery and beyond. Through innovative technologies and improved efficiencies, our offering unlocks new possibilities for our customers in developing their energy resources and in their positioning to meet the energy transition challenge.

Each of our approximately 37,000 employees is driven by a steady commitment to clients and a culture of project execution, purposeful innovation, challenging industry conventions, and rethinking how the best results are achieved.

TechnipFMC utilizes its website www.TechnipFMC.com as a channel of distribution of material company information. To learn more about us and how we are enhancing the performance of the world’s energy industry, go to www.TechnipFMC.com and follow us on Twitter @TechnipFMC.

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Q2 2020 Earnings Call Presentation

July 30, 2020

Disclaimer

Forward-looking statements

This communication contains “forward-looking statements” as defined in Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended. Words such as “guidance,” “confident,” “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” “may,” “will,” “likely,” “predicated,” “estimate,” “outlook” and similar expressions are intended to identify forward-looking statements, which are generally not historical in nature.

Such forward-looking statements involve significant risks, uncertainties and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections, including the following known material factors: risks associated with disease outbreaks and other public health issues, including the coronavirus disease 2019 (“COVID-19”), their impact on the global economy and the business of our company, customers, suppliers and other partners, changes in, and the administration of, treaties, laws, and regulations, including in response to such issues and the potential for such issues to exacerbate other risks we face, including those related to the factors listed or referenced below; risks associated with our ability to consummate our proposed separation and spin-off; unanticipated changes relating to competitive factors in our industry; demand for our products and services, which is affected by changes in the price of, and demand for, crude oil and natural gas in domestic and international markets; our ability to develop and implement new technologies and services, as well as our ability to protect and maintain critical intellectual property assets; potential liabilities arising out of the installation or use of our products; cost overruns related to our fixed price contracts or capital asset construction projects that may affect revenues; our ability to timely deliver our backlog and its effect on our future sales, profitability, and our relationships with our customers; our reliance on subcontractors, suppliers and joint venture partners in the performance of our contracts; our ability to hire and retain key personnel; piracy risks for our maritime employees and assets; the potential impacts of seasonal and weather conditions; the cumulative loss of major contracts or alliances; U.S. and international laws and regulations, including existing or future environmental regulations, that may increase our costs, limit the demand for our products and services or restrict our operations; disruptions in the political, regulatory, economic and social conditions of the countries in which we conduct business; risks associated with The Depository Trust Company and Euroclear for clearance services for shares traded on the NYSE and Euronext Paris, respectively; the United Kingdom’s withdrawal from the European Union; risks associated with being an English public limited company, including the need for “distributable profits”, shareholder approval of certain capital structure decisions, and the risk that we may not be able to pay dividends or repurchase shares in accordance with our announced capital allocation plan; compliance with covenants under our debt instruments and conditions in the credit markets; downgrade in the ratings of our debt could restrict our ability to access the debt capital markets; the outcome of uninsured claims and litigation against us; the risks of currency exchange rate fluctuations associated with our international operations; risks related to our acquisition and divestiture activities; failure of our information technology infrastructure or any significant breach of security, including related to cyber attacks, and actual or perceived failure to comply with data security and privacy obligations; risks associated with tax liabilities, changes in U.S. federal or international tax laws or interpretations to which they are subject; and such other risk factors as set forth in our filings with the U.S. Securities and Exchange Commission and in our filings with the Autorité des marchés financiers or the U.K. Financial Conduct Authority.

We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required by law.

Q2 2020 Overview

Financial Results and Operational Highlights

Doug Pferdehirt, Chairman and Chief Executive Officer

Maryann Mannen, EVP and Chief Financial Officer

Strong foundational pillars

Balance sheet

\$6.8B

Cash and Liquidity

- ▶ Repaid outstanding borrowings under revolving credit facility
- ▶ Increased cash and liquidity by \$1.2B in the quarter
- ▶ Secured favorable, permanent revision to primary debt covenant

Increased liquidity further supports financial strength

Backlog

\$20.6B

Total Company backlog

- ▶ Constructive customer dialogue resulting in greater collaboration
- ▶ Resilient backlog in a difficult environment
- ▶ Secured projects will add to backlog upon customer FID

Significant backlog provides visibility beyond 2022

Business transformation

\$350M+

Targeted savings

- ▶ Drive real change to ensure we maintain market leadership
- ▶ Align with partners that embrace new models and innovation
- ▶ Deliver sustainable solutions to enable clients' carbon ambitions

Business and digital transformation accelerated across the organization

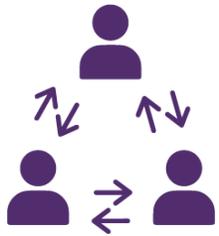
Strong balance sheet and extensive backlog provide us the flexibility to accelerate our business transformation

Transforming our business



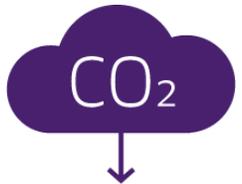
Drive real change

- Employ fewer assets while delivering more comprehensive solutions
- Targeted actions taken across the portfolio, particularly in Surface Technologies
- Accelerating deployment of digital and automation technologies to drive greater efficiency



