U.K. Annual Report and IFRS Financial Statements
for the year ended December 31, 2018

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

This U.K. Annual Report has been prepared in accordance with the reporting requirements of the U.K. Companies Act 2006 and the U.K. Financial Conduct Authority's Disclosure Guidance and Transparency Rules. It has been submitted to the U.K. National Storage Mechanism and is available for inspection at www.morningstar.co.uk/uk/nsm and will be included in the materials for the 2019 annual general meeting of shareholders to be held on May 1, 2019 (the "2019 Annual Meeting").

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STRATEGIC REPORT

March 15, 2019

Dear Shareholders,

Looking back to 2018, I want to say how proud I am of the achievements of our 37,000 women and men. Day after day, they are focusing on excellence, driving change in our industry, and putting our vision into action. More importantly is the way we are conducting our business - not compromising our foundational beliefs of safety, integrity, quality, respect, and sustainability.

2018 Achievements

We have the people, ideas, innovative spirit, and collaborative culture to capitalize on the current recovery in the broader oil and gas market. We are seeing growth in total Company backlog across all our business segments. Our results in 2018 illustrate the benefit of strong project delivery and of structural cost savings. We have been able to leverage the unparalleled breadth of capabilities of the Company from our industry-leading front-end engineering to our superior project execution.

As TechnipFMC, we continue to drive technology advancements and build on our Subsea market position through our integrated commercial model that simply did not exist in the industry just two years ago: iFEED®, iEPCI™ and iLOF®. It is becoming increasingly clear that the future of subsea will be driven by integration, innovation, and strong partner collaboration. By leading the industry in these areas, we can significantly improve project economics through lower costs, reduced interface risk, and accelerated time to first oil. That’s what we have done in 2018 by delivering the first three full-cycle iEPCI™ projects in the industry, with the Equinor Trestakk and Visund Nord in Norway and the Shell Kaikias in the Gulf of Mexico.

In the Onshore/Offshore segment, our relentless focus on execution excellence led to early delivery of the third train on Yamal LNG in the Russian Arctic region and the production start-up of Prelude FLNG. This performance, along with other projects, supported our improved EBITDA margin in 2018. In parallel, we grew our backlog through our selective approach, resulting in the awards of the Bapco Sitra refinery expansion in Bahrain, two fertilizer plants in India for the HURL venture, and Vietnam’s largest olefins project for Long Son Petrochemicals. We also finalized in early 2019 a major contract with MIDOR for their refinery expansion and modernization project in Egypt.

In the Surface Technologies segment, we are making progress through the introduction of new and innovative commercial models. In North America, we signed a 5-year agreement with Chevron which covers the supply of surface wellhead equipment and service in the United States and Canada. Following the volatility and turbulence in the unconventional sector in North America, we are seeing the return to growth on the international market that will provide us the ability to leverage our leadership in key markets.

Our strong execution and our capital discipline resulted in solid financial performance in 2018, providing us with the flexibility to further accelerate the level of shareholder distributions. In 2018, we completed our initial share repurchase program, which authorized the Company to repurchase up to $500 million of our ordinary shares. Additionally, our Board of Directors authorized and declared each quarter a cash dividend of $0.13 per ordinary share payable to our shareholders. Both the share repurchase program and the quarterly dividends confirm our commitment to shareholder distributions, and in December, our Board authorized a new share repurchase program to repurchase up to $300 million of ordinary shares.

Our total Company revenues reached $12.6 billion in 2018. Revenues declined from prior-year performance due mainly to market conditions affecting our subsea business, and significant progress on key projects in our Onshore/Offshore business. Operating profits were below prior year levels due, in part, to the revenue decline, but this was partially offset by our solid project execution, which also helped support margin performance. In 2018, we restored growth in total Company backlog, with a continued focus on project selectivity – positioning our Company for future, profitable growth. Company orders exceeded $14 billion for the full year, a 40% increase compared to the prior year, with orders exceeding revenues in all segments. This impressive order intake drove a double-digit increase in backlog to $14.6 billion. This provides us with a strong foundation for 2019 and beyond.

Sustainability

Our every act reiterates our pledge to make a lasting, positive impact on our planet, our people, and the communities where we live and work through three key pillars of sustainability:

- Supporting communities through active engagement in health, education, and local employment;
- Advancing gender diversity for everyone to reach their full potential; and
- Respecting the environment through cutting-edge solutions and operations that minimize carbon intensity and our impact on the planet.

Inspired by our beliefs, our employees have donated their time, money, support, and expertise to local initiatives around the world: significant contribution of volunteering hours and Science, Technology, Engineering, and Math ("STEM") promotion for children in the United States, investment in the Deep Purple project in Norway to reduce carbon dioxide emissions, running skill development workshops in India for rural women, and raising funds for Indonesian families affected by the earthquake, to name just a few.

Through our sustainability roadmap, we act responsibly with clear and measurable indicators for each of the three pillars, while bringing together the scope, know-how and determination to drive positive change in our industry and contribute to a better future.

Looking Forward

The outlook for our three growth energy platforms – Subsea, unconventionals, and LNG – is strengthening.

In Subsea, by enabling the market evolution toward integrated developments, we are best positioned, as a result of our proven capability and next generation technology, Subsea 2.0™, to further differentiate TechnipFMC. For large traditional projects that are being competitively tendered, the pricing environment remains challenged. However, we continue to prioritize projects where we can leverage our technology, innovative commercial model, and partnerships to ensure sustainable project returns both for our clients and TechnipFMC.

For U.S. unconventionals, the near-term uncertainty in completion activity will likely prove transitory and we remain encouraged by future opportunities for 2019. As growth in hydrocarbon demand continues, the market will ultimately resolve takeaway capacity constraints. In the meantime, growth in drilled but uncompleted wells continues; the required completions will soon follow.

LNG remains one of the fastest growing markets in the oil and gas sector. Increasing demand suggests a new wave of LNG projects that will need to be sanctioned in 2019 and beyond. Our 50+ years of experience has resulted in the delivery of over 20 percent of the world's operating capacity, and therefore, we should be very well-positioned to capitalize on this growing set of project opportunities. We are selectively targeting several strategic projects spread across four continents.

Our proven successes in these key growth areas will enable us to deliver real, differentiated, and sustainable change that creates value for our customers, for our Company, and for you, our shareholders.

Douglas J. Pferdehirt
Director and Chief Executive Officer

Company Overview

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

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

History

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

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

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

In 2017, our first year as a merged company, TechnipFMC secured several project awards as many operators moved forward with final investment decisions for major onshore projects and subsea developments. Several of the subsea awards incorporated the use of our integrated approach to project delivery, validating our unique business model aimed at lowering project costs and accelerating the delivery of initial hydrocarbon production. This approach was made possible by bringing together the complementary work scopes of the merged companies. With the industry's most comprehensive and only truly integrated market offering, we have continued to expand the deepwater opportunity set for our customers. TechnipFMC's expertise does not end with the production of hydrocarbons. Because of its best in class project design and execution capabilities, enabled by a portfolio of proprietary technologies, TechnipFMC continues to secure and deliver projects that further enable our clients to monetize resources - from liquefaction of gas, both onshore and on floating vessels, through refining and product facilities.

The Company continues to innovate and introduce new technologies across our portfolio of products and services. TechnipFMC also delivered strong financial performance in 2018, driven by a relentless focus on operational execution and cost reduction activities.

Business

Overview

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

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

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

Business Segments

Subsea

The Subsea segment provides integrated design, engineering, procurement, manufacturing, fabrication and installation, and life of field services for subsea systems, subsea field infrastructure, and subsea pipe systems used in oil and gas production and transportation.

We are an industry leader in front-end engineering and design ("FEED"), subsea production systems ("SPS"), flexible pipe, and subsea umbilicals, risers, and flowlines ("SURF"). We also have the capability to install these products and related subsea infrastructure with our fleet of highly specialized vessels. By driving even greater value through integrating the SPS and SURF work scopes and more efficiently executing the installation campaign, our strong commercial focus has enabled the successful market introduction of an integrated subsea business model, iEPCI™ ("iEPCI"), which spans a project's early phase design the life of field. Our integrated model business model is unlocking incremental opportunities and materially expanding the deepwater opportunity set.

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

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

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

Principal Products and Services

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

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

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

Flexible Pipe and Umbilical Supply. We perform the engineering and manufacturing of flexible pipes, relying on our engineering centers, and the thermoplastic, steel tube, hybrid (a combination of steel tube, thermoplastic hose, and electrical cables), and power cable umbilical manufacturing units across various regions. In other markets, TechnipFMC vessels will typically perform the installation of the flexible pipes and umbilicals but we will also provide these products to other vessels.

We use our engineering and technical expertise to respond to tenders from a variety of clients including oil companies, engineering, procurement, construction, and installation services ("EPCI") contractors and other subsea production system manufacturers, often as part of a broader scope.

Vessels. We operate a fleet of 18 vessels, with one additional vessel under construction. Of the 18 vessels currently in operation, we have sole ownership of eight vessels, ownership of seven vessels as part of joint ventures and operate three vessels under long-term charter.

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

Subsea Services. We provide an array of subsea services to improve uptime, lower lifecycle costs and increase recovery over the life of the field for our clients' subsea production systems. These services include: (i) provision of exploration and production well head systems; (ii) installation and well completion; (iii) asset management services for test, maintenance, refurbishment, and upgrade of subsea equipment and tooling; (iv) field performance services based on product data and field data to optimize the performance of the subsea production system; (v) inspection, maintenance, and repair ("IMR") of subsea infrastructure; (vi) well access and intervention services, both rig-based and vessel-based (riserless light well intervention or "RLWI"), to enhance well production; (vii) remotely operated vehicle ("ROV") services; and (viii) well plug and abandonment and decommissioning.

Key drivers of subsea services market activity are the inspection and maintenance of subsea infrastructure, driven in large part by aging infrastructure on mature fields. The need for well intervention services also continues to grow, with more than 6,000 wells operated globally, of which 33% are older than 10 years and 65% are older than five years.

With our extensive experience in subsea equipment, our large installed base of subsea production equipment, our broad range of services, and our historical technical leadership, we are in a unique position to offer integrated solutions through “life of field” services combining asset light solutions (e.g., RLWI), digital services (e.g., Condition Performance Monitoring / Flow Manager suite of applications), and leading edge automated systems (e.g., Schilling ROVs, In-service Riser Inspection System or “IRIS”) to enhance the economics of producing fields through maximization of asset uptime, higher production volumes and lower operating expense.

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

We also provide electro-hydraulic and electric production and intervention control systems, allowing accurate control and monitoring of subsea installations to ensure the highest production availability while providing safe and environmentally friendly field operations. These include the sensors, multiphase flow meters, digital infrastructure, integrity monitoring, control functionality, and automation features needed for subsea systems. Robotics capabilities are now being used in the control of manifold valves during production. This is a convergence of our technologies in order to provide better systems for our customers.

Engineering, Manufacturing and Supply Chain (“EMS”) is a new organization we formed in November 2017 to help achieve productivity improvements by reducing the cost of engineering and manufacturing our products, including working with our suppliers to reduce their costs, and optimizing our processes and how we manage workflow. Through EMS, we are focused on implementing world-class manufacturing practices, including lean flow and automation, to improve reliability while reducing total product cost and lead time to delivery. Our EMS organization primarily supports our subsea segment but is also integrated across our business.

Capital Intensity

Many of the systems and products we supply for subsea applications are highly engineered to meet the unique demands of our customers’ field properties and are typically ordered one to two years prior to installation. We often receive advance payments and progress billings from our customers to fund initial development and working capital requirements. However, our working capital balances can vary significantly depending on the payment terms and execution timing on contracts.

Dependence on Key Customers

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

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

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

No single Subsea customer accounted for 10% or more of our 2018 consolidated revenue.

Competition

As a result of the Merger, we are the only company that can provide the full suite of subsea production equipment, umbilicals, and flowlines, as well as the installation services to develop a subsea production field. Our company competes with companies that supply some of the components as well as installation companies. Our competitors include Aker Solutions ASA, Baker Hughes, a GE Company ("BHGE"), Dril-Quip, Inc., McDermott International, Inc. ("McDermott"), National Oilwell Varco, Oceaneering International, Inc., Saipem S.p.A. ("Saipem"), Schlumberger, Ltd. ("Schlumberger"), and Subsea 7 S.A.

Seasonality

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

Market Environment

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

The rate of project sanctioning for new subsea developments has moved higher since the market trough as project economics and operator confidence have improved. The risk of project sanctioning delays is still present in the current environment; however, innovative approaches to subsea projects, like our iEPCI solution, have improved project economics, and many offshore discoveries can be developed economically at today's crude oil prices. In the long-term, deepwater development is expected to remain a significant part of many of our customers' portfolios.

Strategy

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

Our strategy includes the following priorities:

- Engagement in the conceptual design and integrated front-end engineering, or iFEED, of subsea development projects to create value through technology and integration of scopes (iEPCI) by simplifying field architecture and accelerating both delivery schedules and time to first production;

- Innovative research and development ("R&D"), often in collaboration with clients and partners, to develop leading products and technologies that deliver greater efficiency to the client, lower development costs, and enable frontier developments;

- Superior project execution capabilities allowing the Company to mobilize the right teams, assets, and facilities to capture and profitably execute complex subsea projects and services;

- Capitalize on combined competencies coming from alliances and partnerships with both clients and suppliers; and

- Leverage supplier relationships to optimize supply chain market dynamics and implement greater simplification and standardization in products and processes.

Recent and Future Developments

With many of our customers reducing their capital spending plans or deferring new deepwater projects in response to the low crude oil price environment, we have adjusted our workforce and manufacturing capacity to align our operations with our anticipated outlook for project inbound. These restructuring actions have resulted in a leaner cost structure. The operational improvements and cost reductions made in 2016, combined with additional actions taken in 2017 and 2018, will partially offset the anticipated decline in operating margins in 2019.

A completely new suite of products called Subsea 2.0™ ("Subsea 2.0"), commercialized in November 2017, is gaining traction, and the first components are already in the water. Relative to traditional subsea equipment, the Subsea 2.0 technology portfolio significantly reduces the size, weight, and part count of the equipment installed on the seabed. Subsea 2.0 technologies can enhance project economics both as a stand-alone offering and as part of an integrated solution, further unlocking oil and gas reserves that otherwise would not be developed.

We believe that 2016 marked the inflection in subsea order activity as demonstrated by the increased number of final investment decisions made on offshore project developments. The Company's full-year Subsea inbound orders increased significantly in 2017 and remained at this improved level in 2018, with integrated project awards taking a greater share of our order activity. Our integrated business model is clearly demonstrating the ability to positively impact project economics and expand the deepwater opportunity set.

In the fourth quarter of 2018, the Company performed impairment assessments and determined that goodwill and certain of our vessels had carrying values that exceeded their fair value, resulting in an impairment. Refer to Note 10 and Note 11 to the consolidated financial statements contained in this U.K. Annual Report for additional information on these impairments.

In 2019, we expect to see another increase in subsea market activity. We also anticipate a further increase in our inbound orders, where we expect our iEPCI capabilities to provide a competitive advantage as we deliver comprehensive and differentiated solutions. In addition, we anticipate the following longer-term trends in the subsea market:

- Increased market adoption of integrated subsea projects, leading to further penetration of our integrated business model and higher levels of iEPCI order activity for our Company;

- Growing service opportunities, driven by (i) higher levels of project activity, (ii) increased asset integrity and production management activities focused on improving uptime and production volume, and (iii) increased maintenance and intervention activity resulting from an expanding and aging installed equipment base;

- Smaller projects and direct awards will continue to contribute meaningfully to our order mix. In 2017 and 2018, these awards collectively represented just under one-half of total subsea inbound orders, with the remainder being publicly announced projects and subsea service activities. Subsea tiebacks are often part of this mix, and these shorter cycle brownfield expansions provide operators with faster paybacks and higher returns;

- Capital expenditures for new greenfield projects will be sanctioned and average project size will increase as the subsea market recovery develops;

- There is a growing trend towards independent operators and new entrants undertaking subsea developments; we are a natural partner for this customer group because of our ability to offer fully integrated solutions; and

- Natural gas developments are growing in prominence. We believe that more than half of offshore capital expenditures could be directed at natural gas developments by early next decade.

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

Product Development

We continue to expand our Subsea portfolio of technology-based solutions to deliver a complete production system for high pressure and high temperature applications. In 2014, we entered into a joint development agreement with several major operators to develop common standards for subsea production equipment capable of operating at pressures as high as 20,000 psi and temperatures up to 350º F. This joint development agreement is delivering standardized design, materials, processes, and interfaces to provide improved reliability and operations over the life of the field.

Technology development progressed on the Subsea 2.0 product platform, the next generation of subsea equipment, using designs that are significantly simpler, leaner, and smarter than current designs. These new products incorporate a modular product architecture and component level standardization to enable a flexible configure-to-order approach that delivers a 70-90% reduction in manual activities during the production process, reducing hardware delivery time for clients. The products are expected to deliver breakthroughs in the way subsea products are manufactured, assembled, installed, and maintained over the life of the field. The smaller, lighter products achieve up to a 50% reduction in size, weight, and part count, while maintaining the same or improved functionality. When combined with iEPCI, our powerful integrated approach to field architecture, and project execution, Subsea 2.0 improves project economics and unlocks first oil and gas faster.

Several major elements of the portfolio were launched to the market during the year, including the compact tree, compact manifold, flexible jumpers, distribution, controls, and horizontal connectors. We have incorporated Subsea 2.0 elements into several projects including the Shell Kaikias subsea development, which sits in 4,575 feet of water in the Gulf of Mexico and is a tieback to the Ursa platform. On March 4, 2018, TechnipFMC and Shell celebrated the successful delivery and installation of the first application of TechnipFMC's compact pipeline and manifold ("PLEM") and horizontal connection system technologies with flexible jumpers. We also completed the development of our second generation of electrically trace heated pipe-in-pipe ("ETH-PiP"), which delivers significant advancements in power output and length-enabling hydrate prevention in longer distance tiebacks of 50 kilometers or more.

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

Acquisitions and Investments

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

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

Onshore/Offshore

The Onshore/Offshore segment offers a full range of designing and project development services to our customers spanning the entire downstream value chain, including technical consulting, concept selection, and final acceptance test. We have been successful in meeting our clients' needs given our proven skills in managing large engineering, procurement, and construction ("EPC") projects.

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

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

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

Principal Products and Services

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

Refining - We are a leader in the design and construction of oil refineries. We manage many aspects of these projects, including the preparation of concept and feasibility studies, and the design, construction, and start-up of complex refineries or single refinery units. We have been involved in the design and construction of 30 new refineries, and are one of the few contractors in the world to have built six new refineries since 2000. We have extensive experience with technologies related to refining and have completed more than 850 individual process units, from 100 major expansion or refurbishment projects implemented in more than 75 countries. As a result of our cooperation with the most highly renowned technology licensors and catalyst suppliers and our strong technological expertise and refinery consulting services, we are able to provide an independent selection of appropriate technologies to meet specific project and client targets. These technologies result in direct benefits to the client, such as emission control and environmental protection, including hydrogen and carbon dioxide management, sulfur recovery units, water treatment, and zero flaring. With a strong record of accomplishment in refinery optimization projects, we have experience and competence in relevant technological fields in the oil refining sector.

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

In the field of LNG, we pioneered base-load LNG plant construction through the first-ever facility in Arzew, Algeria. Working with our partners, we have constructed facilities that can deliver more than 90 million metric tons per annum ("Mtpa"), representing over 20% of the global liquefaction capacity in operation today. TechnipFMC brings knowledge and conceptual design capabilities that are unique among engineering and construction companies involved in LNG. We have engineered and delivered a broad range of LNG plants, including mid-scale and very large-scale plants, both onshore and offshore, and plants in remote locations. We have experience in the complete range of services for LNG receiving terminals from conceptual design studies to EPC. Reference projects include LNG trains in Qatar (the six largest ever constructed), Yemen, and a series of mid-scale LNG plants in China, and together with our joint venture partners, we are currently delivering the Yamal LNG plant ("Yamal") in the Russian Arctic with the 3 trains put in production before the end of 2018.

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

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

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

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

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

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

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

- *Spar Platforms:* Capable of operating in a wide range of water depths, the Spar is a low motion floater that can support full drilling with dry trees or with tender assist and flexible or steel catenary risers. The Spar topside is installed offshore either by heavy lift vessel or floatover.

- *Semi-Submersible Platforms*: These platforms are well-suited to oil field developments where subsea wells drilled by the mobile offshore drilling unit are appropriate. Semi-Submersibles can operate in a wide range of water depths and have full drilling and large topside capability. We have our own unique design of low-motion Semi-Submersible platforms that can accommodate dry trees.

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

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

Floating Liquefied Natural Gas (“FLNG”) - FLNG is an innovative alternative to traditional onshore LNG plants and is suitable for remote and stranded gas fields that were previously deemed uneconomical. FLNG is a commercially attractive and environmentally friendly approach to the monetization of offshore gas fields. It avoids the potential environmental impact of building and operating long-distance pipelines and extensive onshore infrastructure. We pioneered the FLNG industry and are the only contractor to integrate all of the core activities required to deliver an FLNG project: LNG process, offshore facilities, loading systems, and subsea infrastructure. We delivered the industry’s first and largest FLNG facilities and are currently executing two FLNG projects, Shell Prelude and ENI Coral South, with the latter being the inaugural LNG facility in Africa.