Align with partners

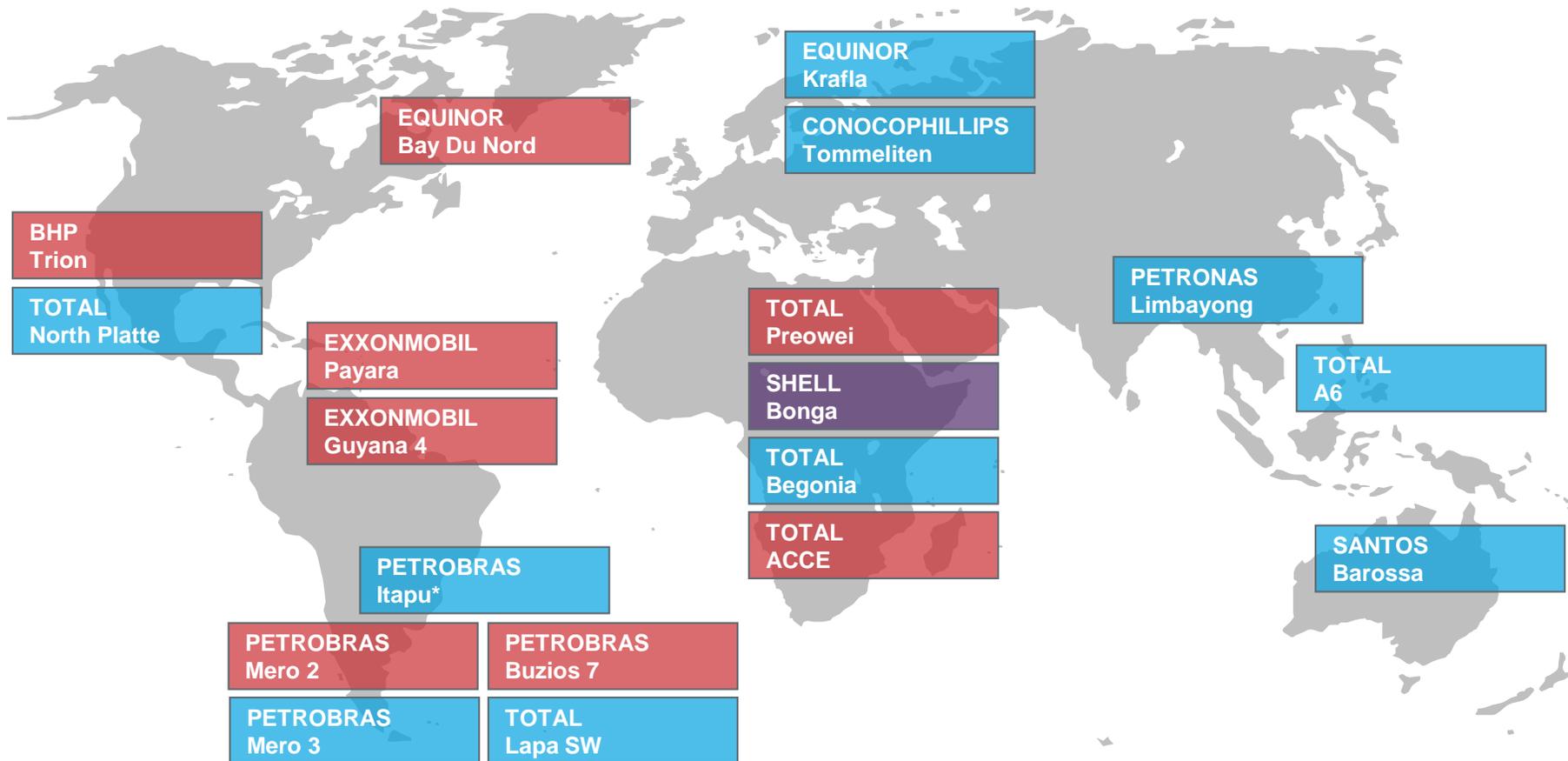
- Shared vision to embrace new commercial models and innovative technologies
- Continue to drive simplification, standardization and reduced cycle times
- Strengthen customer relationships through new and existing alliances



Deliver sustainable solutions

- Leverage core competencies to further expand into energy transition markets
- Opportunities include all-electric systems, hydrogen and sustainable chemistry
- Deliver innovative solutions that enable our clients to meet their carbon reduction ambitions

Subsea opportunities in the next 24 months¹



Projects extended beyond 24 months

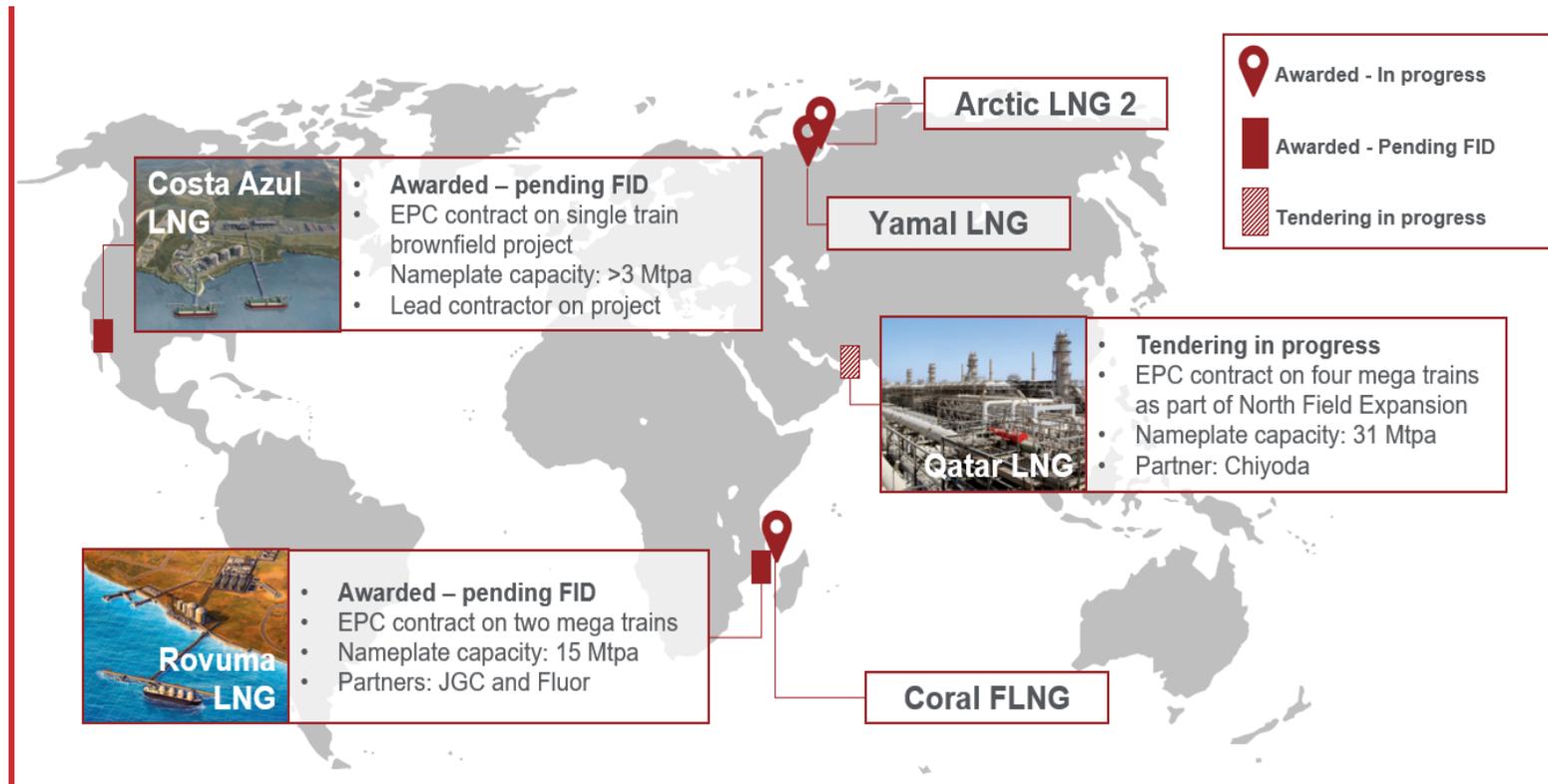
- PETRONAS Kelidang (Blue)
- BP PAJ (Red)
- EXXONMOBIL Neptun Deep (Red)
- SHELL Gato Do Mato (Red)
- BP Tortue 2 (Red)
- WOODSIDE Browse (Red)
- PETROBRAS Lula (Red)
- ENI Agogo Full Field (Purple)



¹July 2020 update; project value ranges reflect potential subsea scope

* Value of remaining scope is less than \$250M

Leadership in LNG provides differentiated outlook



- ▶ Progressing through delivery phase on Coral FLNG and Arctic LNG 2; Yamal LNG in warranty phase
- ▶ Reinforcing our competitive position through successful execution of complex projects
- ▶ Well-positioned to secure additional projects, some of which are driven by strategic importance to host country

Q2 2020 Company results

Revenue of \$3.2 billion

Adjusted EBITDA of \$241 million

Cash and liquidity of \$6.8 billion

Backlog of \$20.6 billion

Q2 2020 EPS walk

	\$ millions		\$ / share	
GAAP net income, as reported	\$	11.7	\$	0.03
Charges and credits, after-tax	\$	30.5	\$	0.06
Adjusted net income, as reported	\$	42.2	\$	0.09
Other items impacting results:				
<i>Foreign exchange (F/X) losses, after-tax</i>	\$	3.4	\$	0.01
<i>Increased liability payable to JV partners (MRL¹)</i>	\$	50.8	\$	0.11

Company does not provide guidance for F/X or MRL which together unfavorably impacted results by \$0.12 per share

Items of note

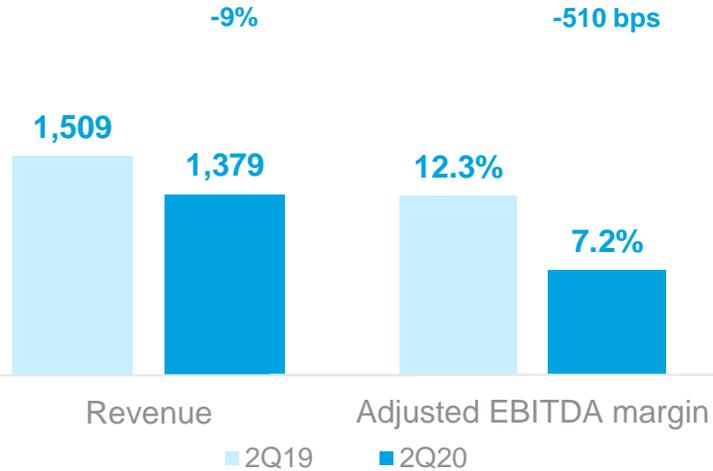
- ▶ Direct COVID-19 expenses totaled \$56 million in the quarter; excluded from adjusted results
- ▶ Continued reduction in Corporate expense leads to revised guidance; F/X impacts now reported as separate line item
- ▶ Operating cash flow included previously accrued, scheduled payment of \$49 million to Brazilian authorities

¹MRL = Mandatorily redeemable financial liability

Q2 2020 Segment results

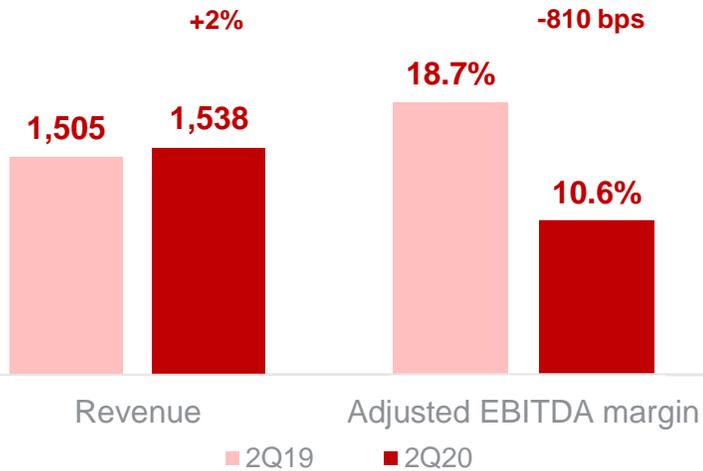
Subsea

USD, in millions



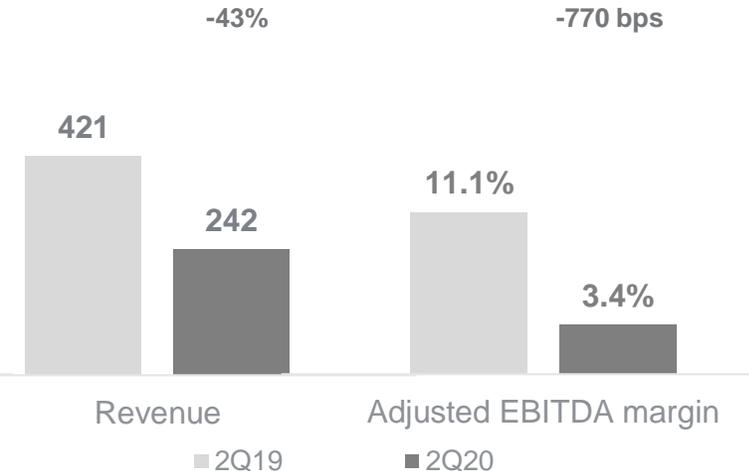
Technip Energies

USD, in millions



Surface Technologies

USD, in millions



Operational highlights

- ▶ Revenue decreased 9%: revenue unchanged when excluding unfavorable impact of F/X; completion of projects in Africa in 2019 offset by growth in Gulf of Mexico and Norway
- ▶ Adjusted EBITDA margin decreased 510 bps to 7.2%: due to more competitively priced backlog and negative operational impacts of COVID-19; benefited from cost reduction initiatives
- ▶ Inbound orders of \$512 million; book-to-bill of 0.4; period-end backlog at \$7.1 billion