Capital Intensity

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

Dependence on Key Customers

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

One customer, JSC Yamal LNG, represented more than 10% of 2018 consolidated revenue. We consolidate all revenue from the JSC Yamal LNG partnership, including revenue associated with the minority partners of the joint venture.

Competition

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

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

Co., Ltd., Hyundai Heavy Industries Co., Ltd., Samsung Heavy Industries Co., Ltd., Saipem, KBR, McDermott, China Offshore Oil Engineering Co., Ltd., and JGC Corporation.

Seasonality

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

Market Environment

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

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

Strategy

Our strategy is based on the following:

- Selectivity of clients, projects, and geographies, which serves to maintain early engagement, leading to influence over technological choices, design considerations, and project specifications that make projects economically viable;

- Technology-driven differentiation with strong project management, which eliminates or significantly reduces technical and project risks, leading to both schedule and cost certainty without compromising safety; and

- Excellence in project execution, because of our global, multi-center project delivery model complemented by deep partnerships and alliances to ensure the best possible execution for complex projects.

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

Recent and Future Developments

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

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

Activity in LNG is fueled by higher demand for natural gas, a fuel source that continues to take a greater share of global energy demand. This trend is structural, driven by market preference for cleaner energy sources and the need to satisfy growing domestic demand in markets such as Asia and the Middle East. To meet this demand, we believe that large gas projects will need to be sanctioned in the near future, as evidenced by both the significant increase in pre-FEED and FEED contract awards and higher levels of pre-bid project planning experienced in 2018.

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

Product Development

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

Our Offshore R&D efforts are focused on improving the economics of FLNG through innovations in design and constructability. We also launched a new program to develop solutions for smaller scale FLNG and LNG import projects. Additionally, to further reduce operating and investment costs, we progressed the development of robotic solutions for offshore platforms and continue work on a standard and adaptable design for Normally Unmanned Installations (“NUI”).

Acquisitions and Investments

In January 2017, we officially opened our Modular Manufacturing Yard at Dahej, in Gujarat state, located in Western India. The approximately 150,000 square meter yard combines our strengths in process technology, modularized engineering, and manufacturing and construction.

The yard represents a culmination of our knowledge, skills, and technological expertise, covering a range of product lines including: (i) designed modular hydrogen plants; (ii) modular process plant and equipment using proprietary process technology as well as partnering with leading technology partners worldwide; (iii) the components and assemblies of fired heaters, reformers, and ethylene furnaces; and (iv) proprietary special application burners.

No acquisitions or significant investments occurred during 2018.

Surface Technologies

The Surface Technologies segment designs and manufactures products and systems, and provides services used by oil and gas companies involved in land and offshore exploration and production of crude oil and natural gas. Such products and systems include wellhead systems as well as technologically advanced high pressure valves, flowlines, and pumps used in stimulation activities for oilfield service companies. Surface Technologies also provides: (i) hydraulic fracturing (“frac”) systems and support services; (ii) production, separation, and flow processing systems; and (iii) measurement systems and loading arm solutions for exploration and production companies. We manufacture most of our products in facilities located worldwide.

Principal Products and Services

Upstream: Drilling, Completion, Pressure Control, and Production - We provide a full range of drilling, completion, pressure control, and production systems for both standard and custom-engineered applications. Surface wellheads and trees are used to control and regulate the flow of crude oil and natural gas from the well. Our surface wellheads are used worldwide on conventional and unconventional platform base applications including desert high temperatures and shale fields. Our wellhead product portfolio includes conventional wellheads, unihead drill-thru wellheads designed for faster installations, drill-time optimization conventional wellheads designed to reduce overall rig time, sealing technology, thermal equipment, valves, and actuators.

Our surface completions portfolio includes integrated frac solutions for shale fields that, together with our digitalized control systems, provide customers the fracturing service companies with a one-stop-shop equipment supplier from wellhead to pipeline. Our portfolio includes manifolds, trees, and well testing equipment for timely and cost-effective well completion. We also provide closed-loop flowback services for the recovery of solids, fluids, and hydrocarbons from oil and natural gas wells after the stimulation of the well, and we provide chokes, de-sanding, and early production equipment and services through to permanent production facilities and services for oil and gas operators.

We design and manufacture articulated rigid flowline products under the Weco®/Chiksan® trademarks, flexible flowline and choke-and-kill products under the Coflexip® trademark, articulating frac arm manifold trailers, manifold skids, well service pumps, compact valves, and reciprocating pumps used in well completion and stimulation activities by major oilfield service and drilling companies, such as BHGE, Halliburton Company, Schlumberger, Transocean, Ltd., and Weatherford International plc, as well as by oil and gas operators directly. Our flowline Coflexip® products are used in equipment that pumps fluid into a well during the well construction and stimulation processes. Our Coflexip® products are also used by drilling companies for choke-and-kill lines and other applications. Our well service pump product line includes triplex and quintuplex pumps utilized in a variety of applications, including fracturing, acidizing, and matrix stimulation, and are capable of delivering flow rates up to 35 barrels per minute at pressures up to 20,000 psi.

Our production offering includes separation and processing systems, production monitoring and optimization systems, well control and integrity systems, standard pumps, compact valves, and measurement solutions designed to enhance field project economics and reduce operating expenditures with an integrated system that spans from wellhead to pipeline.

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

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

Loading Systems - We provide land- and marine-based loading and transfer systems to the oil and gas, petrochemical, and chemical industries. Our systems provide loading and transfer solutions using articulated rigid Chiksan® loading arms and Chiksan® swivel joint technologies and flexible-based Coflexip® technologies, which are capable of diverse applications. While our marine systems are typically constructed on a fixed jetty platform, we have developed advanced loading systems that can be mounted on a vessel or offshore structure to facilitate ship-to-ship and tandem loading and offloading operations in open seas or exposed locations. Both our land- and marine-based loading and transfer systems are capable of handling a wide range of products including petroleum products, LNG, and chemical products.

Capital Intensity

Surface Technologies manufactures most of its products, resulting in a reliance on manufacturing locations throughout the world. We also maintain a large quantity of rental equipment related to pressure operations.

Dependence on Key Customers

No single Surface Technologies customer accounted for 10% or more of our 2018 consolidated revenue.

Competition

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

Seasonality

In Western Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. During the spring months, wet weather and the spring thaw make the ground unstable and less capable of supporting heavy equipment and machinery. As a result, municipalities and provincial transportation departments enforce road bans that restrict the movement of heavy equipment during the spring months, which reduces activity levels. There is greater demand for oilfield services provided by our Canadian services business, specifically completion services, in the winter season when freezing permits the movement and operation of heavy equipment. Activities tend to increase in the fall and peak in the winter months of November through March.

Market Environment

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

The North American market recovery that began in late 2016 continued well into 2018, with rig count and drilling and completion activity steadily improving through the first half of the year. The increased activity resulted in stronger demand for the Company's products and services. The market also benefited from increased service intensity related to hydraulic fracturing activity. As a result of these market dynamics, we experienced stronger demand for pressure control equipment. When combined with our cost rationalization initiatives, we were able to capture the economic benefits of the higher activity levels. Activity outside of North America remained generally stable after turning down in 2015 but continued to experience competitive pricing pressure in certain markets.

Strategy

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

Providing a flawless customer experience is our most important priority and occupies the central pillar of our strategy. For this reason, we have developed the digital tools and customer-centric organizational culture that enable our customers to seamlessly transition into the next era of hydrocarbon production. In addition, our system integration capabilities and automation technologies (i) enable reductions in both capital and operating expenditures by reducing cycle time, allowing our customers to achieve first oil faster, and (ii) optimize the production process by minimizing facility footprint, manual interventions, and environmental impacts.

Recent and Future Developments

We continue to operate in a challenging environment as global activity is still below levels achieved in the prior industry cycle and pricing remains competitive. In the second half of 2018, well completion activity in North America moved lower, negatively impacting demand for pressure control equipment. The activity decline was driven by pipeline takeaway capacity constraints, lower commodity prices, and the depletion of operator budgets, constraining activity to certain oil and gas basins that can generate acceptable returns.

Despite the decline in completions activity, North American drilling activity continued to move higher throughout 2018. With increased well count and reduced completions, the backlog of uncompleted wells continued to grow and further supports our view that completions activity should recover in the second half of 2019 as operator budgets replenish and takeaway capacity improves. As we entered 2019, drilling activity started to decline from the recent peak levels achieved in late 2018. However, with oil prices having rebounded from recent lows and operator budgets replenished in the new year, we continue to anticipate that activity levels will move higher for both drilling and completions as we progress through the year.

Outside of the Americas, we expect global activity levels to improve in 2019. Confidence in an improved outlook for our business is further supported by the strong growth experienced in inbound orders and backlog in late 2018. We believe that the Middle East, Asia Pacific, and Northern Europe are best poised for new order growth. Our international business continued to experience competitive pricing pressure throughout much of 2018. We believe market pricing has since stabilized and expect this pricing environment to continue throughout 2019.

Product Development

In early 2018, we successfully launched the 2” 10,000 psi cage choke expanding the Company’s traditional product offering for onshore solutions and delivering our first order to a major Middle East customer. For flow testing and early production, we launched a fully automated and digitized Flow Testing Advanced Automated Package (AAP) leveraging the Company’s superior de-sanding and fluid-separation technology and as well as our digital platform, which allows for remote monitoring and real-time data capture via the cloud. We also launched compact, modular permanent production facility solutions for both onshore-shale and offshore shallow-water fields and have recently received our first contract award.

Acquisitions and Investments

In October 2017, we announced an agreement to acquire Plexus Holding plc’s (“Plexus”) wellhead exploration equipment and services business for jack up applications. In conjunction with our global footprint and market presence, this portfolio expansion in the mudline and high-pressure, high-temperature arena will enable us to be a leading provider of products and services to the global jack-up exploration drilling market. This acquisition fits within our strategy to extend and strengthen our position in exploration-drilling products and services while leveraging our global field presence. The acquisition closed in the first quarter of 2018.

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

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

Other Business Information Relevant to our Business Segments

Sources and Availability of Raw Materials

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

Research and Development

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

Patents, Trademarks and Other Intellectual Property

We own a number of patents, trademarks, and licenses that are cumulatively important to our businesses. As part of our ongoing R&D focus, we seek patents when appropriate for new products, product improvements and related service innovations. We have approximately 7,000 issued patents and pending patent applications worldwide. Further, we license intellectual property rights to or from third parties. We also own numerous trademarks and trade names and have approximately 500 registrations and pending applications worldwide.

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

Employees

As of December 31, 2018, we had more than 37,000 employees.

Segment and Geographic Financial Information

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

Order Backlog

Information regarding order backlog is incorporated herein by reference from the paragraph entitled “*Key Performance Indicators*” contained in the Strategic Report of this U.K. Annual Report.

Website Access to Reports and Proxy Statement

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

Business Review

Introduction

In this U.K. Annual Report, the Company is reporting in its consolidated financial statements the results of its operations for the year ended December 31, 2018, which consist of the combined results of operations of Technip S.A. and FMC Technologies, Inc.

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

Historically, Technip prepared its financial statements in accordance with IFRS, as adopted by the European Union ("IFRS"), and FMC Technologies prepared its financial statements in accordance with U.S. GAAP. Following completion of the Merger, the Company is preparing its consolidated financial statements in accordance with both (i) U.S. GAAP in accordance with U.S. securities law and reporting requirements, and (ii) IFRS in accordance with the requirements of the U.K. Companies Act 2006 (the "Companies Act") and the U.K. Disclosure Guidance and Transparency Rules. The U.S. GAAP financial statements for the year ended December 31, 2018 were contained in the Annual Report on Form 10-K filed with the SEC on March 11, 2019 and the IFRS consolidated financial statements are contained in this U.K. Annual Report.

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

Key Performance Indicators

The Company's directors consider that the most important key performance indicators ("KPIs") for 2018 and 2017 are set out below.

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

Consolidated Results of Operations

Management's report of the consolidated results of operations is provided on the basis of comparing actual results of operations for the twelve months ended December 31, 2018 to actual results of operations for the twelve months ended December 31, 2017.

	Year Ended December 31,		Change	
(In millions, except percentages)	2018	2017	$	%
Revenue	$ 12,599.9	$ 15,056.9	$ (2,457.0)	(16.3)%
Costs and expenses				
Cost of sales	10,294.8	12,517.7	(2,222.9)	(17.8)%
Selling, general and administrative expense	1,144.4	1,052.6	91.8	8.7 %
Research and development expense	189.2	212.9	(23.7)	(11.1)%
Impairment, restructuring and other expenses	1,677.0	312.2	1,364.8	437.2 %
Merger transaction and integration costs	36.5	56.2	(19.7)	(35.1)%
Total costs and expenses	13,341.9	14,151.6	(809.7)	(5.7)%
Other income (expense), net	(332.9)	(31.1)	(301.8)	(970.4)%
Income from equity affiliates	122.7	0.5	122.2	24,440.0 %
Net interest expense	(396.4)	(333.0)	(63.4)	(19.0)%
Profit (loss) before income taxes	(1,348.6)	541.7	(1,890.3)	(349.0)%
Provision for income taxes	397.0	586.1	(189.1)	(32.3)%
Net loss	(1,745.6)	(44.4)	(1,701.2)	(3,831.5)%
Net (profit) loss attributable to noncontrolling interests	(10.8)	(20.9)	10.1	48.3 %
Net profit (loss) attributable to TechnipFMC plc	$ (1,756.4)	$ (65.3)	$ (1,691.1)	(2,589.7)%

2018 Compared with 2017

Revenue

Revenue decreased $2.5 billion in 2018 compared to the prior-year period, primarily as a result of declining project activity. Subsea project activity declined in Africa, Asia Pacific and North America. Onshore/Offshore activity also 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. Surface Technologies' revenue increased primarily as a result of strong demand for the North American land market recovery.

Gross profit

Gross profit (revenue less cost of sales) increased as a percentage of sales to 18.3% in 2018, from 16.9% in the prior-year. The increase in gross profit as a percentage of sales was primarily due to the realization of cost reduction opportunities on certain projects, a lower overall cost structure due to cost reduction and synergy initiatives, the successful progression of several major projects with strong economic performance, and the benefit of a better product and service mix.

Selling, general and administrative expense

Selling, general and administrative expense increased $91.8 million year-over-year. FMC Technologies operations prior to the Merger date of January 17, 2017 is excluded from 2017. FMC Technologies' selling, general and administrative expenses for this period were $63.0 million. On a comparable basis, selling, general and administrative expense increased by $28.8 million, primarily due to increased tendering costs related to an increasing number of FEED studies and future project awards.

Impairment, restructuring and other expense

We incurred impairment, restructuring and other expense of $1.7 billion primarily driven by a $1.3 billion impairment of goodwill and $267.8 million impairment of our vessels. Refer to Note 11 and Note 10 to our consolidated financial statements included in this U.K Annual Report for additional information related to impairments.

Merger transaction and integration costs

We incurred integration costs of $36.5 million during 2018. Refer to Note 2 to our consolidated financial statements included in this U.K Annual Report for additional information related to the Merger.

Other income (expense), net

Other income (expense), net, primarily reflects $280.0 million in legal provisions and $65.6 million of net foreign exchange losses associated with the remeasurement of net cash positions and foreign currency derivatives.

Net interest expense

During the year ended December 31, 2018, we revalued the mandatorily redeemable financial liability to reflect current expectations about the obligation and recognised a loss of $322.3 million. Refer to Note 26 to our consolidated financial statements 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 $34.8 million on a net basis compared to 2017.

Provision for income taxes

The effective tax rate was (29.4)% in 2018 and 108.2% in 2017. The effective tax rate for 2018 was significantly impacted by impairments which were only partially tax-effective and non-deductible legal provision. The change in the effective tax rate in 2018 as compared to 2017, excluding these items, was primarily attributable to an unfavorable change in actual country mix of earnings.

Segment Results of Operations

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

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

Subsea

	Year Ended December 31,		Favorable/(Unfavorable)	
(In millions, except %)	**2018**	**2017**	**$**	**%**
Revenue	$ 4,865.6	$ 5,877.4	(1,011.8)	(17.2)%
Operating profit (loss)	$ (1,366.3)	$ 280.5	(1,646.8)	(587.1)%
Operating profit as a percent of revenue	n/a	4.8%		n/a

Subsea revenue decreased $1.0 billion year-over-year, primarily due to projects in Africa, Asia Pacific, and North America regions that progressed towards completion, partially offset by increased activity in Europe. Subsea revenue continued to be negatively impacted by prior period lower inbound orders related to the market downturn.

Subsea operating profit, excluding $1,592.0 million of asset impairment charges, totaled $225.7 million compared to the prior-year's operating profit of $280.5 million. The reduction was primarily due to the anticipated revenue decline related to the prior period lower inbound orders, partially offset by Merger synergies and other cost reduction activities, and the successful completion of key project milestones. Additionally, the year ended December 31, 2018 included $1,592.0 million of asset impairment charges primarily related to the impairment of goodwill and certain of our vessels. Refer to Note 10 and Note 11 to our consolidated financial statements included in this U.K. Annual Report for additional information related to these asset impairments.

Onshore/Offshore

	Year Ended December 31,		Favorable/(Unfavorable)	
(In millions, except %)	**2018**	**2017**	**$**	**%**
Revenue	$ 6,120.7	$ 7,904.5	(1,783.8)	(22.6)%
Operating profit	$ 823.1	$ 810.1	13.0	1.6 %
Operating profit as a percent of revenue	13.4%	10.2%		3.2pts.

Onshore/Offshore revenue decreased $1.8 billion year-over-year. The decrease was primarily driven by major projects including Yamal LNG, Silbur, and Martin Linge, that progressed towards completion. The decrease was partially offset by the Energean Karish project awarded in early 2018, FEED work for the Arctic LNG project, and increased work in our Process and Technology business.

Operating profit year-over-year was favorably impacted by reduced costs, strong project execution and bonus achievements on Yamal LNG due to completion of key milestones ahead of schedule. Additionally, the year ended December 31, 2018 was favorably impacted by $3.4 million related to settlements on restructured projects and operations.

Onshore/Offshore operating profit as a percentage of revenue increased to 13.4% compared to 2017.

Surface Technologies

	Year Ended December 31,		Favorable/(Unfavorable)	
(In millions, except %)	**2018**	**2017**	**$**	**%**
Revenue	$ 1,613.6	$ 1,274.6	339.0	26.6 %
Operating profit (loss)	$ 172.7	$ 82.0	90.7	110.6 %
Operating profit (loss) as a percent of revenue	10.7%	6.4%		4.3pts.

Surface Technologies revenue increased $339.0 million year-over-year primarily driven by increased activity in the North American market. The solid growth in North America reflected increased demand for flowline, hydraulic fracturing services, wellhead systems, and pressure control equipment and services. Outside of North America, revenue also increased year-over-year primarily driven by increased demand for pressure control equipment and services.

Surface Technologies operating profit as a percent of revenue increased significantly year-over-year. The increase was primarily driven by increased volume in North America and cost reductions, partially offset by continued international pricing pressure. Additionally, 2018 included $13.8 million of impairment and restructuring and other severance charges compared to $19.2 million in the prior year.

Surface Technologies operating profit as a percentage of revenue increased to 10.7% compared to 2017.

Inbound Orders and Order Backlog

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

(In millions)	Inbound Orders Year Ended December 31, 2018	2017
Subsea	$ 5,178.5	$ 5,143.6
Onshore/Offshore	7,425.9	3,812.9
Surface Technologies	1,686.6	1,239.8
Total inbound orders	$ 14,291.0	$ 10,196.3

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"* in Note 4 to our consolidated financial statements contained in this U.K. Annual Report for more information on order backlog.

(In millions)	Order Backlog December 31, 2018	2017
Subsea	$ 5,999.6	$ 6,203.9
Onshore/Offshore	8,090.5	6,369.1
Surface Technologies	469.9	409.8
Total order backlog	$ 14,560.0	$ 12,982.8

Subsea - Order backlog for Subsea at December 31, 2018, decreased by $204.3 million from December 31, 2017. Subsea backlog of $6.0 billion at December 31, 2018, was composed of various subsea projects, including Petrobras' pipelay support vessel and pre-salt tree awards, the Eni Coral project, Total's Kaombo, VNG's Fenja, Peregrino Phase II, and BP's Shah Deniz.

Onshore/Offshore - Onshore/Offshore order backlog at December 31, 2018, increased by $1.7 billion compared to December 31, 2017. Onshore/Offshore backlog of $8.1 billion was composed of various projects, including Yamal, Long Son EPC contract, Energean Karish project, HURL Ammonia fertilizer projects, and Neste bio-diesel expansion project in Singapore.

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.

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

Liquidity and Capital Resources

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

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

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

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

(In millions)	December 31, 2018	December 31, 2017
Cash and cash equivalents	$ 5,542.2	$ 6,737.4
Short-term debt and current portion of long-term debt	(1,983.5)	(1,527.7)
Long-term debt, less current portion	(2,546.0)	(2,656.1)
Net cash	$ 1,012.7	$ 2,553.6

Cash Flows

Cash flows for each of the years in the two-year period ended December 31, 2018 and 2017, were as follows:

	Year Ended December 31,	
(In millions)	2018	2017
Cash provided (required) by operating activities	$ (182.3)	$ 240.1
Cash provided (required) by investing activities	(460.2)	1,221.6
Cash required by financing activities	(444.8)	(1,055.9)
Effect of exchange rate changes on cash and cash equivalents	(108.0)	62.3
Increase (decrease) in cash and cash equivalents	$ (1,195.3)	$ 468.1

Operating cash flows - During 2018, we used $182.3 million in cash flows from operating activities as compared to $240.1 million generated in 2017, resulting in a $422.4 million decrease compared to 2017.

Our working capital balances can vary significantly depending on the payment and delivery terms on key contracts in our portfolio of projects. The year-over-year changes in operating cash flow were primarily due to the changes in trade receivables, contract assets, and accounts payable.

Investing cash flows - Investing activities used $460.2 million of cash in 2018 primarily due to capital expenditures of $368.1 million and business acquisitions of $104.9 million.

Cash provided by investing activities in 2017 was $1,221.6 million, primarily reflecting cash acquired in the Merger. Refer to Note 2 to the consolidated financial statements contained in this U.K. Annual Report for further information related to the Merger.

Financing cash flows - Financing activities used $444.8 million in 2018. The decrease of $611.1 million in cash required for financing activities was primarily due to repayments of long-term debt in 2017.

Debt and Liquidity

Total borrowings at December 31, 2018 and 2017, comprised the following:

(In millions)	December 31, 2018	December 31, 2017
Commercial paper	$ 1,916.1	$ 1,450.4
Synthetic bonds due 2021	488.8	499.2
3.45% Senior Notes due 2022	500.0	500.0
5.00% Notes due 2020	228.4	238.9
3.40% Notes due 2022	171.6	179.8
3.15% Notes due 2023	148.1	155.0
3.15% Notes due 2023	142.9	149.6
4.00% Notes due 2027	85.8	89.9
4.00% Notes due 2032	110.5	115.4
3.75% Notes due 2033	111.1	116.0
Bank borrowings	265.2	332.5
Finance lease	337.8	328.7
Other	23.2	28.4
Total borrowings	$ 4,529.5	$ 4,183.8

The following is a summary of our revolving credit facility at December 31, 2018:

(In millions) Description	Amount	Debt Outstanding	Commercial Paper Outstanding[1]	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$ 2,500.0	$ —	$ 1,916.1	$ —	$ 583.9	January 2023

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

Committed credit available under our revolving credit facility provides the ability to issue our commercial paper obligations on a long-term basis. We had $1,916.1 million of commercial paper issued under our facilities at December 31, 2018.

Our revolving credit facility contains customary covenants as defined by the credit facility agreement which includes a financial covenant requiring that our total capitalization ratio not exceed 60% at the end of any financial quarter. The facility agreement also contains covenants restricting our ability and our subsidiaries' ability to incur additional liens and indebtedness, enter into asset sales, and make certain investments. As of December 31, 2018, we were in compliance with all restrictive covenants under our revolving credit facility.

Refer to Note 20 and Note 23 to the consolidated financial statements contained in this U.K. Annual Report for further information related to our credit facility and our mandatorily redeemable liability, respectively.

Credit Risk Analysis

Valuations of derivative assets and liabilities reflect the fair value of the instruments, including the values associated with counterparty risk. These values must also take into account our credit standing, thus including in the valuation of the derivative instrument and the value of the net credit differential between the counterparties to the derivative contract. 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.

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

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

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

Outlook

Historically, we have generated our liquidity and capital resources primarily through operations and, when needed, through our credit facility. We have $583.9 million of capacity available under our revolving credit facility that we expect to utilize if working capital needs temporarily increase. The volatility in credit, equity, and commodity markets creates some uncertainty for our business. Any payment deferrals or discounts on pricing granted to clients in prior years may adversely affect our results of operations and cash flows in 2019 and beyond.

We project spending approximately $350 million in 2019 for capital expenditures. However, projected capital expenditures for 2019 do not include any contingent capital that may be needed to respond to a contract award.

We implemented a U.K. court-approved reduction of our capital, which was completed on June 29, 2017, in order to create distributable profits to support the payment of future dividends or future share repurchases. Our board of directors authorized $500 million for the repurchase of shares which was completed in 2018. The Board of Directors authorized an extension of this program, adding $300 million in December 2018 for a total of $800 million in ordinary shares. Also, on October 23, 2018, it was announced that our Board of Directors authorized and declared a quarterly cash dividend of $0.13 per ordinary share.

During 2019, we expect to make contributions of approximately $2.7 million to our international pension plans, representing primarily the Netherlands and U.K. qualified pension plans. Actual contribution amounts are dependent upon plan investment returns, changes in pension obligations, regulatory environments and other economic factors. We update our pension estimates annually during the fourth quarter or more frequently upon the occurrence of significant events. We do not expect to make any contributions to our U.S. Qualified Pension Plan and our U.S. Non-Qualified Defined Benefit Pension Plan in 2019.

Market Risk

We are subject to financial market risks, including fluctuations in foreign currency exchange rates and interest rates. In order to manage and mitigate our exposure to these risks, we may use derivative financial instruments in accordance with established policies and procedures. We do not use derivative financial instruments where the objective is to generate profits solely from trading activities. At December 31, 2018 and December 31, 2017, substantially all of our derivative holdings consisted of foreign currency forward contracts and foreign currency instruments embedded in purchase and sale contracts.

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

Foreign Currency Exchange Rate Risk

We conduct operations around the world in a number of different currencies. Many of our significant foreign subsidiaries have designated the local currency as their functional currency. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. We do not hedge this translation impact on earnings. A 10% increase or decrease in the average exchange rates of all foreign currencies at December 31, 2018, would have changed our revenue and profit (loss) before income taxes attributable to the Company by approximately $134.6 million and $5.7 million, respectively.

When transactions are denominated in currencies other than our subsidiaries' respective functional currencies, we manage these exposures through the use of derivative instruments. We primarily use foreign currency forward contracts to hedge the foreign currency fluctuation associated with firmly committed and forecasted foreign currency denominated payments and receipts. The derivative instruments associated with these anticipated transactions are usually designated and qualify as cash flow hedges, and as such the gains and losses associated with these instruments are recorded in other comprehensive income until such time that the underlying transactions are 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 balance sheet, we also hedge the foreign currency fluctuation of these assets and liabilities with derivative instruments after netting our exposures worldwide. These derivative instruments do not qualify as cash flow hedges.

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

For our foreign currency forward contracts hedging anticipated transactions that are accounted for as cash flow hedges, a 10% increase in the value of the U.S. dollar would have resulted in an additional loss of $50.7 million in the net fair value of cash flow hedges reflected in our consolidated statement of financial position at December 31, 2018.

Interest Rate Risk

At December 31, 2018, we had commercial paper of approximately $1.9 billion with a weighted average interest rate of 1.82%. Using sensitivity analysis to measure the impact of a 10% adverse movement in the interest rate, or 18 basis points, would result in an increase to interest expense of $3.5 million.

We assess effectiveness of forward foreign currency contracts designated as cash flow hedges based on changes in fair value attributable to changes in spot rates. We exclude the impact attributable to changes in the difference between the spot rate and the forward rate for the assessment of hedge effectiveness and 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 unrealized valuation of our forward foreign currency contracts to relative changes in interest rates between countries in our results of operations. To the extent any one interest rate increases by 10% across all tenors and other countries' interest rates remain fixed, and assuming no change in discount rates, we would expect to recognise a decrease of $1.1 million in unrealized earnings in the period of change. Based on our portfolio as of December 31, 2018, 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.

Non-Financial Information Statement

Core Values and Foundational Beliefs

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

Our Core Values	Realizing Possibilities	Achieving Together	Building Trust
The Heart of Everything We Do	*We strive for ever better* *We take initiative* *We learn from success and failure*	*We work as one team* *We share knowledge* *We embrace diversity of thought*	*We listen to improve* *We partner constructively* *We seek to outperform*

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

Safety:	We will not compromise on health, safety, and security.
Integrity:	We hold ourselves to the highest moral and ethical principles.
Quality:	We deliver the highest quality in everything we do.
Respect:	We treat everyone honestly, fairly, and courteously.
Sustainability:	We act responsibly, always considering our impact on the planet, people, and communities in which we operate.

We will never compromise on our five foundational beliefs in the decisions we make. Each of these foundational beliefs is tangibly embedded in the topics developed below: employee and social matters, health and safety, environment, our compliance program, including human rights, anti-corruption, anti-bribery, and our approach to managing our suppliers. Details of TechnipFMC's business model are in the paragraph entitled "*Business Review*" of this Strategic Report, and details of the principal risks related to our operations and our management of those risks are in the section entitled "*Principal Risks and Uncertainties*" of this Strategic Report.

Code of Business Conduct

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

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

Sustainability

We believe corporate responsibility and sustainability will be a key element of our Company's long-term success. For this reason, as we have worked to integrate the operations of our two companies, we have also focused on integrating and refreshing the corporate responsibility and sustainability programs of our legacy companies into a single, cohesive TechnipFMC program.

As noted above, we have established a set of core values and foundational beliefs with sustainability as one of our foundational beliefs. Following input from key stakeholders, we have also identified three key corporate responsibility and sustainability focus areas for our Company:

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

The key performance indicators that we will use to measure our performance in these three areas will be announced at our Annual Meeting and published on our website thereafter under the heading "*About us > Sustainability*."

Employee and Social Matters

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

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

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

Workforce Overview

Breakdown of total workforce per contract:

	December 31, 2017	December 31, 2018
Employees on payroll	37,703	37,144
Permanent employees	34,092	33,528
Temporary employees (fixed-term)	3,611	3,616
Contracted workforce	3,310	3,458
Total Workforce	41,013	40,602

Diversity

As of December 31, 2018, TechnipFMC had the following number of employees:

	Male employees		Female employees		Total		% of female employees	
	2017	2018	2017	2018	2017	2018	2017	2018
Executive Officers	9	8	2	3	11	11	18%	27%
Senior managers	96	98	18	17	114	115	16%	15%
Employees on payroll (overall)	29,402	28,987	8,301	8,157	37,703	37,144	22%	22%

Advancing gender diversity is a strategic objective for us. We do not tolerate unlawful discrimination related to employment, and our Code of Business Conduct requires that employment decisions related to recruitment, selection, evaluation, compensation, development, among others, are not influenced by race, color, religion, gender, age, ethnic origin, nationality, sexual orientation, marital status, or disability. We also ensure that our suppliers, customers, and business partners are aware of our goal of creating a diverse and tolerant workforce. More details are available in the section entitled "*Diversity Policy*" of the Corporate Governance Report.

Developing and Keeping Talent

Enabling our people to grow and develop is a significant priority. In 2018, we continued our journey to offer best-in-class development opportunities to our people by enhancing our processes and practices. In October 2018, we launched a global learning hub as part of our global Human Resources ("HR") portal. This hub is a learning experience platform with a modern and easy-to-use interface. Over 9,000 pieces of creative and innovative learning content and ongoing releases of new and meaningful courses are available to support skills development for our employees and enhance their performance in their job. This platform offers a fully mobile access to learning content anywhere, anytime, and from any device. This is a new key milestone in supporting our employees in realizing their potential by providing them with the tools, processes, and data to effectively manage their career development.

In October 2018, the yearly performance appraisal process was kicked off for all TechnipFMC payroll employees. This process, supported by our HR portal, was released in a more stream-lined version compared to 2017. A stronger focus was put on employees' behaviors, as part of our core values framework and the workflow for employees and managers was also simplified.

Attracting the best talent is a key priority. To support our talent acquisition effort, we launched a new employer brand in 2018, reflecting what our people say about TechnipFMC: we work on breakthrough projects, in a global playground and, as a result, our people live inspiring experiences. This is the key message we want potential future employees to associate with TechnipFMC.

Community Involvement and Volunteerism

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

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

Below are some examples of our outreach in our communities:

Houston, Texas, U.S.A.

We participate regularly in numerous events with the United Way of Greater Houston, a Texas non-profit organization, including Women's Initiative Day of Caring, Target Hunger Day of Caring, and the Veterans Program. We donated 6,600 volunteering hours during 14 Days of Care in Houston.

India

Through our Seed of Hope in India initiative, we sponsor, among other things, education, including skill development workshops, and other expenses for hundreds of orphaned students, and education for underprivileged girls. We also sponsor non-governmental organizations in providing training to more than 100 women on handcraft work to become financially independent, providing therapeutic kits, and conducting vocational training for autistic children. We also raised funds for families affected by the floods in Kerala.

Norway

We have a volunteering program that organizes internal events for employees to raise money for local charities.

Brazil

In Brazil we have a series of social and environmental programs involving more than 5,000 children and young students from neighboring communities.

France

We have a partnership with Like Your Job, an organization that arranges for our employees to speak about their passion for their job to inspire teenagers and young students. We also arrange for the collection of clothes, books and toys in Paris for donation to local charities for children, homeless people, and vulnerable families. TechnipFMC also makes donations to 14 schools and associations to finance educational programs.

United Kingdom

Our fundraising events in Aberdeen and Dunferline raise money for donations to chosen charity partners. Previous charity partners include the Scotland Animal Welfare Charity and Chest, Heart and Stroke Scotland.

Malaysia

We ran a sustainability contest in Kuala Lumpur. Three winning projects were rolled out, which included building a therapy-equipped treatment room and providing relief missions to facilitate access to water and solar power in local villages.

Indonesia

We raised funds for families affected by the earthquake and tsunami in Sulawesi.

Health and Safety

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

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

Pulse Program

Pulse is our global HSES culture and engagement program. Through training, self-assessment and communication, it provides us with the right skills, tools, and behaviors to enable us to maintain and strengthen our HSES culture. It empowers our people to foster an incident-free working environment.

Safety Performance

In 2018, we continued to focus on assessing and lowering risks to prevent incidents in all the work we do. We continued to regularly evaluate the Company's full HSES risk profile within the context of our operations, our contractors, subcontractors, and customer relationships. A standard risk matrix is used to evaluate our profile, followed by the application of mitigation measures based on a hierarchy of controls to proactively prevent an incident.

For the benefit of industry standardization, TechnipFMC is adopting the new set of the International Association of Oil & Gas Producers Life-Saving Rules and will work with the rest of industry to prevent serious incidents in the workplace.

In 2018, 168.87 million hours were worked at the Company's facilities and project sites worldwide.

TechnipFMC safety performance	2017	2018
Total Recordable Incident Rate (TRIR)(1)	0.28	0.26
Lost Time Injury Frequency (LTIF)(1)	0.05	0.06
Leadership & Management Walkthrough Frequency(1)	13.18	16.03
Fatal Accident Frequency(1)	0	0.0012

1 The frequencies are calculated across 200,000 hours worked. Incidents as defined by the U.S. Department of Labor's Occupational Safety and Health Administration standards are considered. The cut-off date is December 31, 2018.

Environment

Sustainability is one of our foundational beliefs. Respecting the environment, in particular, is one of the three pillars of our sustainability strategy, as described above. As defined in our global HSES Policy, our overall objectives regarding environmental responsibility are firstly to operate in a manner that minimizes the impact of our operations on the environment and develop sustainable solutions to reduce carbon emissions and our overall environmental footprint; and secondly, to continue to work to avoid causing any environmental incidents.

The environmental impact of our activities is managed as an integral part of our business. As part of our risk management process, environmental risks are regularly identified, monitored and mitigated at every business level. Environmental performance, including environmental incidents, rates, and risks, are consolidated on a monthly basis and reported to senior management.

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

Despite operating in a complex industry, we are committed to successfully managing our environmental impacts by effectively measuring our environmental performance. The Company's fleet is operated in a manner that minimizes the environmental impact of, and risks associated with, our activities, through effective environmental management standards that are implemented in an extended lifecycle perspective, fully in line with the latest ISO 14001 requirements and in compliance with all applicable marine environmental regulations.

We thereby seek to prevent and reduce our impacts on the environment in accordance with legal requirements, ISO 14001 requirements, and international and internal standards.

Details about our greenhouse gas emissions are set out in the section entitled "*Greenhouse Gas Emissions*" of the Directors' Report.

Responsibility and Organization

Environmental management is the responsibility of everyone at TechnipFMC. The effective implementation of environmental policy depends upon management's commitment, the accountability of every entity, an ongoing dialog with key stakeholders, and a chain of responsibility that extends to the workforce of the Company.

All entities and projects within the Company are managed by dedicated HSES managers and directors, with a team of HSES engineers and supervisors responsible for the application of the environmental rules in their respective areas to ensure that our environmental requirements are well-implemented. Our Code of Business Conduct requires managers to make employees, contractors and suppliers aware of applicable environmental rules, procedures, and expected behaviors, and that people reporting to them receive the required environmental training.

A specific Environmental Working Group ("EWG") reports to the Corporate HSES team and coordinates a network of environmental specialists from all of our regions and business units. EWG sets environmental programs, supports the enhancement of environmental performance, and develops global environmental initiatives involving all our regions and projects.

Legal and Regulatory Compliance

The Company is committed to operating in compliance with all applicable environmental regulations, laws, and international codes and standards in the countries in which we operate.

Environmental Certification

The Company maintains a policy of seeking to implement environmental certification ISO 14001 where practicable. To meet this commitment, TechnipFMC has implemented an environmental management framework.

As of December 31, 2018, 84 legal entities were ISO 14001 certified. In 2018, 50 main Operating Centers have completed the transition to ISO 14001:2015. For each of these entities, the environmental management system was verified and certified by an independent third party.

Environmental Initiatives 2018

TechnipFMC is committed to reducing carbon emissions and its overall environmental footprint by innovating the oil and gas market with new sustainable solutions. In 2018, a Global Greenhouse Gas Management standard was released to enhance the Company's capabilities in greenhouse gas ("GHG") reduction in the Company's business with focus on the scope 3 GHG emissions. For example, the Subsea 2.0 innovations in design for the production trees may allow up to a 46% reduction in its carbon footprint as compared to the previous design.

TechnipFMC has also joined global initiatives for the protection of the oceans from plastic pollution. Plastic is recognized as a valuable resource and the Company is committed reducing its use of single-use plastic. A global single-use plastic elimination project was launched in June 2018, involving all our headquarters and major manufacturing facilities, with the aim of eliminating single-use plastic in day-to-day working activities.

Our Compliance Program

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

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

- Human rights: The protection of human rights is an essential business principle we promote for our employees in the workplace and across our supply chain.

- Trade controls and foreign boycotts: We implement policies and procedures pertaining to international trade laws and regulations imposed by applicable authorities.

- Data privacy: We implement appropriate security and access measures to protect personal data stored in information systems.

- Anti-bribery and corruption: Our standards and processes provide a clear and comprehensive framework for our business in all of the countries in which we operate, in compliance with all applicable laws.

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

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

Human Rights

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

Our Code of Business Conduct requires that all directors, officers, employees, and employees of subsidiaries and affiliates ensure our business partners and suppliers do not engage in inappropriate labor practices, including child or indentured labor. In addition, our Code of Business Conduct requires that employees cooperate with regular inspections and audits to verify that our values are implemented throughout the company.

TechnipFMC has published its statement on slavery and human trafficking for the financial year ending December 31, 2017 in accordance with section 54 of the U.K. Modern Slavery Act 2015. This document is available on our website at www.technipfmc.com under the headings "*About us > Ethics and Compliance > Slavery and Human Trafficking Statement*".

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

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

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

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

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

Anti-Corruption and Anti-Bribery Compliance Controls

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

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

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

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

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

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

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

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

Supply Chain Matters

In line with our aspiration to develop business relationships with like-minded clients, sub-contractors, suppliers, and business partners who are guided by a similar set of principles of business conduct, it is our policy that our Code of Business Conduct be shared and discussed with clients, suppliers, and our business partners to better explain our rules of conduct and reinforce our culture of accountability. We will do business only with those suppliers who respect human rights and uphold labor laws. We believe responsible sourcing is an important part of our sustainability program, and we comply with the U.S. Dodd-Frank Act requirements regarding conflict minerals and initiatives aimed at improving transparency throughout our supply chain.

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

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

Principal Risks and Uncertainties

You should carefully consider the specific risks and uncertainties set forth below and the other information contained within this Strategic Report, as these are important factors that could cause the Company's actual results, performance or achievements to differ materially from our expected or historical results.

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 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 December 31, 2018, after giving effect to the Merger, our total debt is $4.2 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 this 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.

On behalf of the Board

Douglas J. Pferdehirt
Director and Chief Executive Officer
March 15, 2019

DIRECTORS' REPORT

The Board of Directors (the "Board") presents its report together with the audited financial statements of the Company and our consolidated subsidiaries for the year ended December 31, 2018.

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

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

Directors

The directors of the Company who held office during the year ended December 31, 2018 were as follows:

Executive Directors

Executive Chairman	Chief Executive Officer
Thierry Pilenko	Douglas J. Pferdehirt

Non-Executive Directors

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

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

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

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

Share Capital and Articles of Association of the Company

As at the close of business on February 22, 2019, being the latest practicable date prior to the publication of this Directors' Report, the issued and fully paid share capital of the Company was as follows:

Class of shares	Number of shares	Nominal value
Ordinary	450,129,380	$450,129,380
Non-voting redeemable	50,000	GBP 50,000
Deferred	1	GBP 1

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

Following the Merger, the reserves arising out of the Merger were capitalized by the allotment and issuance by TechnipFMC of a bonus share, which was paid up using such reserves, such that the amount of reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to our share premium account. We implemented a court-approved reduction of our capital by way of a cancellation of the bonus share and share premium account which completed on June 29, 2017, to create distributable profits to support the payment of future dividends or future share repurchases.

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

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

The Company operates the TechnipFMC Incentive Award Plan (the "Incentive Plan") for which certain employees are eligible. Details are set out in Note 19 to the consolidated financial statements contained in this U.K. Annual Report, and in the Proxy Statement available on our website at www.technipfmc.com under the heading "*Investors > Events and presentations > Shareholders' meeting*".