Operational highlights

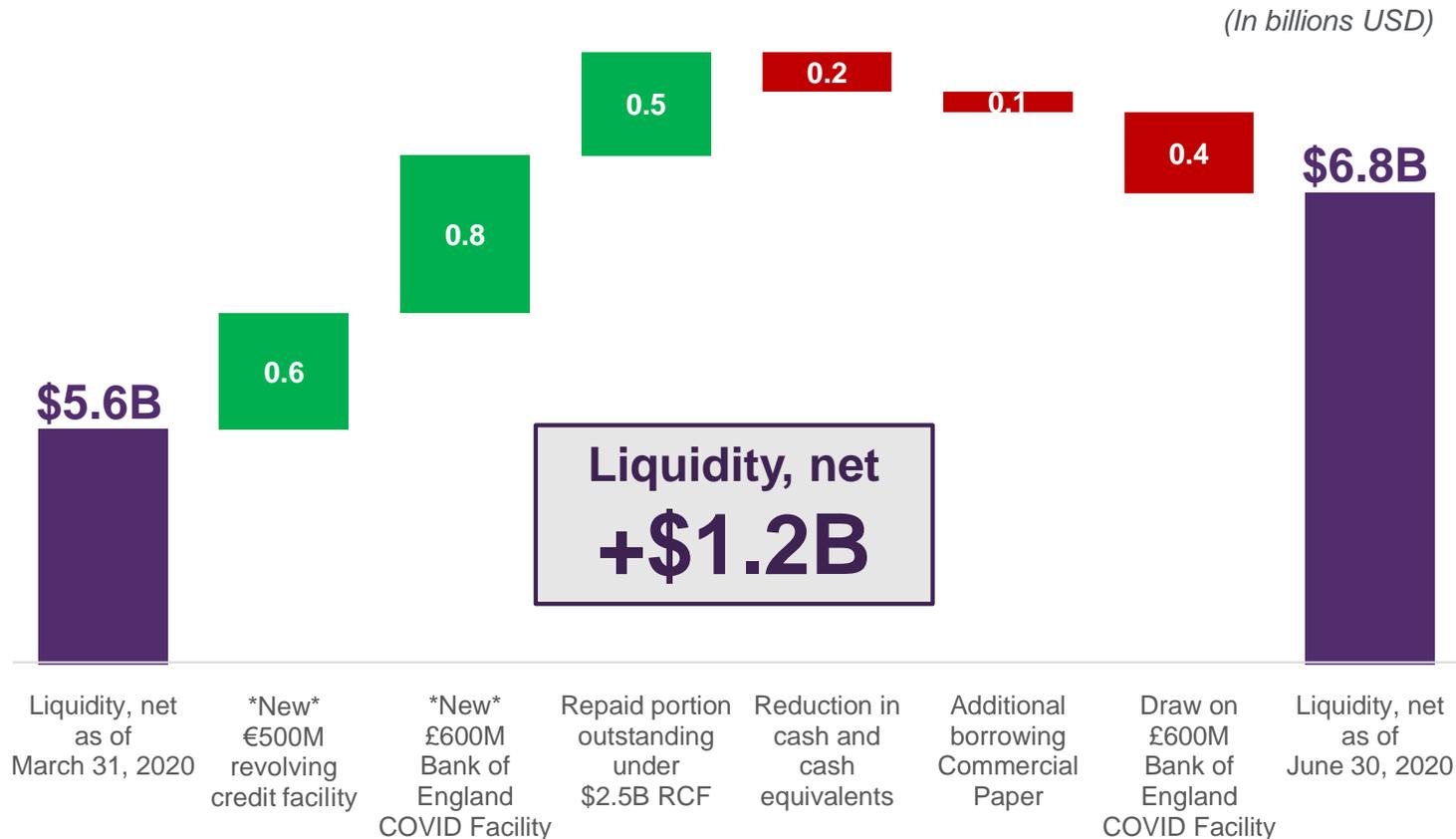
- ▶ Revenue increased 2%: higher activity in LNG, downstream and Process Technology business; continued ramp-up of Arctic LNG 2 more than offset the decline in revenue from Yamal LNG
- ▶ Adjusted EBITDA margin decreased 810 bps to 10.6%: reduced contribution from Yamal LNG and lower margin realization on early phase projects, including Arctic LNG 2
- ▶ Inbound orders of \$836 million; book-to-bill of 0.5; period-end backlog at \$13.1 billion

Operational highlights

- ▶ Revenue decreased 43%: sharp reduction in operator activity in North America; COVID-19 related disruptions and reduced activity led to more modest decline outside of North America
- ▶ Adjusted EBITDA margin decreased 770 bps to 3.4%: lower activity in North America driven by significant decline in rig count and completions-related activity
- ▶ Inbound orders of \$187 million; book-to-bill of 0.8; period-end backlog at \$386 million

Strengthening the balance sheet

Liquidity changes from March 31, 2020¹



Additional steps taken

- ▶ Secured permanent amendment to total capitalization covenant; allows add-back of \$3.2 billion of previously impaired goodwill
- ▶ Fully repaid the \$500 million outstanding balance under main revolving credit facility
- ▶ Issued €150 million private offering in June to repay near-term debt maturity; new funding extended to 2025

¹ Liquidity reconciliation table provided in Appendix

2020 Full-year financial guidance¹ **Updated July 29, 2020*

Subsea	Technip Energies	Surface Technologies
<ul style="list-style-type: none"> ▶ Revenue in a range of \$5.3–5.6 billion* ▶ EBITDA margin at least 8.5%* (excluding charges and credits) 	<ul style="list-style-type: none"> ▶ Revenue in a range of \$6.3–6.8 billion ▶ EBITDA margin at least 10% (excluding charges and credits) 	<ul style="list-style-type: none"> ▶ Revenue in a range of \$950–1,150 million* ▶ EBITDA margin at least 5.5%* (excluding charges and credits)

2020 segment guidance is reflective of new business perimeters previously announced in 2019. Businesses with ~\$120 million of revenue in 2019, most of which was in Surface Technologies, are now included in Technip Energies guidance for 2020.

TechnipFMC

- ▶ **Corporate expense, net*** \$130 – 150 million
- ▶ **Net interest expense** \$80 – 90 million
(excluding the impact of revaluation of partners' mandatorily redeemable financial liability)
- ▶ **Tax provision, as reported*** \$80 – 90 million
- ▶ **Capital expenditures** approximately \$300 million
- ▶ **Free cash flow*** \$0 – 150 million
(cash flow from operations less capital expenditures)

All segment guidance assumes no further material degradation from COVID-19 related impacts

¹Our guidance measures EBITDA margin (excluding amortization related impact of purchase price accounting, and other charges and credits), corporate expense, net, net interest expense (excluding the impact of revaluation of partners' mandatorily redeemable financial liability), and free cash flow are non-GAAP financial measures. We are unable to provide a reconciliation to a comparable GAAP measure on a forward-looking basis without unreasonable effort because of the unpredictability of the individual components of the most directly comparable GAAP financial measure and the variability of items excluded from such measure. Such information may have a significant, and potentially unpredictable, impact on our future financial results.

Summary

- ▶ Annualized cost savings to exceed \$350M, driven by accelerated cost actions
- ▶ Business and digital transformation enabled by cash and liquidity of \$6.8B and backlog of nearly \$21B
- ▶ Cost reduction, backlog visibility and resilient execution provide us with confidence in 2020 guidance