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

Share Repurchases

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

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

The Company established our Employee Benefit Trust ("EBT"), an offshore discretionary employee benefit trust, in 2017, for the purposes of administering the Company's share-based awards granted under shareholder approved incentive plans. As at the close of business on February 22, 2019, being the latest practicable date prior to the publication of this Directors' Report, the EBT did not hold any shares of the Company.

In 2018, the Company purchased a total of 14,871,242 of our own ordinary shares with a nominal value of $1.00 each, representing 3.3% of the issued share capital on December 31, 2018 for a total amount of $325,894,002.16 and €96,359,109.48 on the NYSE and on Euronext Paris, respectively. All weekly reports on share repurchases can be found at: https://investors.technipfmc.com/stock-information/share-repurchase-program.

Significant Shareholdings

As at the close of business on February 22, 2019, being the latest practicable date prior to the publication of this Directors' Report, the Company's significant shareholders who had notified the Company in accordance with the DTRs that they hold three percent or more of the Company's ordinary shares were as follows:

	Number of shares held	% in the issued share capital[1]
First Eagle Investment Management, LLC	33,128,670[2]	7.36%
The Vanguard Group, Inc.	28,334,406[3]	6.29%
Bpifrance Participations S.A.	24,688,691[4]	5.48%
BlackRock, Inc.	24,170,855[5]	5.37%
State Street Corporation	23,790,078[6]	5.29%
Invesco Ltd.	23,340,400[7]	5.19%
Crédit Agricole	22,321,901[8]	4.96%

1 The calculation of percentage of ownership of each listed beneficial owner is based on 450,129,380 ordinary shares outstanding on February 22, 2019.

2 Based on a Schedule 13G/A filed with the SEC on February 12, 2019. First Eagle Investment Management, LLC ("FEIM") has sole voting power over 31,586,924 ordinary shares and sole dispositive power over 33,128,670 ordinary shares. FEIM, an investment adviser registered under Section 203 of the U.S. Investment Advisers Act of 1940, is deemed to be the beneficial owner of 33,128,670 ordinary shares as a result of acting as investment adviser to various clients. Clients of FEIM have the right to receive and the ultimate power to direct the receipt of dividends from, or the proceeds of the sale of, such securities.

3 Based on a Schedule 13G/A filed with the SEC on February 13, 2019. The Vanguard Group, Inc. has sole voting power over 423,755 ordinary shares, shared voting power over 111,014 ordinary shares, sole dispositive power over 27,812,048 ordinary shares, and shared dispositive power over 522,358 ordinary shares. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 286,551 ordinary shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 368,368 ordinary shares as a result of its serving as investment manager of Australian investment offerings.

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

5 Based on a Schedule 13G/A filed with the SEC on February 6, 2019. BlackRock, Inc. has sole voting power over 20,830,423 ordinary shares and sole dispositive power over 24,170,855 ordinary shares. BlackRock, Inc. reports that various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from, the sale of the ordinary shares of the Company, and no one person's interest in the Company is more than 5% of the total outstanding ordinary shares.

6 Based on a Schedule 13G filed with the SEC on February 14, 2019. State Street Corporation and its direct or indirect subsidiaries have shared voting power over 18,207,741 ordinary shares and shared dispositive power over 23,784,039 ordinary shares.

7 Based on a Schedule 13G filed with the SEC on February 12, 2019. Invesco Ltd. has sole voting power over 23,007,752 ordinary shares and sole dispositive power over 24,340,400 ordinary shares. Invesco Ltd., in its capacity as a parent holding company to its investment advisers, may be deemed to beneficially own 24,340,400 ordinary shares of the Company which are held of record by clients of Invesco Ltd. and no client's interest in the company is more than 5% of the total outstanding ordinary shares.

8 Based on a notification received by the Company on February 23, 2018 which includes convertible or other financial instruments. The holding of 22,321,901 ordinary shares would be the result of trigger events contained in convertible or other financial instruments. Crédit Agricole Group holds the voting rights and/or convertible or other financial instruments through a chain of controlled undertakings: Amundi SA, Amundi Deutschland, Amundi Hong Kong, Amundi Japan, Amundi Singapore, BFT Investment, Cali Europe, CPR Asset Management, Crédit Foncier de Monaco, Crédit Agricole Corporate and Investment Bank, SG Gestion, Etoile Gestion, Gestion Privee Indosuez, LCL SA, and Spirica.

Directors' Indemnities

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

Company Details and Branches Outside the United Kingdom

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

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

Dividend

For each quarter in the year ended December 31, 2018, the Board declared an interim quarterly dividend of $0.13 per share.

Employees

Promoting Cultural and Ethnic Diversity

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

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

Providing Employment to People with Disabilities

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

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

Strengthening Social Dialogue

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

The Company's European Works Council ("EWC") meets at least twice a year. Negotiations have started in order to include all of our European entities within the EWC by the end of 2019.

Internal Communication

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

Labor Relations and Collective Agreements

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

Greenhouse Gas Emissions

The annual quantity of greenhouse gas emissions measured in tons of carbon dioxide equivalent resulting from activities for which the Company is responsible is described in the table below:

Total Greenhouse Gas Emissions (Scopes 1 and 2)* **(in metric tons CO_2 equivalent)**	**2017** Direct emissions	**2017** Indirect emissions	**2018** Direct emissions	**2018** Indirect emissions
Projects (Construction sites and Yards/Bases)	208,528	145,874	319,523	9,010
Assets Including:	274,678	47,571	254,535	60,401
Industrial sites	9,109	26,862	10,968	40,778
Fleet	264,024	0	242,117	21
Offices	1,545	20,709	1,450	19,602
Total emissions by Scope	483,206	193,445	574,058	69,411
Total Emissions GHG	676,651		643,469	

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

Total Greenhouse Gas Emissions from purchase of (in metric tons CO_2 equivalent):	**2017**	**2018**
Electricity	193,445.00	69,304
Heat	0.04	87
Steam	0	0
Cooling	0.18	20
Total Emissions	193,445.22	69,411

GHG Emissions Intensity

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

(in kg eq. CO_2/hours worked)	2017	2018
Total GHG Emissions Intensity	3.58	4.07

Methodology

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

The reporting period is the 2018 calendar year. Figures for environmental indicators have been extracted from the Company reporting tool for the period from January 1, 2018 to December 31, 2018.

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

Events since December 31, 2018

No significant events since December 31, 2018 are reported.

Future Developments

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

Change of Control

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

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

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

Political Donations

The Company has not made any political donations or incurred any political expenditure during the year ended December 31, 2018. In addition, the Company has not made any contributions to a non-E.U. political party during the year ended December 31, 2018.

Financial Risk Management Objectives/Policies and Hedging Arrangements

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

Research and Development

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

Directors' Responsibility Statements

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

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

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

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

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

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

Statement as to the U.K. Annual Report

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

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

a. the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

b. the Directors' Report and Strategic Report include a fair review of the development or performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Statement as to Disclosure to Auditors

The directors confirm that:

c. so far as they are each aware, there is no relevant audit information of which the Company's and its consolidated subsidiaries' auditor is unaware; and

d. they have each taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's and its consolidated subsidiaries' auditor is aware of that information.

On behalf of the Board

Thierry Pilenko
Director and Executive Chairman
March 15, 2019

CORPORATE GOVERNANCE REPORT

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

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

Board Composition and Independence

The Company's current Board consists of 14 members, 12 of whom are independent under the rules of the NYSE. Directors' biographies can be found at https://www.technipfmc.com/en/who-we-are/board-of-directors.

The Company's Governance Guidelines state that candidates for the Board, in order to be nominated by the Nominating and Corporate Governance Committee (or a subcommittee thereof), must be qualified and eligible to serve under applicable law, the Articles of Association and the NYSE and Euronext rules, and should have:

- a high level of personal and professional integrity;
- strong ethics and values;
- the ability to make mature business judgments; and
- significant prior business leadership experience.

In addition, the Governance Guidelines provide that the Nominating and Corporate Governance Committee, or relevant subcommittee, may consider additional factors when determining whether a candidate is qualified to serve on the Board, including (a) the candidate's experience in corporate management, as a board member of another publicly held company, and in finance and accounting and/or compensation practices; (b) the candidate's professional experience relevant to our industry; (c) leadership skills; (d) cultural perspective and diversity of thought; and (e) ability to commit the time required for service on our Board.

The following table lists each of our directors and their respective ages and positions as of the date of this U.K. Annual Report. The business address of all our directors is c/o TechnipFMC plc, One St Paul's Churchyard, London, EC4M 8AP, United Kingdom.

Name	Age	Current Position and Date of First Appointment
Douglas J. Pferdehirt	55	Director and Chief Executive Officer (January 11, 2017)
Thierry Pilenko(1)	61	Director and Executive Chairman (January 11, 2017)
Arnaud Caudoux	48	Director (January 16, 2017)
Pascal Colombani(2)	73	Director (January 16, 2017)
Marie-Ange Debon	53	Director (January 16, 2017)
Eleazar de Carvalho Filho	61	Director (January 16, 2017)
Claire S. Farley	60	Director (January 16, 2017)
Didier Houssin	62	Director (January 16, 2017)
Peter Mellbye	69	Director (January 16, 2017)
John O'Leary	63	Director (January 16, 2017)
Richard A. Pattarozzi	75	Director (January 16, 2017)
Kay G. Priestly	63	Director (January 16, 2017)
Joseph Rinaldi	61	Director (January 16, 2017)
James M. Ringler	73	Director (January 16, 2017)

(1) Mr. Pilenko, who will retire as Executive Chairman at our 2019 Annual Meeting, is the current Chairman of the Strategy Committee. Mr. Pferdehirt will become Chairman of the Strategy Committee, effective May 1, 2019.

(2) Mr. Colombani will be appointed Lead Independent Director, effective May 1, 2019. Mr. Pattarozzi, our current Lead Independent Director, will not stand for re-election at the 2019 Annual Meeting. He currently serves on the Nominating and Corporate Governance Committee and Strategy Committee.

Internal Control over Financial Reporting

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

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

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

Evaluation of Disclosure Controls and Procedures

As of December 31, 2018, and under the direction of our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded as of December 31, 2018, that our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting described below. In response to the identification of the material weaknesses described below, the Company performed additional analysis and other post-closing procedures. Management believes that the Company's consolidated financial statements for the periods covered by and included in this U.K. Annual Report fairly present in all material respects the Company's financial position, results of operations and cash flows, in conformity with IFRS.

Remediation Activities of Previously Disclosed Material Weaknesses

As of December 31, 2017, our management concluded that we had not maintained effective internal control over financial reporting in the following areas:

- foreign exchange adjustments;
- information technology general controls; and
- period-end financial reporting.

The material weaknesses related to foreign exchange adjustments and information technology general controls were remediated as of December 31, 2018, as noted below. In addition, we implemented remediation activities in 2018 related to the period-end financial reporting material weakness as described below, but our management has concluded that this material weakness is not yet remediated as of December 31, 2018.

Foreign Exchange Adjustments – Remediated as of December 31, 2018

We previously reported that we did not maintain effective controls related to the calculation of temporary gains and losses from natural hedges on certain of our projects and related foreign exchange adjustments, and this control deficiency resulted in the restatement of our interim condensed consolidated financial statements as of, and for, the three-month period ended March 31, 2017. Accordingly, our management determined that this control deficiency constituted a material weakness.

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

- Implemented controls designed to ensure the accurate remeasurement of gains and losses due to foreign currency impact for the purpose of external reporting; and
- Revised the internal system for recording and tracking foreign currency gains and losses and for recording asset/liability project positions to ensure that proper remeasurement procedures are performed.

As a result of these remediation activities and based on testing of the new and modified controls for operating effectiveness, our management concluded that we remediated the material weakness related to foreign exchange adjustments as of December 31, 2018 and believes the Company’s consolidated financial statements for the periods covered by and included in this U.K. Annual Report fairly present in all material respects the Company’s financial position, results of operations, and cash flows, in conformity with IFRS.

Information Technology General Controls – Remediated as of December 31, 2018

We previously reported that we did not design and maintain effective controls over certain information technology (“IT”) general controls for information systems that are relevant to the preparation of our consolidated financial statements. Specifically, we did not design and maintain: (i) user access controls to ensure appropriate segregation of duties that adequately restrict user and privileged access to certain financial applications, programs, and data to appropriate Company personnel, including direct access to data, and (ii) program change management controls due to privileged access.

These IT deficiencies did not result in a material misstatement of the financial statements; however, the deficiencies, when aggregated, could have impacted maintaining effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports), that could have resulted in misstatements potentially impacting financial statement accounts and disclosures that would not be prevented or detected. Accordingly, our management determined that these deficiencies, in the aggregate, constituted a material weakness.

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

- Improved the control activities and procedures associated with user and privilege access to certain systems;

- Improved the control activities related to proper segregation of duties related to the affected IT systems;

- Implemented additional business process controls or improved existing business process controls, as needed, to address the risks related to the financial reports and data generated from the affected IT systems; and

- Implemented policies, procedures, and training for control owners regarding internal control processes to mitigate identified risks and to maintain adequate documentation to evidence effective design and operation of such processes.

As a result of these remediation activities and based on testing of the new and modified controls for operating effectiveness, our management concluded that we remediated the material weakness related to information technology general controls as of December 31, 2018.

Period-End Financial Reporting – Unremediated as of December 31, 2018

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

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

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

- Implemented specific policies and procedures with detailed instructions in order to adequately communicate the requirements around processes and controls;

- Implemented controls over manual journal entries and account reconciliations, including improving the timeliness and effectiveness of our review and approval procedures;

- Communicated the requirements of journal entry and account reconciliation controls to the global accounting and finance organization as part of our global accounting and finance organization training and communication;

- Expanded our corporate finance leadership team by adding individuals with the commensurate knowledge, experience, and training to properly support our financial reporting and accounting functions; and

- Improved the control activities related to account reconciliation and journal entry processes by issuing guidance regarding adequate retention of evidence of control activities.

We have implemented the above-described remediation activities in 2018. Based on testing of the new and modified controls in 2018 for operating effectiveness, our management determined that additional remediation activities, as described below, and further testing of new and modified controls were needed for 2019. Our management concluded that we have not yet remediated the material weakness related to period-end financial reporting as of December 31, 2018.

Management's Annual Report on Internal Control over Financial Reporting

Overview

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

Management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2018 based on the framework in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this evaluation, management identified material weaknesses in our internal control, as further described below. As a result of these material weaknesses, management has concluded that our internal control over financial reporting was not effective as of December 31, 2018.

A material weakness is a deficiency, or a 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.

We concluded that we had not maintained effective internal control over financial reporting in the following areas that are discussed more fully below: (i) period-end financial reporting and (ii) accounting for income taxes. These deficiencies did not result in a material misstatement of the financial statements for the year ended December 31, 2018.

Description of Material Weaknesses

Period-End Financial Reporting

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

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

Accounting for Income Taxes

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

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

Remediation Activities

Overview

Management has implemented, and continues to design and implement, certain remediation measures to address the above-described material weaknesses and enhance our system of internal control over financial reporting. Management will not make a final determination that we have completed our remediation of these material weaknesses until we have completed designing and testing of our newly implemented internal controls. Management believes the remediation measures described below will remediate the identified deficiencies and strengthen our internal control over financial reporting. As management continues to evaluate and work to enhance our internal control over financial reporting, it may be determined that additional measures must be taken to address deficiencies or it may be determined that we need to modify or otherwise adjust the remediation measures described below.

Period-End Financial Reporting

Management continues to take corrective actions in 2019 to remediate this material weakness, including:

- Providing additional training and continuous guidance to finance team members on the requirements around control processes;

- Continuously improving the timeliness and effectiveness of our review and approval procedures; and

- Further improving the control activities related to the review of adjustments to and reconciliations of financial information by issuing guidance regarding documentation and adequate retention of evidence of control activities.

Accounting for Income Taxes

Management is taking corrective actions to address this material weakness by:

- Reinforcing the proper application of the Company's global taxation tool, implemented in 2018, by issuing detailed instructions and application descriptions;

- Providing additional training to finance team members on the adequate use of the global taxation tool;

- Improving the timeliness and effectiveness of our review and approval procedures; and

- Improving the control activities related to our accounting for income taxes by issuing guidance regarding adequate documentation and retention of evidence of control activities.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal control over financial reporting during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Risk Management of Financial Reporting

The Board believes that one of its most important roles is the oversight of the Company's management of risk, which the Board accomplishes through its Enterprise Risk Management program. Management presents to the Board the risk areas that it believes to be the most significant and the plan for the assessment, monitoring and management of those risks. The Board has ultimate responsibility for overall risk management oversight; however, it has designated the Audit Committee with oversight of financial risk.

The Audit Committee discusses with management on a regular basis financial reporting, liquidity, contract management, legal and regulatory compliance, information-related risks, including cybersecurity, taxes, and foreign exchange. The Audit Committee reviews the potential financial impacts of these risks, the steps the Company takes to ensure that appropriate processes are in place to identify, manage, and control financial and business risks and that the Company has adequate insurance coverage to mitigate these risks. In cases where a practice or procedure is identified or an operational incident occurs that could heighten the possibility of a negative impact on our operations or financial results, our management reports to the Board the steps to be taken to ensure that the risk is appropriately managed.

Committees of the Board

Our Board has an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and a Strategy Committee. Each of these committees operates pursuant to a written charter setting out the functions and responsibilities of the committee, each of which may be viewed on our website at www.technipfmc.com under the heading "*About us > Governance*". The table below provides meeting and membership information for each of our Board committees in 2018:

Meetings and Membership	Audit	Compensation	Nominating and Corporate Governance	Strategy
Number of Meetings in 2018	5	5	5	5
Thierry Pilenko(1)				Chair
Arnaud Caudoux	✓			
Pascal Colombani(2)			✓	✓
Marie-Ange Debon	Chair			
Eleazar de Carvalho Filho(3)	✓		✓	
Claire S. Farley(4)		✓		✓
Didier Houssin			✓	✓
Peter Mellbye			Chair	✓
John O'Leary		✓		
Richard A. Pattarozzi(5)		✓	✓	✓
Kay G. Priestly	✓			
Joseph Rinaldi	✓	✓		
James M. Ringler(6)	✓	Chair		

1 Mr. Pilenko, who will retire as Executive Chairman at our 2019 Annual Meeting, is the current Chairman of the Strategy Committee. Mr. Pferdehirt will become Chairman of the Strategy Committee, effective May 1, 2019.

2 Mr. Colombani will be appointed Lead Independent Director, effective May 1, 2019. Mr. Pattarozzi, our current Lead Independent Director, will not stand for re-election at the Annual Meeting. He currently serves on the Nominating and Corporate Governance Committee and Strategy Committee.

3 Mr. de Carvalho Filho served on the Nominating and Corporate Governance Committee up to July 24, 2018.

4 Ms. Farley served on the Compensation Committee from July 24, 2018.

5 Mr. Pattarozzi served on the Compensation Committee up to July 24, 2018 and served on the Nominating and Corporate Governance Committee from July 24, 2018.

6 Mr. Ringler served on the Audit Committee up to July 24, 2018.

Audit Committee

As an English incorporated company with a listing on the NYSE and on Euronext Paris, the Company complies with U.K. requirements and has established an Audit Committee. The Audit Committee is responsible for oversight of the financial management and control of the Company as well as oversight of the Company's independent registered public accounting firm, who will report directly to the Committee. In compliance with DTR 7.1.1A, the Chair of the Audit Committee, Marie-Ange Debon, has competence and experience in auditing. Each of the Audit Committee members are "independent" as defined by the applicable regulations of the SEC and the Audit Committee as a whole has competence relevant to the sector in which the Company operates.

The Audit Committee charter sets forth the responsibilities of the Audit Committee, which include:

- monitoring the Company's financial reporting process;

- reviewing the Company’s consolidated financial statements and internal controls (including reporting structures) with management and the independent auditor;

- monitoring the Company’s compliance with its internal accounting and control policies, as well as legal and regulatory requirements to the extent such compliance relates to the consolidated financial statements and financial disclosures;

- selecting, subject to shareholder approval, the Company’s independent auditor, and reviewing the qualifications, independence, performance, and remuneration of such independent auditor;

- reviewing the effectiveness and performance of the Company’s internal audit function;

- reviewing the effectiveness of processes for reviewing and escalating financial-related allegations reported through the Company’s allegation hotline; and

- performing such other functions as the Board may assign to the Audit Committee from time to time.

The Audit Committee meets as scheduled by its Chair to carry out the committee’s responsibilities. The Audit Committee comprises at least four directors, selected by the Board upon the recommendation of the Nominating and Corporate Governance Committee, each of whom must be financially literate, as determined by the Board in its business judgment, and at least one of whom must qualify as a “financial expert” as defined by the applicable rule of the SEC. No member of the committee may be an affiliate of the Company or an employee or a person who receives any compensation from the Company, or any subsidiary thereof, other than fees paid for service as a director. While serving on the Audit Committee, each member shall, in the judgment of the Board, meet the independence and other requirements of the laws, rules, and regulations applicable to the Company, including the requirements of the SEC, NYSE, and Euronext Paris.

Compensation Committee

The principal duties of the Compensation Committee include:

- reviewing, evaluating, and approving the agreements, plans, policies, and programs of the Company to compensate its independent directors, the Executive Chairman, the Chief Executive Officer, and other officers, as applicable;

- consistent with equity plans approved by the Company’s shareholders, reviewing, evaluating, and approving all awards by the Company of equity securities or equity derivatives to executive officers of the Company and approving the number of equity securities or equity derivatives to be allocated to all other employees at the discretion of the Chief Executive Officer;

- reviewing the compensation disclosure to be included in the Proxy Statement for the Company’s annual meeting, as well as the description of the Company’s directors’ remuneration policy and the annual remuneration report, which form part of the Company’s annual report;

- producing the Compensation Committee Report to be included in the Company’s Proxy Statement;

- reviewing, evaluating, and approving the directors’ remuneration policy and the directors’ remuneration report;

- otherwise discharging the Board’s responsibilities related to compensation of the Company’s executive officers and directors; and

- performing such other functions as the Board may assign to the Compensation Committee from time to time.

The Compensation Committee meets as scheduled by its Chair to carry out the committee's responsibilities. The Compensation Committee comprises at least four directors, selected by the Board upon the recommendation of the Nominating and Corporate Governance Committee, a majority of whom must satisfy certain enhanced membership requirements outlined in the Compensation Committee Charter. While serving on the Compensation Committee, each member shall, in the judgment of the Board, meet the independence and other requirements of the laws, rules, and regulations applicable to the Company, including the requirements of the SEC, NYSE, and Euronext Paris.

Nominating and Corporate Governance Committee

The principal duties of the Nominating and Corporate Governance Committee include:

- advising and making recommendations to the Board regarding appropriate corporate governance practices and assisting the Board in implementing those practices;
- monitoring the development and implementation of the Company's compliance program (including procedures for allegation reporting, investigation, and remediation) to ensure that the Company operates in compliance with the principles of ethical conduct and good governance;
- reviewing the Company's succession plans for the Executive Chairman, Chief Executive Officer, and other executive officers;
- identifying individuals qualified to become members of the Board and recommending director nominees for election at the annual meeting or for appointment to fill vacancies on the Board;
- recommending directors to serve on each committee of the Board and recommending the Lead Independent Director;
- leading the Board in the annual performance evaluation of the Board and its committees; and
- performing such other functions as the Board may assign to the Nominating and Corporate Governance Committee from time to time.

The Nominating and Corporate Governance Committee meets as scheduled by its Chair to carry out the committee's responsibilities. The Nominating and Corporate Governance Committee comprises at least four directors, selected by the Board upon the recommendation of the Nominating and Corporate Governance Committee. No member of the committee may be an affiliate of the Company or an employee or a person who receives any compensation from the Company, or any subsidiary thereof, other than fees paid for service as a director. While serving on the Nominating and Corporate Governance Committee, each member shall, in the judgment of the Board, meet the independence and other requirements of the laws, rules, and regulations applicable to the Company, including the requirements of the SEC, NYSE, and Euronext Paris.

Regarding its role in recommending candidates for the Board, the Nominating and Corporate Governance Committee advises the Board with respect to the combination of skills, experience, perspective, and diversity of gender, race, international perspectives, and cultural sensitivity that its members believe are required for the effective functioning of the Board considering our current business strategies and regulatory, geographic, and market environment.

Strategy Committee

The primary responsibilities of the Strategy Committee include:

- reviewing the development and implementation of the Company's long-term global strategy, risks, and opportunities relating to such strategy, and strategic decisions regarding major asset acquisitions, divestitures, joint ventures, and strategic alliances by the Company; and

- performing such other functions as the Board may assign to the Strategy Committee from time to time.

The Strategy Committee meets as scheduled by its Chair to carry out the committee's responsibilities. The Strategy Committee comprises at least four directors, selected by the Board upon the recommendation of the Nominating and Corporate Governance Committee.

Code of Business Conduct

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

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

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

Diversity Policy

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

In particular, the Company has identified advancing gender diversity as one of its sustainability pillars. In the first quarter of 2018, an action plan was to set up a global framework and key performance indicators for the year 2018 and onwards, to promote and accelerate the development of women in all functions and parts of the organization. The plan includes training actions to raise the awareness of all employees that will be rolled-out in 2019. Advancing gender diversity at all levels is not only a matter of responsibility, it is a business imperative for our success.

Significant Shareholdings

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

On behalf of the Board

Thierry Pilenko
Director and Executive Chairman
March 15, 2019

DIRECTORS' REMUNERATION REPORT

Introduction and Compliance Statement

The purpose of this Directors' Remuneration Report is to inform shareholders of the remuneration of the directors of TechnipFMC for the period ended December 31, 2018. This report is divided into two sections:

i. the letter from the Chair of the Compensation Committee; and

ii. the Annual Report on Remuneration for 2018.

Pursuant to English law, the Directors' Remuneration Report forms part of the statutory annual report of the Company for the year ended December 31, 2018 and has been prepared by the Compensation Committee on behalf of the Board in accordance with the laws, rules, and regulations applicable to the Company.

The Annual Report on Remuneration (elements of which are audited) describes the directors' fixed and variable pay, share awards, benefits, and pension arrangements, as required by Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "U.K. Regulations"). The Annual Report on Remuneration will be subject to a non-binding advisory shareholder vote at the 2019 Annual Meeting.

Letter from the Chairman of the Compensation Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report of the Company, covering the period from January 1, 2018 to December 31, 2018.

Remuneration Framework in Context

The Company operates a complex, capital intensive, global business in a highly competitive industry that is experiencing significant commodity price volatility. We deliver solutions to address some of the most complex engineering and technical challenges in the oil and gas industry, and our solutions add value to some of the largest capital investments in the world. We have identified an opportunity to change the way projects are conceived and executed in the industry, and believe the successful execution of our strategy and achievement of Merger synergies will deliver significant value to our customers, and to shareholders. To achieve our objectives, it is critical that our compensation structures allow us to:

- retain and motivate our key executive talent and attract new talent who possess the skills necessary to execute the fundamental change in our business; and
- create a global executive team to execute our Merger plans quickly and effectively, who are focused on collaboration, teamwork, and the achievement of Merger synergies and shareholder value.

Our approach to compensation is driven by the markets in which we primarily compete for international talent, and by our main listing jurisdiction, the NYSE. However, we are sensitive to the compensation governance practices prevalent in the United Kingdom and recognize that some characteristics of our current programs may not be consistent with those practices. One characteristic of our program that differs from typical U.K. practice but is common and competitively appropriate within our market includes the use of equity for compensating non-executive directors. Equity is a common component of non-executive director compensation within our compensation and performance peer groups, where it is widely considered to be a "best practice" for non-executive directors to receive a proportion of their annual compensation in equity. As such, our compensation policy is consistent with the practices of our peers, the majority of which are also listed on the NYSE. We comply with the remuneration reporting requirements associated with our NYSE listing. In addition, as a U.K.-registered company we report our remuneration arrangements to comply with the U.K. Regulations.

Remuneration Arrangements in 2018

In our second year as a combined TechnipFMC, we continued integrating our business and executing our strategies outlined at the time of the Merger. Our post-Merger executive compensation philosophy and compensation program were designed to support the Company as we integrate and focus on execution and delivering shareholder value. Our directors' compensation philosophy continues to consider both the short- and long-term needs of our business, as well as market best practices and shareholder interests.

While 2018 presented a competitive and challenging environment, our strong project execution capabilities and integrated business models have reinforced our market leadership. In 2018, a majority of all compensation at target was performance-based with distinct objectives tied to key projects and responsibilities. In particular, annual incentives focused on our short-term goals, including continuing the business transformation that commenced with our Merger and the realization of Merger synergies, while long-term incentives reflect longer-term priorities, such as capital efficiency and shareholder value creation. The compensation outcomes for 2018 reflected our strong performance against these objectives. Our executive directors met the majority of their personal objectives for 2018. As such, the annual incentive for 2018 will pay out at 65% of maximum for the Executive Chairman and at 65% for the Chief Executive Officer.

No long-term incentive awards granted to the executive directors following the Merger vested in respect of 2018. Awards of Stock Options and Performance Stock Units awarded to the Executive Chairman in 2016 partially vested in 2018, as detailed in the paragraph entitled "*Certification of performance conditions of prior Technip awards to Executive Chairman*" of this report.

In addition, the following modifications were made to our compensation program for 2018:

- Annual Incentive: Replaced the Synergies metric in the Business Performance Indicator with earnings before interest, taxes, depreciation, and amortization (**"**EBITDA") as a percentage of revenue to underscore our strategic objective of growing margins and profitability across our business segments.

- Long-Term Incentive:

    - Eliminated the long-term incentive grant for our Executive Chairman due to the three-year vesting requirement of our equity awards and the transitory nature of the role. The Executive Chairman's compensation for 2018 consisted only of base salary and the annual incentive.

    - Maintained our Chief Executive Officer's long-term incentive award opportunity identical to his awards from 2017, in line with peer group comparisons.

Proposed Remuneration Arrangements for 2019

In February 2019, taking into consideration changes in our peer company practices, the Committee decided to increase the target long-term incentive grant of our Chief Executive Officer by 11%. This decision increases the percentage of compensation that is variable which creates a stronger alignment with our shareholders' interests and incentivizes shareholder value creation, in line with our compensation philosophy. Salary and annual incentive elements will remain unchanged for our Chief Executive Officer. This adjustment remains within the limits of our Remuneration Policy as approved by our shareholders at our 2018 Annual General Meeting of Shareholders. It is intended that no equity grants will be made to our Executive Chairman in 2019.

Shareholder Engagement

Following the completion of the Merger, our Board and executive team launched a shareholder engagement program to solicit feedback on the Company's strategy, performance, governance, executive compensation, and sustainability initiatives.

We have continued our shareholder engagement program to focus on developing long-term relationships with our shareholders and to maintain an open communication system whereby our shareholders can express their perspectives and ensure that these perspectives are taken into consideration by our Board and executive team. Key highlights of our 2018–2019 recent shareholder engagement program included:

- We contacted shareholders representing approximately 58.7% of our ordinary shares outstanding (based on 458,831,450 ordinary shares outstanding on June 30, 2018).
- We held 16 in-person and telephonic meetings with shareholders representing approximately 27.7% of our ordinary shares outstanding.
- Our current Lead Independent Director participated in meetings with shareholders representing approximately 26.2% of our ordinary shares outstanding.
- Additionally, some shareholders did not require a meeting as they either indicated their support for our compensation and governance practices or did not have questions regarding our compensation or governance practices.

Shareholder feedback on our new executive compensation program focused primarily on the themes highlighted below:

- Development of our compensation program, with a focus on the Compensation Committee's process for determining components, metrics, and performance standards;
- Annual and long-term incentive plans and how the metrics and targets tie to Company objectives regarding performance and Merger integration;
- Compensation disclosures, including the Company's commitment to transparency; and
- The tenure and transition of executive director roles.

The Compensation Committee considers carefully the results of the shareholder advisory vote as it completes its annual review of our compensation program. In addition, our Board and executive team maintain a shareholder engagement program to solicit feedback on the Company's strategy, performance, governance, executive compensation, and sustainability initiatives. We believe that engagement with our shareholders is important as we seek to develop long-term relationships with our shareholders and ensure that they fully understand our strategy and the ways in which we seek to unlock value across our business portfolio. Our Board and executive team are committed to building and maintaining open communication whereby shareholders can express their perspectives with the appropriate audiences within the Company. An integral component in the evaluation and review of our compensation program is our shareholder engagement initiatives.

We look forward to hearing your views on our remuneration arrangements, and your continued support at the 2019 Annual Meeting.

Yours sincerely

James M. Ringler
Director and Compensation Committee Chairman
March 15, 2019

Annual Report on Remuneration for the Year Ended December 31, 2018

The Compensation Committee presents the Annual Report on Remuneration, which will be submitted to shareholders as an advisory vote at the 2019 Annual Meeting. Some of the information contained in the Annual Report on Remuneration is subject to audit. Where the information is subject to audit, the information subject to audit is identified in the relevant heading.

Remuneration for Executive Directors

Single Total Figure of Remuneration – Audited Information

The below table sets forth the single figure of remuneration for the period ended December 31, 2018 and 2017 for each of the Company's executive directors: the Chief Executive Officer and the Executive Chairman. This comprises the total remuneration received by each executive director since January 1, 2018.

Year	Salary(1)	Taxable benefits(3)	Annual incentive	Long-term incentive awards(5)	Pension related benefits	Total
Chief Executive Officer						
2018	$1,230,000(2)	$122,231	$2,154,499	$9,705,207	$190,796	$13,402,733
2017	$1,116,667	$114,603	$2,272,556	$9,057,851	$125,003	$12,686,680
Executive Chairman(4)						
2018	$1,061,194	$110,492	$1,758,397	$0	$29,983	$2,960,066
2017	$1,023,929	$125,403	$1,954,680	$5,820,342	$28,563	$8,952,917

1 Base pay provides a fixed level of compensation to our executive directors that reflects their responsibilities, job characteristics and scope, performance, experience, and skill set and is reviewed annually and subject to adjustment based on individual performance, experience, business conditions, market factors, and comparable market data from the Company's peers.

2 Base pay for the Chief Executive Officer reflects his salary of $1,200,000 for the period January 1, 2018 to February 28, 2018, and $1,230,000 for the period March 1, 2018 to December 31, 2018. Base pay for the Executive Chairman reflects his salary for 2018. The salary for the Executive Chairman was unchanged from 2017. The difference shown is only attributable to the difference in the currency exchange rates.

3 The taxable benefits column line for 2018 for the Chief Executive Officer includes: (i) personal use of company automobile of $3,555; (ii) reimbursed cost of spousal travel for Company business functions of $13,142; (iii) financial planning of $18,000; (iv) security program of $40,013; (v) Company provided apartment in Paris, France of $46,531; and (vi) club membership of $990. Taxable benefits for the Executive Chairman include: (i) reimbursed cost of spousal travel for Company business functions of $70,574; (ii) financial planning and personal tax assistance of $28,979; and (iii) international medical coverage of $10,939.

4 The amounts reported as salary, taxable benefits, annual incentive, and pension related for the Executive Chairman were paid in Euros. These amounts were converted to U.S. dollars utilizing an average of the Euro to U.S. dollar exchange rates on the last day of each month during each reporting year (1.179104). Also includes $102,393 and $106,119 in 2017 and 2018 respectively, earned under the 2014 legacy Technip Cash Incentive Plan. The performance conditions under the plan were certified in 2016 prior to the Merger. However, the plan required continued employment through the payment dates of December 2017 and December 2018.

5 Amounts disclosed in the Long-term incentive awards column for the Chief Executive Officer represent the sum of the aggregate grant date fair value of options, time-based restricted stock units, and performance-based restricted stock units subject to either performance (ROIC) or market-based (TSR) vesting conditions. Determination of fair value was made in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. With respect to restricted stock units subject to performance-based (ROIC) vesting conditions and time-based restricted stock units, the aggregate grant date fair value of such awards was based on the Company's share price on the grant date of the awards and the assumption that target performance was probable to occur, as of the date of grant. With respect to restricted stock units subject to TSR market-based vesting conditions, the grant date fair value of such award was determined utilizing a Monte Carlo simulation as disclosed in our Form 10-K filed on March 11, 2019. The maximum award value of performance-based stock subject to both performance conditions and market-based conditions is $11,155,726 and $12,450,470 for 2017 and 2018 grants for the Chief Executive Officer and $7,476,018 for the 2017 grant for the Executive Chairman. Also includes $102,393 in 2017 and $59,729 incentive compensation earned under the 2014 legacy Technip Cash Incentive Plan. The performance conditions under the plan were certified in 2016 prior to the Merger. However, the plan required continued employment through the payment dates of December 2017 and December 2018.

Pension Contributions and Other Retirement Plans – Audited Information

Retirement benefits for 2018 have been calculated in line with the U.K. reporting regulations. Details of the pension accrued in each of the pension schemes, the U.S. Qualified Savings Plan, the U.S. Non-Qualified Savings Plan and the French Supplemental Retirement Plan (which are defined contribution schemes) by the Chief Executive Officer and the Executive Chairman in respect of qualifying services are shown below. The value of the pension under each of the pension schemes is calculated based on the Company's contributions which are based on a percentage of employee salary.

Retirement contributions for the Chief Executive Officer relate to our U.S. Qualified Savings Plan and U.S. Non-Qualified Savings Plan. Pension contributions for the Executive Chairman relate to our French Supplemental Retirement Plan, known as an "Article 83" pension. Further details are set out in the paragraph entitled "*Pension Entitlements*" of this report.

In December 2016, the Executive's Chairman's supplemental defined benefit retirement plan known as an "Article 39" pension was terminated and the retirement benefits were converted to a lump sum amount payable in two equal installments in 2017 and 2018 of €1,950,000. Further details are set out in the paragraph entitled "*Pension Entitlements*" of this report.

Values relating to DC schemes	Accrued pension at year end $000	Company contributions over year $000	Normal retirement age
Chief Executive Officer	$2,179	$191	N/A
Executive Chairman	N/A	$30	62

Components of Chief Executive Director Remuneration

Our remuneration program reflects the Company's size, geographical footprint, and breadth of services, along with the challenges in executing the Merger objectives and the on-going transformation of the Company, while continuing to execute on projects and solutions for our clients. In order to attract and retain the needed level of executive director talent, 2018 remuneration for our Chief Executive Officer consisted of three primary elements that are allocated between fixed, annual, and long-term compensation, and are designed to reward service and performance: base salary, annual cash incentive bonus, and long-term equity awards.

Element	Vehicle	Percent of Target Total Compensation in 2018	Key Characteristics
Base Salary	Cash	CEO: 11%	▪ Fixed cash compensation for executing the major responsibilities of respective roles ▪ Set based on level of responsibility, experience, performance, and comparison to key peer groups
Annual Incentive Bonus	Cash	CEO: 14%	▪ Variable compensation paid in cash **EBITDA[2]** *25%* **Working Capital Days[2]** *25%* **EBITDA % Revenue[1]** *25%* **Individual Performance Measures[2]** *25%*
Long-Term Incentives[3]	PSUs 60%	CEO: 45%	▪ Performance-based equity ▪ Performance is measured over a three-year period and is subject to three-year cliff vesting ▪ Earned based on achievement of challenging performance goals related to: **TSR[4] vs. Peer Group** *50%* **ROIC** *50%*
	RSUs 20%	CEO: 15%	▪ Encourage retention while rewarding increases in stock price ▪ Subject to three-year cliff vesting
	Stock Options 20%	CEO: 15%	

1 The three Business Performance Indicators ("BPI") make up 75% of the annual incentive opportunity in the aggregate.
2 The Annual Performance Incentive ("API") makes up 25% of the annual incentive opportunity.
3 "PSUs" are performance-based restricted stock unit awards, and "RSUs" are time-based restricted stock unit awards.
4 "TSR" refers to total shareholder return.

Cash Compensation: Annual Incentive – Audited Information

Our annual cash bonus plan is designed to focus management on performance factors important to the continued success of their business units and on our overall performance in a particular year. The annual cash bonus comprises two performance-based components – one based on Company performance and the other based on individual performance:

- Company Performance: The Business Performance Indicator ("BPI") represents 75% of the annual incentive.

- Individual Performance: The Annual Performance Incentive ("API") is a qualitative component that represents 25% of the annual incentive.

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

The table below sets out the measures and targets in respect of 2018, and our executive directors' achievement against those targets.

BPI component (75% of Annual Incentive)

The Compensation Committee annually establishes BPI targets and reviews the performance measures at its February meeting. In 2018, the Compensation Committee selected three equally-weighted measures, which reflected the Company's strategic priorities: Working Capital Days, EBITDA ($M), and EBITDA (% of revenue).

In setting the minimum, target, and maximum goals for 2018, the Compensation Committee considered our internal budgeted goals, the overall business climate, the market for our products and services, and our planned strategic initiatives. The table below describes each of the measures and reports the Company's 2018 performance relative to the targets established at the beginning of the year. The measures are adjusted for the cumulative effect of changes in accounting principles, the Merger, other significant acquisitions and divestitures, and foreign exchange movements versus the assumptions of those movements at the time the targets were set. The resulting BPI multiple of the three equally-weighted measures is then multiplied by 75% of the executive director's cash incentive target bonus percentage to determine the executive director's Annual Incentive compensation payout related to achieved BPI results.

BPI Performance Measure	Definition	Importance of the Measure	Threshold (0% Payout)	Target (100% Payout)	Maximum (200% Payout)	2018 Actual Results	
						Result	Rating
Working Capital Days	Average number of days to convert working capital into revenue	Measures our efficiency of using operating capital to operate the business; our contract arrangements typically result in negative working capital due to advance payments and milestone payments	86 days	93 days	101 days	88 days	0.30
EBITDA (in millions)	Earnings before interest, taxes, depreciation, and amortization	Facilitates comparison with peer companies by excluding the effect of different capital structures and financing decisions	$1,135	$1,450	$1,711	$1,653	1.78
EBITDA (% of revenue)	Earnings before interest, taxes, depreciation, and amortization, calculated as a percentage of revenue	Reflects the performance and sustainability of the business, leveraging cost efficiencies, and driving profitability improvement	9.5%	11.9%	14.0%	13.2%	1.62
2018 BPI Rating							**1.23**

API Component (25% of Annual Incentive)

A review of individual performance is conducted annually in February to determine the API component of the Annual Incentive. Performance against objectives is established in the beginning of the year. The API objectives for the Chief Executive Officer were set by the Compensation Committee without the CEO being present and were also evaluated by the Compensation Committee. The API rating is based on the achievement of both quantifiable performance objectives as well as other, more qualitative objectives, and are subject to a rigorous evaluation process. The following describes the 2018 API objectives that were subjectively evaluated to determine, in part, their performance for purposes of calculating their API measure.