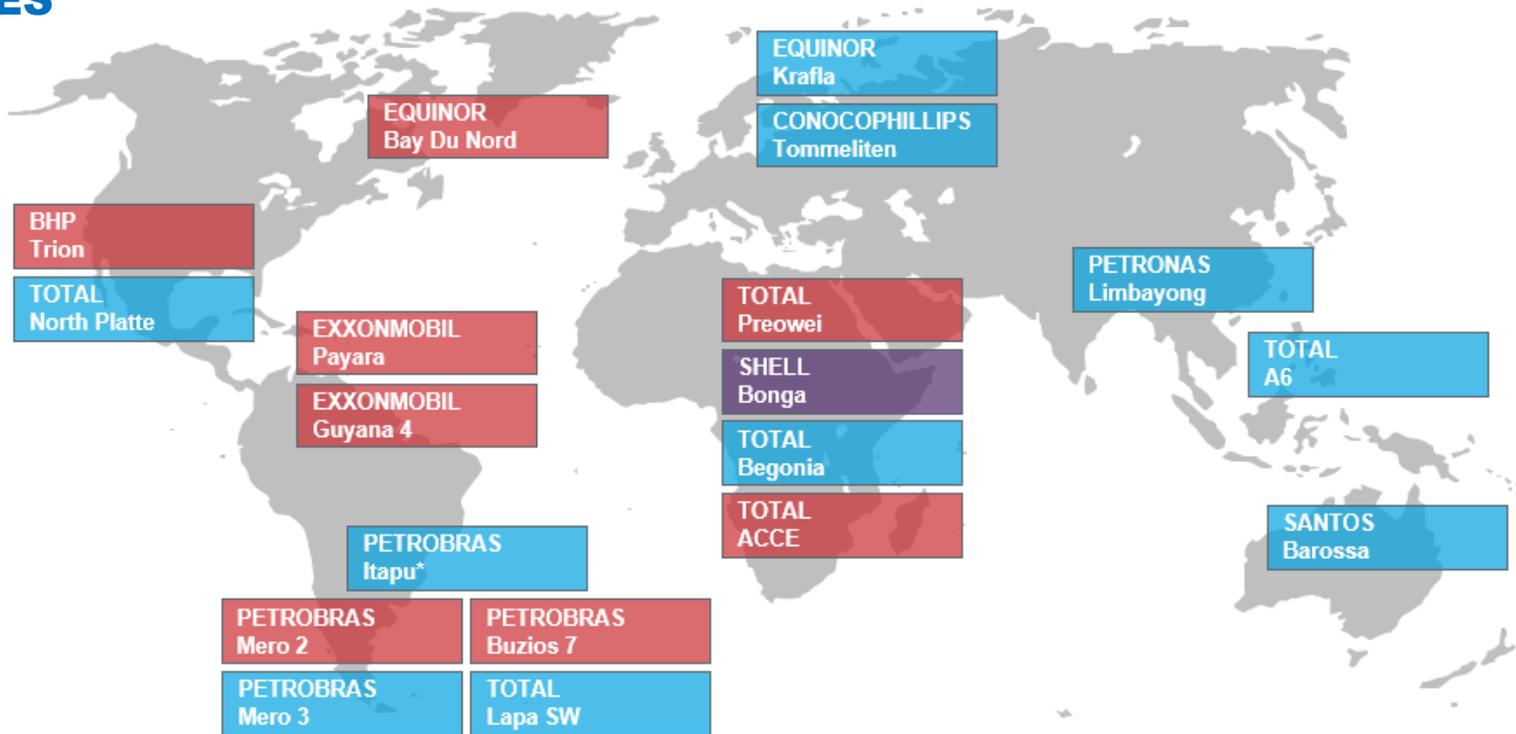
Appendix

Subsea opportunities in the next 24 months¹

PROJECT UPDATES

Added
TOTAL Begonia
CONOCOPHILLIPS Tommeliten
BHP Trion
PETROBRAS Buzios 7

Removed
EQUINOR Bredablikk



Projects extended beyond 24 months

PETRONAS Kelidang
BP PAJ
EXXONMOBIL Neptun Deep
SHELL Gato Do Mato
BP Tortue 2
WOODSIDE Browse
PETROBRAS Lula
ENI Agogo Full Field

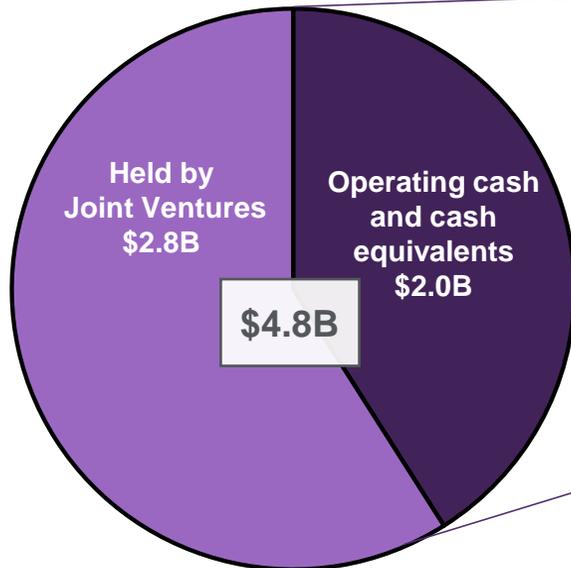
■	\$250M to \$500M
■	\$500M to \$1,000M
■	above \$1,000M

¹July 2020 update; project value ranges reflect potential subsea scope

* Value of remaining scope is less than \$250M

TechnipFMC liquidity (as of June 30, 2020)

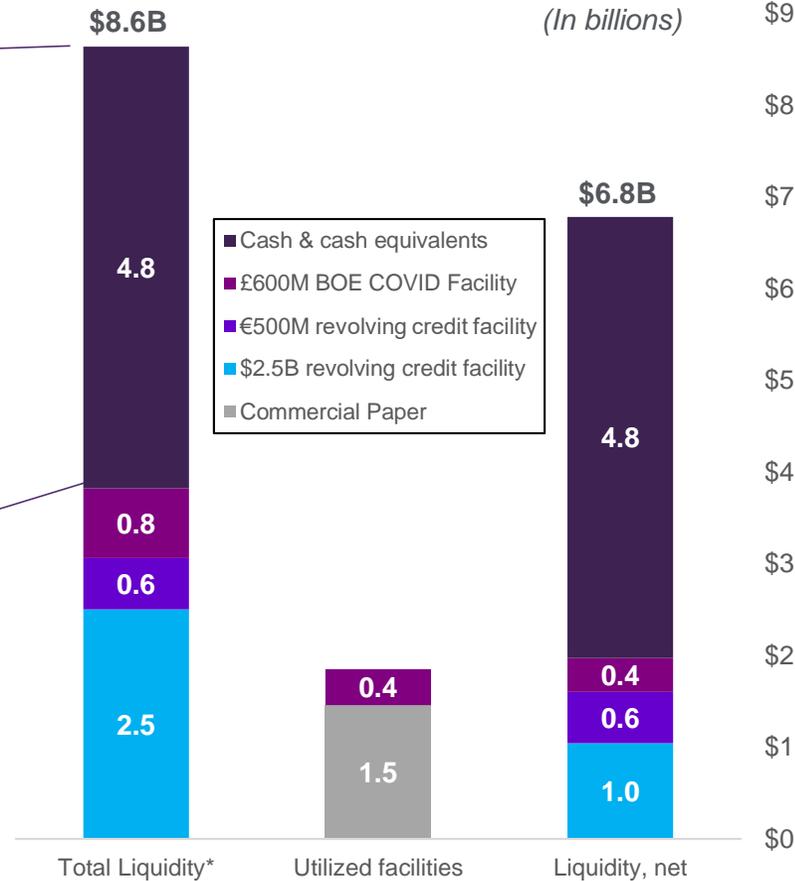
Cash and cash equivalents



Credit Ratings Agencies Update

- S&P Global: 'BBB+' affirmed and removed from CreditWatch; outlook negative
- Moody's: 'Baa2' affirmed; outlook negative. Confirmed 'P-2' commercial paper rating

Liquidity



* Numbers may not add up due to rounding

Supporting data

Supporting data

	June 30 2020
Cash and cash equivalents	\$ 4.8
\$2.5B revolving credit facility	2.5
€500M revolving credit facility	0.6
£600M Bank of England COVID Facility	0.8
Total liquidity	8.6
Less: Commercial paper	1.5
Less: Bank of England COVID Facility	0.4
Liquidity, net	\$ 6.8

TechnipFMC has the following facilities in place as of June 30, 2020:

- \$2.5B revolving credit facility*
- €500M senior secured revolving credit facility*
- £600M Bank of England COVID corporate financing facility
- Total capitalization ratio as of June 30, 2020 was 38%; covenant states total capitalization ratio not to exceed 60% at the end of any financial quarter

Financial disclosures – Yamal LNG

Project disclosure data

TechnipFMC plc and Consolidated Subsidiaries
Business Segment Data for Yamal LNG Joint Venture
(In millions, unaudited)

	June 30, 2020	March 31, 2020
Contract liabilities	\$ 1,096.9	\$ 1,184.6
Mandatorily redeemable financial liability	219.8	300.1

	Three Months Ended June 30, 2020	Three Months Ended March 31, 2020
Cash provided by operating activities	\$ (20.7)	\$ (30.2)
Settlements of mandatorily redeemable financial liability	(131.1)	(4.2)

Source: Q2 2020 earnings release schedules (Exhibit 7)

Additional items of note

- ▶ Expect Yamal LNG revenue contribution of \$400 – 500 million in 2020

Contract liabilities structure

Reduction in contract liabilities: \$88m

March 31, 2020 to June 30, 2020

Payments to Vendors or JV partners

Vendor
(cost)

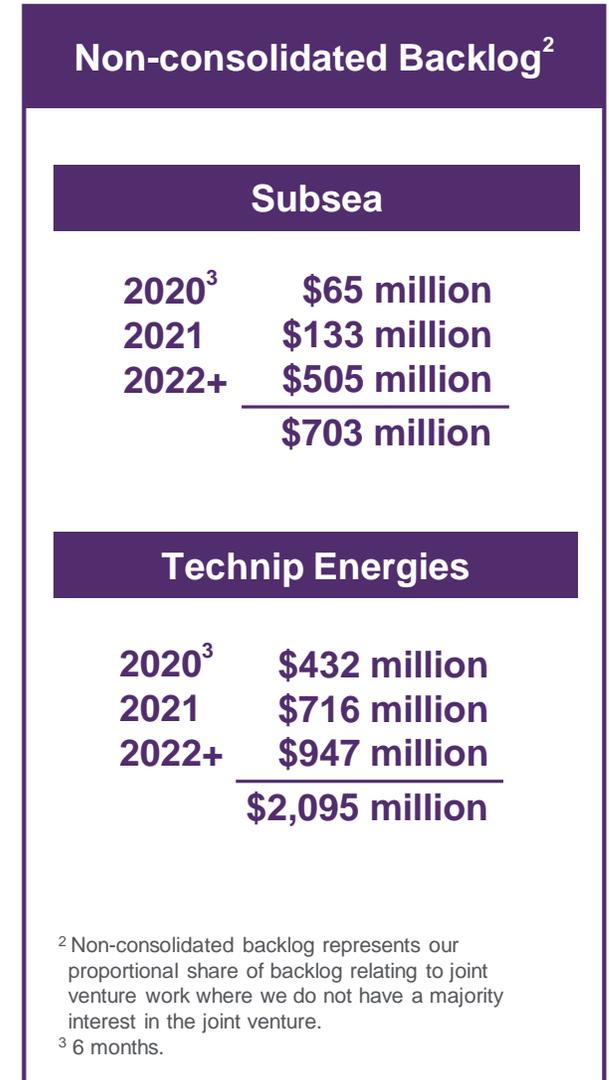
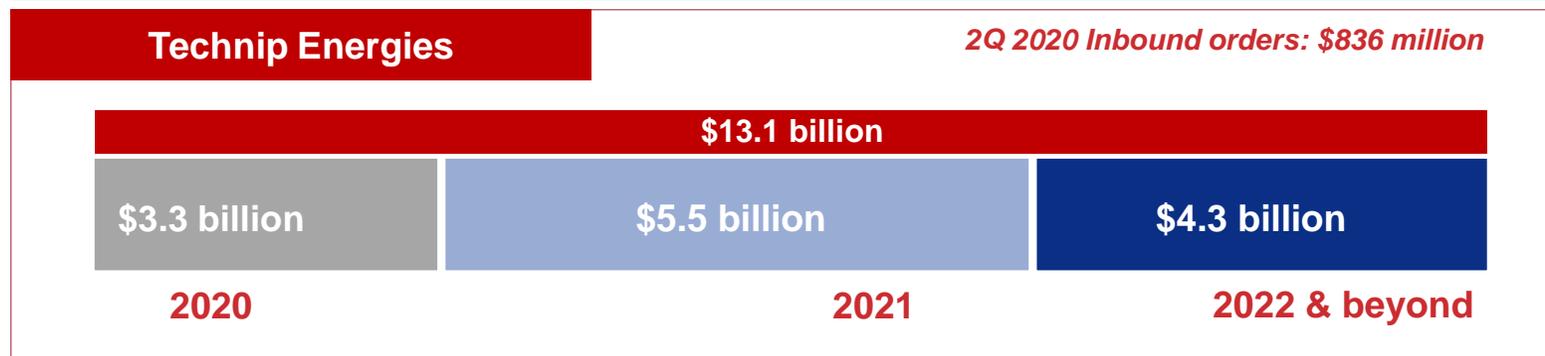
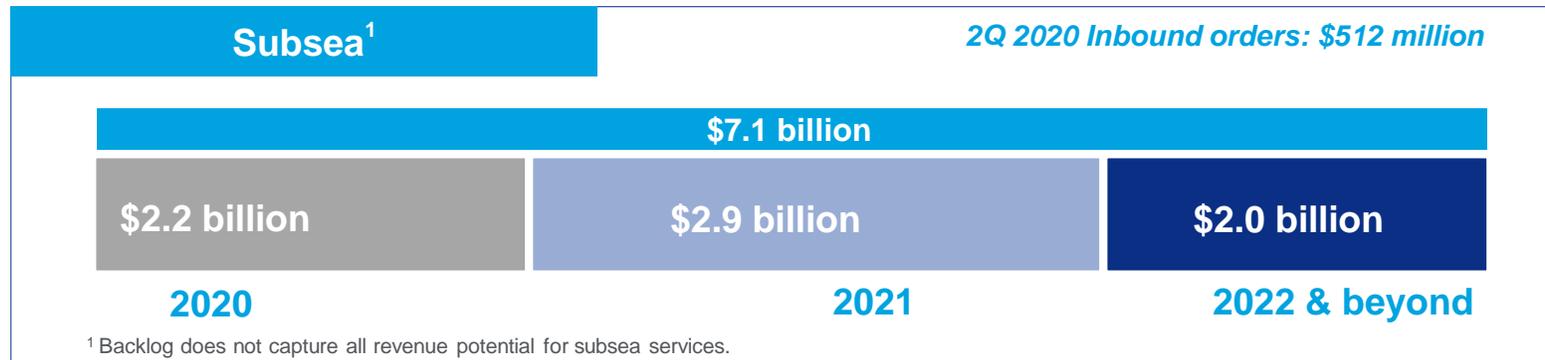
Joint Venture
(profit)