Douglas J. Pferdehirt – Chief Executive Officer

Mr. Pferdehirt's 2018 individual performance objectives related to:

- Strategy and growth, including implementing plans to enhance shareholder value, sector differentiation, and long-term growth, as well as consistently and clearly communicating this strategy to stakeholders;

- Execution of key deliverables as they relate to developing integrated solutions and new technology-related inbound orders;

- Realization of Merger integration synergies;

- Executive team and organizational culture development; and

- Promoting the Company's foundational beliefs and core values, including objectives related to safety and sustainability.

Thierry Pilenko – Executive Chairman

Mr. Pilenko's 2018 individual performance objectives related to:

- Strategy and growth, in collaboration with the Chief Executive Officer, including supporting management to develop plans to enhance shareholder value, sector differentiation, and long-term growth;

- Execution of key deliverables as they related to a number of key customer contracts, including Prelude FLNG and Yamal LNG, along with supporting the implementation of the digital transformation strategy;

- Realization of Merger integration synergies, in collaboration with the Chief Executive Officer;

- Supporting management in the development of the executive team and organizational culture, as well as managing the transition of key relationships with French stakeholders; and

- Effective Board leadership.

Overall Bonus Pay-Out for 2018

Performance target	Chief Executive Officer	Executive Chairman
BPI	$1,531,811	$1,174,741
API	$622,688	$477,537

Long-Term Incentive Awards – Audited Information

<u>*Long-Term Incentive Plan ("LTIP") awards*</u>

Certification of performance conditions of prior Technip awards to Executive Chairman

The performance conditions attached to the LTIP awards granted by Technip to the Executive Chairman on July 1, 2016 and December 6, 2016 partially vested in 2018. The achievements in reference to 2018 performance targets were certified at 100% in February 2019.

The tables below show the current position against performance targets for outstanding LTI awards.

Stock Options

Performance Measure	Target Performance	Maximum (100% vesting)	Actual performance
Relative TSR performance (1/2)	Above 8th rank amongst Performance Peer Group for 2017 and 2018	Above 8th rank amongst Performance Peer Group for 2017 and 2018	6th
EBITDA (1/2)	≥$1.45 M	≥$1.45M	$1.65M

Performance Stock Units

Performance Measure	Target Performance	Maximum (100% vesting)	Actual performance
Relative TSR performance (1/3)	Above 8h rank amongst Performance Peer Group for 2017 and 2018	Above 8th rank amongst Performance Peer Group for 2017 and 2018	6th
TRIR/HSE (1/3)	≤0.23	≤0.23	0.26
EBITDA (1/3)	≥$1.45M	≥$1.45M	$1.65M

Scheme Interests Awarded During the Financial Year – Audited Information

No awards were made to the Executive Chairman in 2018. The following comments apply to the Chief Executive Officer only.

The long-term equity components of our executive compensation program are directly linked to the principle that executive compensation should be based on performance. Long-term equity awards consist of performance-based, time-based Restricted Stock Units ("RSUs") and, time-vested stock options, which provide incentives to remain employed by the Company and enhance shareholder value since the value of such awards depends on: (i) the director's continued employment; and (ii) the value of our ordinary shares on the awards' vesting or exercise date, as applicable. It is our intention that awards will normally be granted each year in or around March. Awards to our Chief Executive Officer for 2018 were made in February 2018.

60% of the grant value of our long-term equity awards are performance-based. The percentage of vested shares received from the total performance-based restricted stock unit award the executive directors ultimately receive will be determined at the end of the applicable measurement period and will depend upon the Company's performance with respect to the following two measures for that period:

- Return on Invested Capital ("ROIC") measures both profitability, equal to annual net income divided by equity plus long-term debt, as well as how effectively the Company uses capital over a three-year period. The Company's ROIC performance is compared to pre-determined minimum, target, and maximum performance levels with the number of units vesting determined by interpolating actual results against the performance range, as described below.

- Total Shareholder Return ("TSR") measures the cumulative, three-year return that an investor receives based on the volume-weighted average price and the reinvested dividends issued over the performance period. The number of units vesting under this measure is determined by the Company's ranking as measured against the constituents of the Performance Peer Group, as described below.

The vesting period for these performance-based restricted stock unit awards is through February 26, 2021, with a performance period of January 1, 2018 through December 31, 2020.

Performance-Based Restricted Stock Unit Award Determination for Grants in 2018

The amount of the performance-based restricted stock unit awards granted in 2018 to be earned by the Chief Executive Officer can vary between 0% and 200% of the performance-based award amount granted, as noted below, and the Company's performance based on two defined measures.

Equity awards are typically set by reference to the median of our compensation peer group which comprises two separate peer groups as disclosed in the Company's Proxy Statement.

Goal/Weightings	Performance Measure	Minimum Performance	Target Performance	Maximum Performance
ROIC (50%)	Achievement of stated targets	0%	100%	200%
TSR (50%)	Ranking against Performance Peer Group	0%	100%	200%

The following table summarizes the absolute targets and associated payout levels for the ROIC measure.

Achieved Performance	Earned Performance Stock Units
Below Threshold Performance	0%
Threshold Performance	50%
Target Performance	100%
Maximum Performance or above	200%

Final performance ratings will be based on linear interpolation between these identified points.

For the TSR measure, the earned performance stock units will be based on the ranking of the Company's TSR against the constituents of the Performance Peer Group, as follows:

Percentile	Earned Performance Stock Units
Below or equal to 25%	0%
From 25% to 100%	50% - 200%

Final performance ratings will be based on linear interpolation between the 25th and 100th percentiles.

However, if the Company's TSR is negative for the performance period, the payout will be capped at the target (100%) regardless of the Company's relative percentile amongst the "Performance Peer Group" consisting of the following 13 companies:

Baker Hughes, a GE company
Chicago Bridge & Iron Company N.V.(1)
Fluor Corporation
Halliburton Company
John Wood Group plc
McDermott International, Inc.
National Oilwell Varco, Inc.
Oceaneering International, Inc.
Oil States International, Inc.
Schlumberger Limited
Saipem S.p.A.
Subsea 7 S.A.
Weatherford International plc

1 Merged with McDermott International Inc. in May 2018.

For 2018, we modified the vesting scale of how the performance stock units were earned by changing from an absolute ranking scale that was utilized for the 2017 performance measurement to a percentile ranking. This change was made to reflect that changes in the Performance Peer Group could occur over the three-year performance period and the percentile calculation provides a more transparent calculation in such instances. This change, however, was not intended to materially alter vesting and the performance payout.

Time-Based Restricted Stock Unit Awards (20% of Equity Award)

In 2018, the Compensation Committee approved grants of time-based restricted stock units to the Chief Executive Officer. Restricted stock unit awards are subject to three-year vesting terms, consistent with market practice, and require the Chief Executive Officer to remain employed through February 26, 2021 before the restricted stock units vest, with exceptions for retirement, death, and disability. Once vested, the Chief Executive Officer receives ownership and the voting rights of the underlying ordinary shares. The vesting periods serve as a retention incentive.

The number of restricted stock units granted to the Chief Executive Officer was determined by dividing the target value set for the Chief Executive Officer by the face value of our ordinary shares on the grant date.

Stock Options (20% of Equity Award)

In 2018, the Compensation Committee approved grants of stock options to the Chief Executive Officer. Stock options are subject to three-year vesting terms, consistent with market practice, and require the Chief Executive Officer to remain employed through February 26, 2021, with exceptions for retirement, death, and disability, before the options vest and become exercisable. Options are exercisable for a period of 10 years from the date of grant and have an exercise price equal to the closing price of the Company's ordinary shares as reported by the NYSE on the grant date. The vesting periods serve as a retention incentive.

The number of stock options granted to the Chief Executive Officer was determined by dividing the target value set for the Chief Executive Officer by the expected value of each option (calculated using the Black-Scholes option pricing model) on the grant date.

The following table sets forth the details of scheme interests awarded to the executive directors of the Company during the year ended December 31, 2018 pursuant to the TechnipFMC plc Incentive Plan. The awards were granted based on the closing price of FTI stock on the NYSE on the date of grant, February 26, 2018. The closing price on this day was $30.30. Scheme interests for the non-executive directors are set out in the paragraph entitled "*Statement of Directors' Shareholding and Share Interests*" of this report.

Director	Award Type	Grant date value of Award $	No. of shares subject to the Award	Exercise price (if applicable) $	% of scheme interests that would be receivable at threshold performance	Expiry of performance period (where applicable)[2]	Expiry of Award (where applicable)[3]	Percentage of salary
Chief	PSU[1]	5,219,593	172,277		0	31/12/2020		422%
Executive	RSU	1,739,978	57,425		0			141%
Officer	Option	1,739,994	193,011	30.30			26/02/2028	141%
Executive	PSU[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Chairman	RSU	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1 PSUs shares shown are at target level. Maximum performance period is 200% of shares.
2 This only applies to Performance Stock Units ("PSUs") granted under the Incentive Plan.
3 This only applies to options granted under the Incentive Plan.

Additional Information – Audited Information

Change in Control Benefits

It is our policy to offer a change in control benefit to the Chief Executive Officer to ensure that he has an incentive to continue to work in the Company's best interests during the period of time when a change in control transaction is taking place, and in order to ensure we have the ability to maintain continuity of management. It is also our policy to provide him with the assurance he will not be adversely affected by a change in control transaction without fair compensation, provided his termination is not required for cause. Finally, we believe an executive severance agreement is necessary to remain competitive in the market for skilled and experienced talent. Our change in control benefits do not include the payment of tax gross-ups. Our Executive Chairman does not have any change in control benefits. Please see the paragraph entitled "*Potential Payments Upon Change in Control*" for a further description of the terms and potential amounts payable under these agreements.

The benefits payable upon a change in control event are comparable to benefits chief executive officers in similar positions at peer companies are eligible for under their change in control agreements. The competitive nature of these benefits is annually reviewed and analyzed by the Compensation Committee with the assistance of the Compensation Committee's compensation consultant, Willis Towers Watson.

Legacy FMC Technologies Executive Severance Agreement

FMC Technologies entered into an executive severance agreement with certain executive officers including the Chief Executive Officer, which remains effective until January 16, 2019.

This legacy severance agreement provides for severance benefits if the Chief Executive Officer is terminated by the Company without cause or the Chief Executive Officer terminates employment for good reason when his responsibilities are materially changed, his salary and/or benefits are materially reduced, and/or his location is significantly changed following the Merger and prior to January 16, 2019. In such circumstances, under his legacy severance agreement, the Chief Executive Officer is entitled to receive three times his annual base pay and three times the annual target cash incentive bonus; a pro-rated payment equal to the amount of the Chief Executive Officer's annual target cash incentive bonus for the year the Chief Executive Officer is terminated; accrued but unpaid base pay and unused paid time off pay; elimination of ownership and retention guidelines; three years of additional age and service credit for purposes of benefit determination in the U.S. non-qualified retirement plans; health care, life, accidental death and dismemberment insurance, and long-term disability insurance coverage for 18 months at employee premium rates; and outplacement services.

Executive Change in Control Severance Agreement

Following the Merger, our Chief Executive Officer entered into a new executive severance agreement, which applies a "double trigger", meaning that severance benefits, including accelerated stock vesting, are only payable if, in addition to the qualifying change in control event, the Chief Executive Officer is terminated by the Company without cause, or the Chief Executive Officer terminates employment for good reason when his responsibilities are materially changed, his salary and/or benefits are materially reduced, and/or his location of employment is significantly changed. In such circumstances, the Chief Executive Officer is entitled to receive three times the greater of his annual base pay on the date of the agreement or on the date of termination; three times the greater of his average cash bonus payable in the three years prior to termination or his target annual cash bonus for the year of termination; a pro-rated payment equal to the amount of his annual target cash incentive bonus for the year he is terminated; accrued but unpaid base pay and unused paid time off pay; an amount equal to the premiums payable for health care, dental, vision, prescription drug, life, accidental death and dismemberment insurance, and disability insurance coverage for 36 months; and outplacement services.

The Executive Chairman's Service Agreement

The Company and our Executive Chairman, Mr. Pilenko, are parties to a service agreement that entitles him to a base salary of €900,000 and participation in variable remuneration plans, including an annual cash incentive targeted at 120% of his base salary with a maximum of 240% of base salary, and long-term equity under such programs as may be adopted from time to time. Mr. Pilenko's Annual Performance Indicator rating based on his individual performance was 1.50 for 2018. As noted in our 2017 Directors' Remuneration Report that was approved by shareholders at our 2018 Annual Meeting, Mr. Pilenko did not receive any grants of equity in 2018.

In addition, under Mr. Pilenko's service agreement he is entitled to the following benefits: (a) the continuation of supplementary health coverage for him and his spouse subject to such coverage being available at reasonable cost; (b) the reimbursement of the cost of up to 12 intercontinental flights per year for his spouse at the same class of ticket he is allowed for business trips; (c) car service for his business trips; (d) the reimbursement of reasonable expenses relating to preparing and filing his tax returns in France, the United Kingdom, and the United States; (e) all existing or future supplementary retirement plans for executives working in France; (f) 25 days paid holiday each year; and (g) reimbursement of various expenses related to immigration.

As a French employee, Mr. Pilenko participates in a supplementary retirement plan for executives, with fixed contributions of 8% of his annual gross compensation up to a statutory limit capped at eight times the annual French social security (Sécurité sociale) limit (approximately €25,428 for 2018).

Under the terms of his service agreement, should Mr. Pilenko's employment be terminated by us other than for cause (*i.e.*, gross misconduct, gross negligence, conviction of an arrestable offense, conduct bringing him or us into disrepute, or being prohibited from being a director) prior to our 2019 Annual Meeting, he will receive a lump sum payment equal to the salary he would have received through the date of the 2019 Annual Meeting. Upon termination of his employment other than for cause, including his announced retirement, he will also be eligible for (a) a lump sum payment equal to his annual base salary and target annual cash incentive, subject to his signing a release of claims, (b) monthly payments of his base salary and one-twelfth of his target annual cash incentive payable over 12 months as payment for a non-compete, (c) payment for all accrued but unused vacation days, and (d) subject to his continued compliance with his non-compete, continuation of his supplementary health and tax preparation reimbursement benefits for two years following his termination. If Mr. Pilenko's employment is terminated for cause, he would not be entitled to any additional payments or benefits upon termination. Upon termination for any reason other than cause, all stock options granted under legacy Technip plans, performance stock unit awards, and other awards granted prior to the Merger will continue on their existing terms and will not be forfeited.

Mr. Pilenko announced on January 8, 2019 his intention to retire from our Board after our 2019 Annual Meeting, and as such, he will not stand for re-election at the 2019 Annual Meeting. In accordance with our Incentive Plan, Mr. Pilenko will retain the ability to earn and vest in his outstanding equity awards granted in 2017.

Clawback Policy

We have adopted a compensation recovery clawback policy applicable to executive officers, including the executive directors, subject to the reporting requirements of Section 16 of the Exchange Act, that allows us to clawback and cancel previously granted or earned incentive compensation for any conduct constituting fraud, material theft of Company assets, bribery, corruption, illegal acts, gross negligence, or willful misconduct, including such conduct that requires the Company to materially restate its quarterly or annual financial or operating results.

In such events, the Compensation Committee may: (a) cancel any outstanding award granted, in whole or in part, whether or not vested or deferred, (b) require the executive to repay to the Company any gain realized or payment received upon the exercise or payment of the award valued as of the date of exercise or payment, and/or (c) reduce or offset future incentive compensation. The Compensation Committee expects to approve any necessary revisions to this policy to comply with Section 954 of the Dodd-Frank Act when the SEC approves final rules implementing the requirement.

Pension Entitlements

U.S. Savings Plans

All of our U.S.-based employees who work more than 20 hours a week, including our Chief Executive Officer, are eligible to participate in a tax-qualified savings and investment plan (the "U.S. Qualified Savings Plan"). This plan provides an opportunity for employees to save for retirement on both a pre-tax and after-tax basis. Employees can contribute between 2% and 75% of base salary and eligible incentives through pre-tax and after-tax contributions up to the maximum amount prescribed by law and our limits. We match 100% up to the first 5% of each eligible employee's contributions. Participants are 100% vested in their contributions and the employer matching contributions. For annual compensation that exceeds the maximum compensation limit required by the Code for the U.S. Qualified Savings Plan, we contribute 5% of such excess to that employee's non-qualified savings plan account discussed below. In addition, all eligible employees receive a 2% non-elective contribution, which vests after three years of service. Prior to January 1, 2019, eligible union employees did not receive any Company contributions.

Our Chief Executive Officer is also eligible to participate in a pre-tax non-qualified defined contribution plan (the "U.S. Non-Qualified Savings Plan"), which provides executives and other eligible employees with the opportunity to participate in a tax advantaged savings plan comparable to the U.S. Qualified Savings Plan. The investment options offered to participants in the U.S. Non-Qualified Savings Plan are similar to those offered in our U.S. Qualified Savings Plan. Participants may elect to defer up to 90% of their base salary and/or annual cash incentive bonus into the U.S. Non-Qualified Savings Plan. We contribute 5% of the employee's contributions to the U.S. Non-Qualified Savings Plan. Participants are 100% vested in their contributions and the employer contributions. For those participants in the U.S. Non-Qualified Savings Plan eligible to receive the non-elective contribution, we will contribute an additional 24% of the employee's contributions to the U.S. Non-Qualified Savings Plan. Similar to the U.S. Qualified Savings Plan, eligible participants in the U.S. Non-Qualified Savings Plan become vested in their non-elective contributions after three years of service. In addition, for these eligible participants, we will make a contribution to the U.S. Non-Qualified Savings Plan equal to any missed Company contribution on annual compensation that exceeds the maximum compensation limit required by the U.S. Internal Revenue for our U.S. Qualified Savings Plan. The intent of our contributions to the U.S. Non-Qualified Savings Plan is to ensure eligible employees receive the same contribution as a percentage of eligible earnings from the Company regardless of compensation level. All vested funds must be distributed upon an employee's separation from service with the Company provided, however, that there is a six-month delay for key employees as defined and required by Section 409A of the U.S. Internal Revenue Code of 1986, as amended.

French Supplemental Retirement Plan – Article 83 of the French Tax Code Regime

Our Executive Chairman participates in the supplementary retirement plan for executives with fixed contributions of 8% of the annual gross compensation up to a statutory limit capped at eight times the annual French social security (*Sécurité sociale*) limit. The statutory limit was approximately €317,856 for 2018, and we contributed €25,428 to our Executive Chairman in 2018.

French Supplemental Retirement Plan – Article 39 of the French Tax Code Regime

Our Executive Chairman participated in a retirement scheme at Technip, which provided a gross annual retirement pension to certain executives known as an "Article 39" pension. In December 2016, the Article 39 pension was terminated, and our Executive Chairman's retirement benefits were converted to a lump sum amount payable in two equal installments in 2017 and 2018 of €1,950,000. (The USD equivalent amounts were $2,218,512 and $2,299,253 for 2017 and 2018, respectively).

Payments to Past Directors – Audited Information

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

Payments for Loss of Office – Audited Information

The Company made no payments for loss of office to any directors for the period under review.

Statement of Directors' Shareholding and Share Interests

Share Ownership and Retention Requirements – Audited Information

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

Share Ownership Requirement

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

Share Retention Requirements

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

We believe that the combination of the share ownership and share retention requirements more closely aligns the interests of our executive directors with the long-term interest of our shareholders. We regularly evaluate and monitor compliance with our share ownership and retention policy, and the Board will review compliance on at least an annual basis. All executive directors met their pro rata ownership and retention requirements under the Company's policy in 2018.

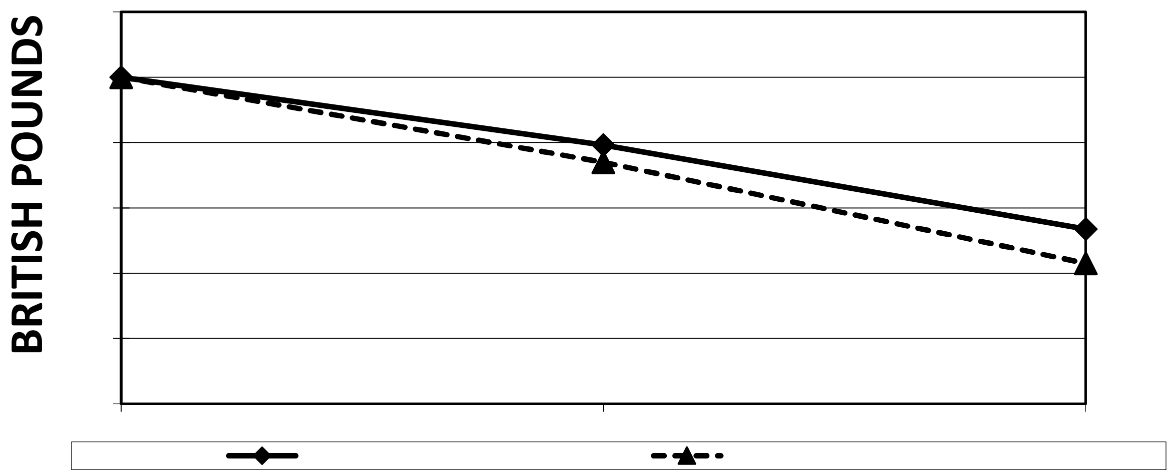
The table below sets forth the beneficial interests in the share capital of the Company held by each of the executive directors and their connected persons for the period ending December 31, 2018:

Name	Share ownership requirements (% of salary)	Number of shares required to hold[(1)]	Number of shares owned outright (including connected persons)	Vested but unexercised share options	Unvested and exercised share option	RSUs	RSUs subject to performance conditions	Weighted average exercise price of vested options	Weighted average period to vest of RSUs
Chief Executive Officer	600%	151,502	348,881	0	417,846	76,921	368,370	N/A	16 months
Executive Chairman	600%	130,075	477,000	174,870	450,000	81,001	377,502	€ 39.75	14 months

1 Number of shares required to hold based on share price as of December 31, 2018 of 19.58. The executive directors have five years from appointment to meet full ownership requirements. As of December 31, 2018, the executive directors were required to hold 40% of full ownership requirement. Unexercised stock options and RSUs subject to performance conditions where the performance period is not final are not used to meet ownership requirements.

Performance Graph and Table for the Chief Executive Officer

The following graph and table show TSR performance against PHLX Oil Service Sector Index (“OSX”) and total incentives for the Chief Executive Officer over the last year.



ASSUMES £100 INVESTED ON JAN. 17, 2017

Source: Bloomberg L.P. Data provided from first date of trading. The PHLX OSX has been chosen as it is a modified market weighted index composed of companies involved in the oil services.

Summary of Chief Executive Officer pay	2017	2018
Total single figure of remuneration	$12,688,680	$13,402,733
Bonus pay-out as a % of maximum	75%	65%
LTIP pay-out as a % of maximum	0[1]	0[1]

1 Given that awards granted under the LTIP are subject to a three-year vesting period and during 2017 and 2018 there were no pay outs, the pay-out under the LTIP as a percentage for the maximum is nil for 2017 and 2018.

Percentage of Change in Remuneration of the Chief Executive Officer

The following table shows the percentage change in the base salary, benefits, and annual incentive of the Chief Executive Officer between the year ended December 31, 2018 and the previous fiscal year compared to the average for all employees of the Company in the United States. The Company considers that the remuneration of employees in the United States is a more appropriate comparator against that of the Chief Executive Officer, rather than of the whole Company, on the basis that the Chief Executive Officer’s remuneration tracks market practice and the regulatory environment in the United States.

Category	Chief Executive Officer	United States
Salary	10%	-3%
Benefits	7%	23%
Annual Incentive	-5%	8%

Relative Importance of Spend on Pay

The table below sets out data for 2017 and 2018.

Relative spend information	2017	2018
Remuneration for all global employees	$2,787,800,000	$2,640,400,000
Distributions to shareholders	$60,587,138	$238,065,468

Remuneration for Non-Executive Directors

Our non-executive director compensation program consists of cash consideration and restricted stock unit awards. Compensation for our non-executive directors was developed by the Compensation Committee with the assistance of the Compensation Committee's compensation consultant, Willis Towers Watson, and approved by the Board to reflect the practices of both U.S. and European companies as determined by references to the Company's peer groups. The Board's goal in designing non-executive directors' compensation is to provide a competitive package that enables the Company to attract and retain highly skilled individuals with relevant experience, while recognizing the historic practices of the Company's predecessor organizations and the expectations of our diverse shareholder base. Our non-executive directors' compensation is also designed to reward the time and talent required to serve on the Board of a company of our size, complexity, and geographical spread, acknowledging the significant international travel required to discharge their duties to the Company. The Board seeks to provide sufficient flexibility in the form of compensation delivered to meet the needs of individuals who are located in different countries, while ensuring that a substantial portion of directors' compensation is linked to the long-term success of the Company.

Under the terms of our Incentive Plan and Directors' Remuneration Policy, non-executive directors may earn up to $500,000 per year in the form of cash and grant date fair value of equity awards. However, the Incentive Plan grants the Board the authority to set and modify the terms of the non-executive directors' compensation to pay less than that amount.

Non-Executive Director Fees and Annual Grant of Restricted Stock Units

The following table describes the components of the Company's non-executive director compensation program for 2018 pursuant to our Directors' Remuneration Policy, which was approved at our 2018 Annual Meeting.

Compensation Element	Compensation
Annual Cash Retainer	$100,000
Annual Equity Grant	$175,000 in restricted stock units that vest after one year (included in the "Stock Awards" column of the Director Compensation Table below).
Annual Chair Fee	$20,000 for Audit Committee $15,000 for Compensation Committee $10,000 for Nominating and Corporate Governance Committee $10,000 for Strategy Committee
Annual Lead Independent Director Fee	$50,000
Committee Meeting Fee	$2,500 per committee meeting
Share Ownership Requirement	Five times annual cash retainer

The table below sets out the single figure of each of the Company's non-executive directors' earned remuneration for the year ended December 31, 2018. All payments and awards were made in accordance with the Company's Remuneration Policy.

Non-Executive Director Remuneration Table

	Fees Earned or Paid in Cash ($)[1]		Taxable Benefits		Stock Awards ($)[2]		All Other Remuneration ($)[3]		Total ($)	
Name	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**
Arnaud Caudoux	0[4]	0[4]	—	—	—	—	—	—	0[4]	0[4]
Pascal Colombani	120,000	125,000	—	—	174,980	174,982	—	—	294,980	299,982
Marie-Ange Debon	132,500	132,500	—	—	174,980	174,982	—	—	307,480	307,482
Eleazar de Carvalho Filho	125,000	120,000	—	—	174,980	174,982	—	—	299,980	294,982
Claire S. Farley	107,500	112,500	—	—	174,980	174,982	—	—	282,480	287,482
Didier Houssin	120,000	125,000	—	—	174,980	174,982	—	—	294,980	299,982
Peter Mellbye	130,000	135,000	—	—	174,980	174,982	—	—	304,980	309,982
John O'Leary	112,500	112,500	—	—	174,980	174,982	—	—	287,480	287,482
Richard A. Pattarozzi	170,000	175,000	—	—	174,980	174,982	10,000	2,500	354,980	352,482
Kay G. Priestly	112,500	112,500	—	—	174,980	174,982	—	—	287,480	287,482
Joseph Rinaldi	125,000	125,000	—	—	174,980	174,982	—	—	299,980	299,982
James M. Ringler	140,000	135,000	—	—	174,980	174,982	10,000	—	324,980	309,982

1 Includes the amount of the director's annual cash retainer, fees paid for attendance at committee meetings, and additional fees paid to the Chair of each Board committee and to the Lead Independent Director.

2 Restricted stock unit grants were made on June 14, 2018, valued at $32.16 per share, the closing price on the NYSE of the Company's ordinary shares on such date, reflecting an aggregate grant date fair value, which was computed in accordance with the SEC proxy disclosure rules and Financial Accounting Standards Board Accounting Standards Codification Topic 718, for all of the Company's non-executive directors of $1,924,802. The annual restricted stock unit grant vests after one year of service but is settled in ordinary shares only when the director leaves the Board. The restricted stock units are forfeited if a director ceases service on the Board prior to the vesting date of the restricted stock units, except in the event of death or disability. Unvested restricted stock units will be settled and are payable in ordinary shares upon the death or disability of a director or in the event of a change in control of the Company. The aggregate outstanding restricted stock units held by each of the Company's non-executive directors on December 31, 2018 was 10,855 restricted stock units. Dividend equivalents will accumulate on the restricted stock units to the extent the Company pays dividends on its ordinary shares and are payable only if and when the restricted stock units vest.

3 Amounts in this column reflect charitable contributions made by the Company in the name of directors pursuant to the matching charitable contribution program available to all employees and directors. The numbers shown reflect the matching charitable contribution amounts that were paid by the Company during the 2018 plan year, which included $2,500 for Mr. Pattarozzi.

4 Mr. Caudoux waived his cash and equity remuneration because of the policies of his employer, Bpifrance.

Statement of Directors' Shareholding and Share Interests

Summary of Share Ownership Requirements

To further align the interests of non-executive directors with the interests of the Company's shareholders, each non-executive director is expected to acquire and retain the Company's ordinary shares and/or RSUs having a value equal to at least five times the amount of each director's annual cash retainer. A director has five years from his or her initial appointment date as a director to meet this requirement. The ownership requirement is pro-rated over the five-year period. Each of the Company's non-executive directors met his/her pro-rata ownership requirements for 2018. Note that Mr. Caudoux waives his annual cash and equity remuneration because of the policies of his employer, Bpifrance, so he is not subject to any share ownership and retention requirements.

The annual RSU grant vests after one year of service but is settled in ordinary shares only when the director leaves the Board. The RSUs are forfeited if a director ceases service on the Board prior to the vesting date of the RSUs, except in the event of death or disability. Unvested RSUs will be settled and are payable in ordinary shares upon the death or disability of a director or in the event of a change in control of the Company. Dividend equivalents accumulate on the RSUs and for unvested RSUs are payable only if and when the RSU vests.

The table below details the shareholdings of non-executives as of December 31, 2018:

Non-executive director	Number of shares held outright	Interest in shares	Total number of shares held
Arnaud Caudoux	0	0	0
Pascal Colombani	820	10,855	11,675
Marie-Ange Debon	830	10,855	11,685
Eleazar de Carvalho Filho	24,205	10,855	35,060
Claire S. Farley	54,509	10,855	65,364
Didier Houssin	800	10,855	11,655
Peter Mellbye	10,993	10,855	21,848
John O'Leary	3,600	10,855	14,455
Richard A. Pattarozzi	75,167	10,855	86,022
Kay G. Priestly	9,161	10,855	20,016
Joseph Rinaldi	800	10,855	11,655
James M. Ringler	169,458	10,855	180,313

Statement of Implementation of the Directors' Remuneration Policy for the Year Ending December 31, 2019

Compensation for directors is recommended annually by the Compensation Committee with the assistance of Willis Towers Watson and approved by the Board.

The Directors' Remuneration Policy will be implemented with effect from the 2019 Annual Meeting as follows:

Salary and Benefits for the Year Ending December 31, 2019 – Executive Directors

	2018 base salary	2019 base salary	% increase
Chief Executive Officer	$1,116,667	$1,230,000	10%(1)
Executive Chairman	$1,023,929	$1,061,194	0%(2)

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1 The percentage increase of the Chief Executive relates to pro rated pay increases granted in August 2017 and March 2018. Based on a base salary increase as at December 31, 2018 and 2019, the percentage increase in salary is in fact 3%.

2 The Executive Chairman did not receive an increase in his base salary. The difference shown is the result of currency exchange rate differences between 2017 and 2018. His base salary remains €900,000.

Bonus Arrangements for Year Ending December 31, 2019 – Executive Directors

The bonus opportunity and operation for 2019 will be in line with the Directors' Remuneration Policy. The measures and weightings for each executive director for the year will be as follows:

BPI	**75%**
TechnipFMC EBITDA$	25%
TechnipFMC EBITDA % revenue	25%
TechnipFMC Working Capital Days	25%
API	**25%**
Total	**100%**

Long-term Incentive Plan Grants for Year Ending December 31, 2019 – Executive Directors

The grant of any of these awards is always subject to the discretion of the Compensation Committee. Target awards to the Chief Executive Officer in 2019 will be increased by 11% from the awards in 2018 to reflect changes in our peers' practices and to create a stronger alignment with our shareholders' interests as well as incentivize shareholder value creation, as per our compensation philosophy. These changes remain in line with the Directors' Remuneration Policy. It is intended that no awards will be made to the Executive Chairman in 2019.

For the incentive awards to be granted subject to performance conditions, representing 60% of the total awards, the stated targets for the metrics are set out below:

	Target – 100% vesting	Maximum – 200% vesting
ROIC (50%) Performance period: 2019-2021	7%	8%
TSR (50%) Performance period: 2019-2021	38th percentile	75th percentile

Performance is assessed on a straight-line interpolation between points.

TSR performance will be assessed against a performance peer group. However, if the Company's TSR is negative for the performance period, the payout will be capped at the target (100%) regardless of the Company's relative ranking amongst the performance peer group. The TSR performance measurement was modified in 2018 to reflect the ranking percentile from the absolute ranking value that was utilized for the 2017 performance measurement. This change was made to reflect that there may be changes in the performance peer group over the three-year performance period and the percentile calculation provides a more transparent calculation in such instances. The intent of the change was not to materially alter the performance payout of the metric.

Fees for Year Ending December 31, 2019 – Non-Executive Directors

Our non-executive director compensation program consists of cash consideration and restricted stock unit awards. The following table describes the components of our non-executive director compensation program.

Compensation Element	Compensation 2018	Compensation 2019	% increase
Annual Retainer	$100,000 paid in cash	$100,000 paid in cash	0%
Annual Equity Grant	$175,000 in RSUs that vest after one year	$175,000 in RSUs that vest after one year	0%
Annual Chair Fee	$20,000 for Audit Committee	$20,000 for Audit Committee	0%
	$15,000 for Compensation Committee	$15,000 for Compensation Committee	0%
	$10,000 for Nominating and Governance Committee	$10,000 for Nominating and Governance Committee	0%
	$10,000 for Strategy Committee	$10,000 for Strategy Committee	0%
Meeting Fee	$2,500 per committee meeting	$2,500 per committee meeting	0%
Stock Ownership Requirement	Five times annual retainer	Five times annual retainer	0%

Our Executive Chairman and Chief Executive Officer are employees and do not receive any additional compensation for their service as a director. Each non-executive director receives reimbursement for reasonable incidental expenses incurred in connection with the attendance at Board and committee meetings.

Activities of the Compensation Committee in 2018

The Chair of the Compensation Committee is James M. Ringler. The other members of the Compensation Committee are John O'Leary, Richard A. Pattarozzi (until July 24, 2018), Joseph Rinaldi, and Claire Farley (from July 24, 2018), all of whom are non-executive directors that the Company considers to be independent. The Compensation Committee's terms of reference (Charter of the Compensation Committee of the Board) are available on the Company's website at www.technipfmc.com under the heading "*About us > Governance*".

The Compensation Committee's responsibilities are:

- reviewing, evaluating, and approving the agreements, plans, policies, and programs of the Company to compensate its independent directors, the Executive Chairman, the Chief Executive Officer, and other officers, as applicable;
- consistent with equity plans approved by the Company's shareholders, reviewing, evaluating, and approving all awards by the Company of equity securities or equity derivatives to executive officers of the Company and approving the number of equity securities or equity derivatives to be allocated to all other employees at the discretion of the Chief Executive Officer;
- reviewing the compensation disclosure to be included in the Proxy Statement for the Company's 2019 Annual Meeting, as well as the description of the Company's directors' remuneration policy and the annual remuneration report, which form part of the Company's annual report;
- producing the Compensation Committee Report to be included in the Company's proxy statement;
- reviewing, evaluating, and approving the directors' remuneration policy and the directors' remuneration report;
- otherwise discharging the Board's responsibilities related to compensation of the Company's executive officers and directors; and
- performing such other functions as the Board may assign to the Compensation Committee from time to time.

The Compensation Committee has the sole authority to retain and terminate a compensation consultant to assist with its responsibilities, as well as the sole authority to approve the consultant's fees, which are then paid by the Company (within any budgetary constraints imposed by the Board). Our executive directors do not discuss compensation matters with the Compensation Committee's consultant, except as needed to respond to questions from the consultant.

In 2018, in order to ensure our compensation programs are aligned with peer group and industry best practices, the Compensation Committee retained Willis Towers Watson as its principal compensation consultant to provide information and advice to the Compensation Committee on executive and director compensation and related governance matters. This included evaluating our director and executive compensation programs against general market and peer data and providing updates on current executive compensation trends and applicable legislative and governance activity. In addition, Willis Towers Watson provided retirement benefit consultant services, health and group benefits consulting services, and corporate risk and broking services to management in 2018. In 2018, Willis Towers Watson was paid approximately $425,000 in fees related to executive compensation services, and $1,924,000 related to non-executive compensation services.

In February 2019, the Compensation Committee considered the independence of Willis Towers Watson pursuant to SEC rules and NYSE listing standards and requested and received a letter from Willis Towers Watson addressing Willis Towers Watson's independence, including the following independence factors: (a) other services provided to the Company by Willis Towers Watson; (b) fees paid by the Company as a percentage of Willis Towers Watson's total revenue; (c) policies and procedures maintained by Willis

Towers Watson that are designed to prevent a conflict of interest; (d) any business or personal relationships between the individual consultants involved in the engagement and a member of the Compensation Committee; (e) any ordinary shares owned by the individual consultants involved in the engagement or their immediate family members; and (f) any business or personal relationships between our executive officers and Willis Towers Watson or the individual consultants involved in the engagement. The Compensation Committee also considered that the Willis Towers Watson consultants advising the Compensation Committee derived no economic benefit from the fees paid for the non-executive compensation services. The Compensation Committee discussed these considerations and concluded that the work of Willis Towers Watson and the consultants involved in the engagement did not raise any conflict of interest.

Compensation Committee Members

All members of the Compensation Committee are independent. The Compensation Committee met five times in 2018 and all members attended each meeting.

The Compensation Committee's Activities during the Year Ended December 31, 2018

Meeting	Items discussed
February 19, 2018	• Review of variable pay trends in U.S. and European markets • Review and approve items relating to the annual incentive, both for 2017 and 2018 • Review and approve items relating to 2018 long-term equity awards, including equity pool for non-officers • Review and approve 2018 compensation for executive directors and executive officers • Review pay for performance modelling • Review and approve Directors' Remuneration Policy • Review Proxy Statement materials along with Directors' Remuneration Report • Review of clawback policies against market practice • Receive update on U.S. tax reform
April 23, 2018	• Update on share ownership guidelines • Approve Proxy Statement materials along with Directors' Remuneration Report • Discuss engagement of Compensation Committee's consultant • Receive update on 2018 annual incentive program design for employees
July 23, 2018	• Review summary of non-executive employee awards for 2018 • Review of CEO pay ratio statistics • Review results of 2018 say-on-pay vote • Review of executive compensation tally sheets • Review of annual committee calendar • Review pension harmonization in Norway
October 22, 2018	• Review Company performance under non-equity incentive plan and long-term incentive plan • General review of executive compensation practices and related regulatory trends in the United States and Europe. • Review and approve items relating to 2019 long-term equity awards, including equity pool for non-executive employees • Discuss principles of global employee share offering plan
December 2, 2018	• Review Proxy Statement disclosures on CEO pay • Discuss Executive Directors 2018 individual objectives draft self-assessments • Discuss Compensation Committee 2018 self-assessment results • Approve concept of 2019 global employee share offering plan • Appoint new Committee Secretary

Statement of Voting at Annual Shareholders' Meeting

At our 2018 annual general meeting of shareholders, 74.7% of votes cast approved our 2017 Remuneration Report with 25.3% voting against the report. The Remuneration Policy was approved by 76.7% of Shareholders with 23.3% of votes cast against the policy. The Compensation Committee considers carefully the results of the advisory votes as it completes its annual review of our compensation program. An integral component in the evaluation and review of our compensation program is our shareholder engagement initiatives.

We have continued our shareholder engagement program of soliciting feedback on our director compensation program structure and decisions, and our Compensation Committee considers shareholder feedback as it evaluates and reviews the compensation program each year.

On behalf of the Board

James M. Ringler
Director and Compensation Committee Chairman
March 15, 2019

REMUNERATION POLICY

The Remuneration Policy was approved at the annual general meeting of shareholders on June 14, 2018 and took effect from that date. There are no proposed changes to the policy, and therefore no requirement for a shareholder vote at the 2019 Annual Meeting. The policy will continue to apply until the Annual General Meeting of Shareholders in 2021, or until an earlier vote is held.

The Remuneration Policy is set out in this section for reference only.

Future Policy Table for Executive Directors

The table and accompanying notes below describe each component of the Company's executive directors' remuneration package.

Base Salary	
Purpose and link to strategy	To attract and retain exceptionally talented individuals who deliver superior operational performance in the Company's businesses and create an environment that fosters the innovation necessary for continued growth of the Company's revenue, earnings and shareholder returns.
Operation	Normally reviewed annually or following a change in responsibilities with changes usually taking effect from March 1. The Compensation Committee considers the following parameters when setting and reviewing base salary levels: • pay increases for other employees across the Company; • economic conditions and governance trends; • the individual's performance, skills and responsibilities; • base salaries of companies of a similar size and international scope; and • market pay levels. Salaries are normally paid in the currency of the executive director's home country.
Maximum payment	Salary increases will ordinarily be in line with increases awarded to other employees in the Company. The Compensation Committee reserves the discretion to increase salary levels in appropriate circumstances such as where the nature or scope of the executive director's role or responsibilities changes or in order to be competitive at the median level of peer companies. Salary adjustments may also reflect wider market conditions in the geography in which the executive director is based.
Performance assessment	Overall performance of the executive director is considered by the Compensation Committee when setting salaries annually.

Provisions to recover sums paid or the withholding of payments	Not applicable.
Pension and Other Retirements Benefits	
Purpose and link to strategy	Provides competitive post-retirement benefits.
Operation	Provision of market competitive retirement benefits that may vary based on the location. The Chief Executive Officer currently participates in the Company's U.S. Qualified Savings Plan and U.S. Non-Qualified Savings Plan. The Executive Chairman participates in a French defined contribution plan. Further detail on current pension provisions for executive directors is disclosed in the annual report on remuneration.
Maximum payment	Retirement or pension benefits vary by geography and this makes it difficult to provide a maximum payment level. Based on the single figure valuation approach, for the 2017 financial year, the executive directors' pension benefits were equal to 11% of the Chief Executive Officer’s salary and 3% of the Executive Chairman’s salary. However, it is recognized that this value may fluctuate yearly. The Executive Chairman is also entitled to a lump sum payment in settlement of his “Article 39” pension payable in two equal installments in 2017 and 2018 of $2,218,512.
Performance assessment	None.
Provisions to recover sums paid or the withholding of payments	Not applicable.
Annual Performance Bonus	
Purpose and link to strategy	Incentivizes achievement of the Company’s annual financial and strategic targets. Provides focus on key financial metrics and the individual’s contributions to the Company’s performance.
Operation	• Performance measures and stretching targets are set annually in advance by the Compensation Committee by reference to the annual operating plan. • The majority of the bonus will be based on financial performance. However, operational, strategic and individual targets may also be used. • 75% of the bonus is based on a BPI comprising financial metrics, and 25% of the bonus is based on an API comprising personal targets. • The award is usually paid out in cash after the end of the financial year.