Continued strong execution will reduce project cost, increasing Joint Venture profit

50% TechnipFMC
(remains with FTI)

50% JV partners
(included in MRL)

Backlog visibility



Glossary

Term	Definition
Bcm	Billion Cubic Meters per Annum
CAGR	Compound Annual Growth Rate
E&C	Engineering and Construction
FID	Final Investment Decision
FLNG	Floating LNG
F/X	Foreign exchange
GOM	Gulf of Mexico
HP/HT	High Pressure / High Temperature
HSE	Health, Safety and Environment
iEPCI™	Integrated Engineering, Procurement, Construction and Installation
iFEED™	Integrated Front End Engineering and Design
iLOF™	Integrated Life of Field
LNG	Liquefied Natural Gas

Term	Definition
MMb/d	Million Barrels per Day
MRL	Mandatorily redeemable financial liability
Mtpa	Million Metric Tonnes per Annum
NAM	North America
RCF	Revolving credit facility
ROIC	Return on Invested Capital
ROV	Remotely Operated Vehicles
ROW	Rest of World

Select financial data

Revenue	Three Months Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Subsea	\$ 1,378.5	\$ 1,253.1	\$ 1,486.8	\$ 1,342.2	\$ 1,508.7
Onshore/Offshore	\$ 1,538.3	\$ 1,547.7	\$ 1,832.4	\$ 1,596.3	\$ 1,505.0
Surface Technologies	\$ 241.7	\$ 329.5	\$ 407.6	\$ 396.6	\$ 420.5
Corporate and Other	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,158.5	\$ 3,130.3	\$ 3,726.8	\$ 3,335.1	\$ 3,434.2

Adjusted EBITDA	Three Months Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Subsea	\$ 99.6	\$ 104.8	\$ 185.0	\$ 139.1	\$ 186.2
Onshore/Offshore	\$ 162.6	\$ 167.1	\$ 259.7	\$ 304.2	\$ 281.9
Surface Technologies	\$ 8.3	\$ 24.5	\$ 55.9	\$ 44.4	\$ 46.7
Corporate and Other	\$ (29.4)	\$ (76.2)	\$ (96.2)	\$ (108.5)	\$ (64.8)
Total	\$ 241.1	\$ 220.2	\$ 404.4	\$ 379.2	\$ 450.0

Adjusted EBITDA Margin	Three Months Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Subsea	7.2%	8.4%	12.4%	10.4%	12.3%
Onshore/Offshore	10.6%	10.8%	14.2%	19.1%	18.7%
Surface Technologies	3.4%	7.4%	13.7%	11.2%	11.1%
Corporate and Other					
Total	7.6%	7.0%	10.9%	11.4%	13.1%

Inbound Orders (1)	Three Months Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Subsea	\$ 511.7	\$ 1,172.1	\$ 1,172.3	\$ 1,509.9	\$ 2,632.7
Onshore/Offshore	\$ 835.8	\$ 560.6	\$ 1,114.5	\$ 696.0	\$ 8,131.2
Surface Technologies	\$ 187.1	\$ 366.3	\$ 431.6	\$ 404.7	\$ 415.7
Corporate and Other					
Total	\$ 1,534.6	\$ 2,099.0	\$ 2,718.4	\$ 2,610.6	\$ 11,179.6

Order Backlog (2)	Period Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Subsea	\$ 7,085.3	\$ 7,773.5	\$ 8,479.8	\$ 8,655.8	\$ 8,747.0
Onshore/Offshore	\$ 13,132.6	\$ 13,766.6	\$ 15,298.1	\$ 15,030.8	\$ 16,608.3
Surface Technologies	\$ 385.9	\$ 422.0	\$ 473.2	\$ 428.7	\$ 426.6
Corporate and Other					
Total	\$ 20,603.8	\$ 21,962.1	\$ 24,251.1	\$ 24,115.3	\$ 25,781.9

Book-to-Bill (3)	Three Months Ended				
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Subsea	0.4	0.9	0.8	1.1	1.7
Onshore/Offshore	0.5	0.4	0.6	0.4	5.4
Surface Technologies	0.8	1.1	1.1	1.0	1.0
Corporate and Other					
Total	0.5	0.7	0.7	0.8	3.3

(1) Inbound orders represent the estimated sales value of confirmed customer orders received during the reporting period.

(2) Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date.

(3) Book-to-bill is calculated as inbound orders divided by revenue.

Liquidity reconciliation

(in billions, unaudited)

	March 31, 2020	June 30, 2020
Cash and cash equivalents	\$ 5.0	\$ 4.8
\$2.5B revolving credit facility	2.5	2.5
€500M revolving credit facility		0.6
£600M Bank of England COVID Facility		0.8
Total liquidity	7.5	8.6
Less: Commercial paper	1.4	1.5
Less: \$2.5B revolving credit utilization	0.5	-
Less: Bank of England COVID Facility		0.4
Liquidity, net	\$ 5.6	\$ 6.8

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
CASH AND CASH EQUIVALENTS
(In billions, unaudited)

	June 30,
	2020
Held by joint ventures	\$ 2.8
Operating cash and cash equivalents	2.0
Total cash and cash equivalents	<u>\$ 4.8</u>

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, unaudited)

Charges and Credits

In addition to financial results determined in accordance with U.S. generally accepted accounting principles (GAAP), the ### quarter ### Earnings Release also includes non-GAAP financial measures (as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended) and describes performance on a year-over-year basis against ### results and measures. Net income, excluding charges and credits, as well as measures derived from it (including Diluted EPS, excluding charges and credits; Income before net interest expense and taxes, excluding charges and credits ("Adjusted Operating profit"); Depreciation and amortization, excluding charges and credits; Earnings before net interest expense, income taxes, depreciation and amortization, excluding charges and credits ("Adjusted EBITDA"); and net cash) are non-GAAP financial measures. Management believes that the exclusion of charges and credits from these financial measures enables investors and management to more effectively evaluate TechnipFMC's operations and consolidated results of operations period-over-period, and to identify operating trends that could otherwise be masked or misleading to both investors and management by the excluded items. These measures are also used by management as performance measures in determining certain incentive compensation. The foregoing non-GAAP financial measures should be considered by investors in addition to, not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP. The following is a reconciliation of the most comparable financial measures under GAAP to the non-GAAP financial measures.

	Three Months Ended						
	June 30, 2020						
	Net income attributable to TechnipFMC plc	Net income (loss) attributable to non-controlling interests	Provision for income taxes	Net interest expense	Income before net interest expense and income taxes (Operating profit)	Depreciation and amortization	Earnings before net interest expense, income taxes, depreciation and amortization (EBITDA)
TechnipFMC plc, as reported	\$ 11.7	\$ 3.6	\$ 17.7	\$ 74.4	\$ 107.4	\$ 106.6	\$ 214.0
Charges and (credits):							
Impairment and other charges	53.5	—	(19.8)	—	33.7	—	33.7
Restructuring and other charges	47.6	—	2.6	—	50.2	—	50.2
Direct COVID-19 expenses	47.8	—	8.6	—	56.4	—	56.4
Litigation	(113.2)	—	—	—	(113.2)	—	(113.2)
Valuation allowance	(5.2)	—	5.2	—	—	—	—
Adjusted financial measures	<u>\$ 42.2</u>	<u>\$ 3.6</u>	<u>\$ 14.3</u>	<u>\$ 74.4</u>	<u>\$ 134.5</u>	<u>\$ 106.6</u>	<u>\$ 241.1</u>
Diluted earnings (loss) per share attributable to TechnipFMC plc, as reported	\$ 0.03						
Adjusted diluted earnings per share attributable to TechnipFMC plc	\$ 0.09						

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, unaudited)

Charges and Credits

In addition to financial results determined in accordance with U.S. generally accepted accounting principles (GAAP), the ### quarter ### Earnings Release also includes non-GAAP financial measures (as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended) and describes performance on a year-over-year basis against ### results and measures. Net income, excluding charges and credits, as well as measures derived from it (including Diluted EPS, excluding charges and credits; Income before net interest expense and taxes, excluding charges and credits ("Adjusted Operating profit"); Depreciation and amortization, excluding charges and credits; Earnings before net interest expense, income taxes, depreciation and amortization, excluding charges and credits ("Adjusted EBITDA"); and net cash) are non-GAAP financial measures. Management believes that the exclusion of charges and credits from these financial measures enables investors and management to more effectively evaluate TechnipFMC's operations and consolidated results of operations period-over-period, and to identify operating trends that could otherwise be masked or misleading to both investors and management by the excluded items. These measures are also used by management as performance measures in determining certain incentive compensation. The foregoing non-GAAP financial measures should be considered by investors in addition to, not as a substitute for or superior to, other measures of financial performance prepared in accordance with GAAP. The following is a reconciliation of the most comparable financial measures under GAAP to the non-GAAP financial measures.

	Three Months Ended						
	June 30, 2019						
	Net income (loss) attributable to TechnipFMC plc	Net income (loss) attributable to non-controlling interests	Provision (benefit) for income taxes	Net interest expense	Income before net interest expense and income taxes (Operating profit)	Depreciation and amortization	Earnings before net interest expense, income taxes, depreciation and amortization (EBITDA)
TechnipFMC plc, as reported	\$ 97.0	\$ 16.7	\$ 0.9	\$ 140.6	\$ 255.2	\$ 117.5	\$ 372.7
Charges and (credits):							
Impairment and other charges	0.4	—	0.1	—	0.5	—	0.5
Restructuring and other severance charges	6.7	—	2.0	—	8.7	—	8.7
Business combination transaction and integration costs	9.8	—	3.1	—	12.9	—	12.9
Legal provision, net	55.2	—	—	—	55.2	—	55.2
Purchase price accounting adjustment	6.5	—	2.0	—	8.5	(8.5)	—
Adjusted financial measures	<u>\$ 175.6</u>	<u>\$ 16.7</u>	<u>\$ 8.1</u>	<u>\$ 140.6</u>	<u>\$ 341.0</u>	<u>\$ 109.0</u>	<u>\$ 450.0</u>
Diluted earnings per share attributable to TechnipFMC plc, as reported	\$ 0.21						
Adjusted diluted earnings per share attributable to TechnipFMC plc	\$ 0.39						

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, unaudited)

	Three Months Ended June 30, 2020					
	Subsea	Technip Energies	Surface Technologies	Corporate Expense	Foreign Exchange, net	Total
Revenue	\$ 1,378.5	\$ 1,538.3	\$ 241.7	\$ —	\$ —	\$ 3,158.5
Operating profit (loss), as reported (pre-tax)	\$ (75.6)	\$ 231.3	\$ (13.4)	\$ (29.1)	\$ (5.8)	\$ 107.4
Charges and (credits):						
Impairment and other charges	32.5	—	1.2	—	—	33.7
Restructuring and other charges	35.9	11.1	1.3	1.9	—	50.2
Direct COVID-19 expenses	27.4	24.8	4.2	—	—	56.4
Litigation	—	(113.2)	—	—	—	(113.2)
Subtotal	95.8	(77.3)	6.7	1.9	—	27.1
Adjusted Operating profit (loss)	20.2	154.0	(6.7)	(27.2)	(5.8)	134.5
Adjusted Depreciation and amortization	79.4	8.6	15.0	3.6	—	106.6
Adjusted EBITDA	\$ 99.6	\$ 162.6	\$ 8.3	\$ (23.6)	\$ (5.8)	\$ 241.1
Operating profit margin, as reported	-5.5%	15.0%	-5.5%			3.4%
Adjusted Operating profit margin	1.5%	10.0%	-2.8%			4.3%
Adjusted EBITDA margin	7.2%	10.6%	3.4%			7.6%

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, unaudited)

	Three Months Ended June 30, 2019					
	Subsea	Technip Energies	Surface Technologies	Corporate Expense	Foreign Exchange, net	Total
Revenue	\$ 1,508.7	\$ 1,505.0	\$ 420.5	\$ —	\$ —	\$ 3,434.2
Operating profit (loss), as reported (pre-tax)	\$ 94.6	\$ 274.0	\$ 25.5	\$ (120.9)	\$ (18.0)	\$ 255.2
Charges and (credits):						
Impairment and other charges	(0.1)	—	0.6	—	—	0.5
Restructuring and other severance charges	4.6	2.1	0.6	1.4	—	8.7
Business combination transaction and integration costs	—	—	—	12.9	—	12.9
Legal provision, net	—	—	—	55.2	—	55.2
Purchase price accounting adjustments - amortization related	8.5	—	—	—	—	8.5
Subtotal	13.0	2.1	1.2	69.5	—	85.8
Adjusted Operating profit (loss)	107.6	276.1	26.7	(51.4)	(18.0)	341.0
Adjusted Depreciation and amortization	78.6	5.8	20.0	4.6	—	109.0
Adjusted EBITDA	<u>\$ 186.2</u>	<u>\$ 281.9</u>	<u>\$ 46.7</u>	<u>\$ (46.8)</u>	<u>\$ (18.0)</u>	<u>\$ 450.0</u>
Operating profit margin, as reported	6.3%	18.2%	6.1%			7.4%
Adjusted Operating profit margin	7.1%	18.3%	6.3%			9.9%
Adjusted EBITDA margin	12.3%	18.7%	11.1%			13.1%

TECHNIPFMC PLC AND CONSOLIDATED SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, unaudited)

	<u>June 30, 2020</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 4,809.5	\$ 4,999.4	\$ 5,190.2
Short-term debt and current portion of long-term debt	(524.1)	(586.7)	(495.4)
Long-term debt, less current portion	<u>(3,982.9)</u>	<u>(3,823.9)</u>	<u>(3,980.0)</u>
Net cash	<u>\$ 302.5</u>	<u>\$ 588.8</u>	<u>\$ 714.8</u>

Net (debt) cash, is a non-GAAP financial measure reflecting cash and cash equivalents, net of debt. Management uses this non-GAAP 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 U.S. GAAP or as an indicator of our operating performance or liquidity.