	• The Compensation Committee has discretion to amend the level of payment if it is not deemed to reflect appropriately the individual’s contribution or the overall business performance. Any discretionary adjustments will be detailed in the following year’s annual report on remuneration. • The Compensation Committee retains the discretion to make other bonus payments on an exceptional basis when it considers this to be appropriate in the context of Company and executive performance, and when it is considered to be in the best interests of our shareholders. Where such bonuses are paid, we would seek to restrict the value to the limit in this policy. Further details of the annual bonus for 2017 and 2018 are set out in the annual report on remuneration.
Maximum payment	• The maximum annual bonus target for 2018 is currently set at 270% of base salary for the Chief Executive Officer and at 240% of base salary for the Executive Chair. This equates to 200% of target value. • For threshold performance, the bonus pays out from 0% of base salary.[1] • For “on-target” performance up to 100% of base salary may be earned.[2] • For maximum performance up to 200% of base salary may be earned.[3] The Compensation Committee retains the discretion to increase the bonus target in circumstances it deems appropriate, such as for a change in market levels.
Performance assessment	• Performance measures and stretching targets are set annually by the Compensation Committee by reference to the annual operating plan and renewed throughout the year by the Compensation Committee and the Nominating and Corporate Governance Committee. • The Compensation Committee has discretion to vary the weighting of these measures over the life of this remuneration policy. Further details are set out in the annual report on remuneration.

[1] For clarification, this should read: “For threshold performance, the bonus pays out from 0% of target value”.

For clarification, this should read: “For threshold performance, the bonus pays out from 0% of target value”.

[3] The correct target bonus examples are set out in Section IV “*Illustrations of Application of Directors’ Remuneration Policy*”.

[3] For clarification, this should read: “For maximum performance, up to 200% of target value may be earned”. The correct maximum bonus examples are set out in Section IV *“Illustrations of Application of Directors’ Remuneration Policy*”.

Provisions to recover sums paid or the withholding of payments	Clawback provisions apply as described on page 63 of the annual report on remuneration.
<u>Long-term Incentive Schemes</u>	
Purpose and link to strategy	Incentivizes executives to deliver superior long-term returns to shareholders.
Operation	Long-term incentives are granted under the TechnipFMC plc Incentive Award Plan (the "Incentive Plan"). This is an omnibus arrangement whereby a variety of award types may be granted, including: performance stock units, restricted stock units, stock options, cash settled awards and share appreciation rights. For 2018, it is currently intended that award grants comprise: • Performance Stock Units ("PSUs"): an award of shares subject to performance conditions assessed over a period of 3 years. • Restricted Stock Units ("RSUs"): an award of shares that vest 3 years from grant. • Stock options: an award of stock options that vest 3 years from grant and has a ten-year term. The type and weighting of awards granted each year is determined annually by the Compensation Committee at its discretion. A minimum of 60% will be performance based. However, it is the current intention of the Compensation Committee for the weighting for the Chief Executive Officer based on the fair value at the grant date to be, for 2018: • 60% Performance Stock Units; • 20% Stock Options and; • 20% Restricted Stock Units. The Compensation Committee has discretion to vary the weighting of the performance measures over the life of this remuneration policy. Executive directors will be eligible for any dividends paid and accumulated on RSUs and PSUs during the performance or vesting period. No dividend equivalents will be payable on Stock Options.
Maximum payment	• The maximum grant date fair value of long-term incentive awards granted to the Chief Executive Officer will be $15 million per annum. Under the terms of the Incentive Plan no more than 2,000,000 shares may be granted to any one individual in any calendar year. • PSUs pay out at 25% of maximum for achievement of threshold performance. • The Compensation Committee retains the discretion to adjust the actual value of awards granted under the Plan in

	circumstances it deems appropriate but in no way should the total exceed $15 million.
Performance Assessment (applicable to performance based RSUs only)	• Long-term incentive awards except PSUs are not subject to achievement of performance targets other than vesting periods. This is in line with market practice in the US. • For PSUs, the vesting of awards is linked to a range of performance measures that may include, but are not limited to: o a growth measure (for example, net sales, EPS); o a measure of efficiency (for example, operating margin, operating cash conversion, ROIC); and o a measure of the Company's relative performance in relation to its peers (for example, relative total shareholder return). • Measures and targets will be determined by the Compensation Committee annually at its discretion prior to grant and will be set out in the annual report on remuneration. • The Compensation Committee has discretion to amend the performance conditions in exceptional circumstances if it considers it appropriate to do so. Any such amendments would be disclosed and explained in the following year's annual report on remuneration.
Provisions to recover sums paid or the withholding of payments	Clawback provisions apply as described on page 63 of the annual report on remuneration.
<u>All Employee Share Scheme</u>	
Purpose and link to strategy	To enable executive directors to participate in share purchase schemes applicable to all-employees on the same basis as other employees.
Operation	Whilst the Company does not currently operate all employee share purchase schemes were it to obtain shareholder approval to do so during the term of the remuneration policy executive directors would be eligible to participate in such a plan on the same terms as other eligible employees not inconsistent with this policy. Such employee share purchase schemes would allow the executive directors to purchase up to $25,000 in value of shares each year at a discount (which could take the form of a matching share), not to exceed 20%.
Maximum payment	Up to $25,000 in value of the shares at a discount of up to 20%
Performance assessment	None
Provisions to recover sums paid or the withholding of payments	None

Benefits and Perquisites	
Purpose and link to strategy	To provide market competitive benefits and to facilitate the performance of executive directors in their duties.
Operation	Executive directors are eligible to receive benefits, that may include, but are not limited to: financial planning, personal tax assistance, use of company cars and club memberships (primarily business related), medical, vision and dental benefits, sickness, death and dismemberment benefits, work related travel and security expenses for the director and spouse and matching charity contributions. Benefits may vary by location. The Compensation Committee has discretion to offer additional allowances or benefits to executive directors, if considered appropriate and reasonable. These may include relocation expenses, housing allowance and school fees where an executive director has to relocate from his/her home location as part of his/her duties.
Maximum payment	The actual value of benefits and perquisites varies year on year depending on the cost to the business and individual director's circumstances. The benefits package is set at a level that the Compensation Committee considers: • provides an appropriate level of benefits depending on the role and individual circumstances; and • in line with comparable benefits in companies of a similar size and complexity in the market.
Performance assessment	None.
Provisions to recover sums paid or the withholding of payments	Not applicable.

Legacy Obligations

The Compensation Committee reserves the right to make any remuneration payments that are outside of this remuneration policy if they were agreed to prior to this remuneration policy being enacted. The Compensation Committee also reserves the right to make any remuneration payments that were agreed to prior to the relevant individual becoming an executive director of the Company. Payments include share based and cash based incentives and/or salary, benefits, pension and other payments.

Performance Target Selection

The performance targets for the annual bonus and long-term incentive plan are set each year prior to the grant date, taking into account: market practice at peer companies; practice within the wider group; and our strategic and financial business plan over the short and long-term.

The measures we select are chosen due to their link and importance to the strategy and our Key Performance Indicators. We select measures intended to provide a balance between growth, efficiency and relative outperformance.

Non-Qualified Deferred Compensation

Our U.S.-based executives, including our Chief Executive Officer, are eligible to participate in the U.S. Non-Qualified Savings Plan, which provides executives and other eligible employees with the opportunity to participate in a tax advantaged savings plan comparable to the U.S. Qualified Savings Plan. The investment options offered to participants in the U.S. Non-Qualified Savings Plan are similar to those offered in our U.S. Qualified Savings Plan. Participants may elect to defer up to 90% of their base pay and/or annual cash incentive bonus into the U.S. Non-Qualified Savings Plan. The Company contributes 5% of the employee's contributions to the U.S. Non-Qualified Savings Plan. Participants are 100% vested in their contributions and the employer contributions. For those participants in the U.S. Non-Qualified Savings Plan eligible to receive the non-elective contribution, we will contribute an additional 4% of the employee's contributions to the U.S. Non-Qualified Savings Plan (the 4% will decrease to 2% beginning in 2018). Similar to the U.S. Qualified Savings Plan, eligible participants in the U.S. Non-Qualified Savings Plan become vested in their non-elective contributions after three years of service with the Company. In addition, for these eligible participants, we will make a contribution on annual compensation that exceeds the maximum compensation limit required by the U.S. Internal Revenue Code of 1986, as amended, for our U.S. Qualified Savings Plan. The intent of our contributions to the U.S. Non-Qualified Savings Plan is so that eligible employees receive the same contribution as a percentage of eligible earnings from the company regardless of compensation level. All vested funds must be distributed upon an employee's termination or retirement from the Company.

Approach to Recruitment Remuneration

- The Compensation Committee's approach to recruitment remuneration is to pay no more than is necessary to attract appropriate candidates to the role.
- The Compensation Committee will seek to structure pay for any new director in line with the remuneration policy. The Compensation Committee does not envisage paying above the levels set out in the policy for a new executive's ongoing package.
- Where it is necessary to "buy out" an individual's awards from a previous employer, the Compensation Committee will seek to match the expected value of the awards and to grant awards that vest over a time frame similar to those given up, with a commensurate reduction in quantum where the new awards will be subject to performance conditions that are not as stretching as those on the awards given up. Where recruitment payments or awards are intended to replace pay forfeited by the individual, the value of such awards will not be limited to those limits set out in the remuneration policy, but will be determined by the Compensation Committee at its discretion.
- The Compensation Committee may agree to relocation expenses and other associated expenses when negotiating the employment conditions.
- For an internal promotion, any outstanding incentive awards or bonuses may be permitted to continue, or be adjusted to reflect the new position.
- The Compensation Committee reserves the right to make payments of fees and base salary (or annual retainer) and make benefit or annual cash bonus provisions or payments in respect of any other component of remuneration (including the terms and conditions attaching thereto) outside of the scope of the general remuneration policy (and its caps) for directors to meet individual circumstances of recruitment or in connection with any merger and acquisition activity.

Service Agreement

Our Executive Chairman is the only executive director with a service agreement. Prior to the Merger, Technip had an arrangement with Mr. Pilenko that established certain terms of employment pursuant to French laws. In connection with the Merger, the Company agreed to continue and adopt the pre-Merger terms of employment, including those mandated by French law, in order to ensure continuity during the post-Merger period until the Company's post-Merger Compensation Committee could review all executive employment arrangements. As such, the Company entered into a service agreement with Mr. Pilenko to reflect his pre-Merger employment and compensation arrangements, which entitles him to a base salary of €900,000 and participation in short- and long-term incentives. In addition, we agreed to continue to provide Mr. Pilenko with the following benefits: (i) the continuation of supplementary health coverage for him and his spouse subject to such coverage being available at reasonable cost; (ii) the reimbursement of the cost of up to 12 intercontinental flights per year for his spouse at the same class of ticket he is allowed for business trips; (iii) car service for his business trips; (iv) the reimbursement of reasonable expenses relating to preparing and filing his tax returns in France, the United Kingdom, and the United States; (v) all existing or future supplementary retirement plans for executives working in France; (vi) 25 days paid holiday each year; and (vii) reimbursement of various expenses related to immigration.

Once our post-Merger Compensation Committee reviewed all executive employment arrangements, Mr. Pilenko's service agreement was updated to reflect the ability to earn an annual cash incentive, which we offer to all of our executive officers. In addition, should Mr. Pilenko's employment be terminated by us other than for cause (i.e., gross misconduct, gross negligence, conviction of an arrestable offense, conduct bringing him or us into disrepute, or being prohibited from being a director) prior to our 2019 annual general meeting, he will receive a lump sum payment equal to the salary he would have received through the date of the 2019 annual general meeting. Upon termination of his employment other than for cause, he will also be eligible for (i) a lump sum payment equal to his annual base salary and target annual cash incentive, subject to his signing a release of claims, (ii) monthly payments of his base salary and one-twelfth of his target annual cash incentive payable over 12 months as payment for a non-compete, (iii) payment for all accrued but unused vacation days, and (iv) subject to his continued compliance with his non-compete, continuation of his supplementary health and tax preparation reimbursement benefits for two years following his termination. If Mr. Pilenko's employment is terminated for cause, he would not be entitled to any additional payments or benefits upon termination. Upon termination for any reason other than cause, all stock options granted under legacy Technip plans, performance stock unit awards, and other awards granted prior to the Merger will continue on their existing terms and will not be forfeited.

Both the executive and non-executive directors have entered into letters of appointment.

Our Chief Executive Officer and non-executive directors have not entered into service agreements. Our Chief Executive Officer has severance and change in control protections as detailed in relation to potential loss of office payments are set out in Section V below.

Illustrations of Application of Directors' Remuneration Policy

The charts below illustrate the potential value of total compensation under the remuneration policy at threshold, on-target and maximum levels of performance, categorized by fixed pay, annual incentives and long-term incentives.

For the purposes of this chart, and in line with the definitions used for "variable" pay in U.K. legislation, the value of RSUs has been included in the fixed pay column, along with salary, taxable benefits and retirement benefits.

The table below sets out the elements and approach to calculation for the above charts:

Performance	Fixed pay	Annual variable pay	Long-term variable pay
Threshold performance / Minimum pay-out	Base pay for 2018: (Chief Executive Officer: $1,200,000, Executive Chairman: $1,023,929). Taxable benefits as per the single figure of remuneration: (Chief Executive Officer: $114,603, Executive Chairman: $125,403). Retirement benefits as per the single figure of remuneration: (Chief Executive Officer: $125,003, Executive Chairman: $28,563). Face value of restricted stock awards at grant: (Chief Executive Officer: $7,317,853, Executive Chairman: $5,820,342).	n/a	n/a
On-target / "expected" performance	Fixed Pay (see above)	On-target bonus (100% of target). For 2018: 135% of salary for the Chief Executive Officer and 120% of salary for the Executive Chairman.	Performance Stock Units at 100% of target. For 2018: face value of $9,705,195 for the Chief Executive Officer and $0 for the Executive Chairman.
Maximum performance	Fixed Pay (see above)	Maximum bonus (200% of target). For 2018: 270% of salary for the Chief Executive Officer and 240% of salary for the Executive Chairman.	Performance Stock Units at 200% of target. For 2018: face value of $15,930,419 for the Chief Executive Officer and $0 for the Executive Chairman.

Policy on Payment for Loss of Office

The Compensation Committee will seek to ensure that all payments for loss of office are reasonable and in the long-term interests of shareholders and the business. The Compensation Committee will generally take into account the circumstance of the loss of office and performance of the director.

The Compensation Committee reserves the right to:

- pay legal fees, financial planning or outplacement costs;
- pay an annual bonus for the year of cessation;
- retain or accelerate vesting of outstanding long-term incentive awards; and
- continue taxable benefits and retirement benefits during the period.

It is our policy to offer severance benefits to our executive directors because we believe that severance benefits provide important financial protection to directors in the event of involuntary job loss, are consistent with the practices of peer companies and are appropriate for the retention of executive talent. Under our executive severance plan, if our Chief Executive Officer is terminated without cause, he is entitled to receive 18 months of severance pay (limited to base pay and target annual cash incentive bonus), his pro-rated target annual cash bonus through the date of termination, the continuation of medical and dental benefits for 15 months at the employee premium rate, outplacement assistance, and financial planning and tax preparation assistance for the last calendar year of employment. The availability of these severance benefits is conditioned on the Chief Executive Officer's compliance with non-disclosure, non-compete, and non-solicitation covenants.

In the event of a termination without cause, termination for good reason, or voluntary retirement, any performance-based incentive payments are subject to our actual attainment of performance goals. The terms of our executive severance plan are consistent with the market practice of large public companies surveyed by Willis Towers Watson. Change in control severance benefits, as described below, and severance benefits are exclusive of one another, and in no circumstance, would any executive director receive benefits under both a change in control and the executive severance plan.

Only the Chief Executive officer participates in the executive severance plan. The Executive Chairman's severance is governed by his service agreement. It is intended that any new executive director would be retained on similar loss of office terms to the current executives.

Non-executive directors may be terminated early by either the Company or the non-executive director giving one month's written notice. Non-executive directors are not entitled to any severance compensation on termination. However, all vested share awards will be settled at the discretion of the Compensation Committee and the Compensation Committee retains the right to accelerate vesting for any outstanding share awards.

Potential Payments upon Change in Control

It is the Company's policy to operate change in control benefits to ensure that directors have an incentive to continue to work in the Company's best interest during the period of time when a change in control transaction is taking place and in order to ensure continuity of management. The benefits payable upon a change in control are comparable to benefits offered to director positions at peer companies.

The Company has entered into an executive severance agreement with our Chief Executive Officer. Pursuant to this agreement, in the event of termination following a qualifying change in control and a qualifying adverse change in employment circumstances, the Chief Executive Officer will be entitled to the following benefits:

- full vesting of any share awards;
- three times his annual base pay and annual target bonus;
- a pro-rated payment equal to the amount of his annual target bonus for the year which he is terminated;
- accrued but unpaid base pay and unused paid time off;
- elimination of ownership and retention guidelines;
- awards granted under the Company's Incentive Plan and other incentive arrangements adopted by the Company's will be treated pursuant to the terms of the applicable plan;
- an amount equal to the total monthly premium payable for his coverage (and if applicable spouse and dependent coverage) under the Company's health, dental, vision, prescription drug life, accidental death and dismemberment insurance and long-term disability insurance coverage for 36 months;
- reimbursement for the costs of all outplacement services obtained by him within 18 months of the termination date (limited to the lesser of 15% of his base pay on termination and $50,000); and
- reimbursement for legal fees and other litigation costs incurred in good faith by the Chief Executive Officer as a result of the Company's refusal to provide severance benefits under the executive severance agreement, contesting the validity, enforceability or interpretation of the agreement or as a result of any conflict between the parties pertaining to the agreement.

The severance payment is required to be paid in a single lump sum payment no later than 30 days after the date of termination. Additionally, should our Chief Executive Officer incur a qualifying termination prior to January 16, 2019, then his severance benefits will not be less than those he would have received pursuant to the legacy change in control severance agreement he had with FMC Technologies.

A "qualifying termination" includes: (a) an involuntary termination of the Chief Executive Officer's employment by the Company and our subsidiaries for reasons other than "cause," disability or death within 24 months of the change in control; (b) a voluntary termination by the Chief Executive Officer for "good reason" within 24 months of the change in control; or (c) a breach by the Company or any successor of any provision in the executive severance agreement.

Under the executive severance agreements, an executive will be considered terminated for "cause" for:

- willful and continued failure to substantially perform the executive officer's employment duties in any material respect (other than any such failure resulting from physical or mental incapacity or occurring after an executive officer has provided notification to the Company of a voluntary termination for a "good reason") after proper written demand has been provided to the executive officer and the executive officer fails to resume substantial performance of the executive officer's duties on a continuous basis within 30 days of receipt of such demand;
- willfully engaging in conduct which is demonstrably and materially injurious to the Company or an affiliate; or
- conviction for, or pleading guilty or not contesting, a felony charge under federal or state law.

It is intended that any new executive director would be retained on similar loss of office terms to the current executive directors. Non-executive directors are not entitled to any compensation on termination and have a one-month notice period. However, all share awards will automatically be accelerated on a change of control of the Company.

Future Policy Table for Non-Executive Directors

Directors Fees	
Purpose and link to strategy	Non-executive directors' compensation is designed to reward the time and talent required to serve on the board of a company of our size, complexity, and geographical spread, acknowledging the significant international travel required to discharge their duties to the Company. The Board seeks to provide sufficient flexibility in the form of compensation delivered to meet the needs of individuals who are located in different countries, while ensuring that a substantial portion of directors' compensation is linked to the long-term success of the Company.
Operation and maximum payment	Our Incentive Plan allows the non-executive members of our Board to receive up to $500,000 annually in cash and grant date fair value of equity. The Incentive Plan, however, grants the Board the authority to pay less than the amount provided under the Incentive Plan. Non-executive directors are compensated in both cash and restricted stock units which reflects practice amongst peer companies. Fees are reviewed periodically against market levels. The table below sets out the policy for 2018: **Compensation Element** — **Compensation** Annual Retainer — $100,000 paid in cash Annual Equity Grant — $175,000 in RSUs that vest after one year (Non-executive directors will be eligible for any dividends paid and accumulated on RSUs during the vesting period). Annual Chair Fee — $20,000 for Audit Committee; $15,000 for Compensation Committee; $10,000 for Nominating and Governance Committee; $10,000 for Strategy Committee Annual Lead Director Fee — $50,000 Committee Meeting Fee — $2,500 per committee meeting Share Ownership Requirement — Five times annual retainer (over 5 years) The Compensation Committee retains the discretion to increase the value of compensation or alter the weighting of share awards and cash at its discretion, should this be considered appropriate. Where any discretion is exercised, the basis of this exercise should be disclosed in the next remuneration report.
Performance assessment	None, although overall performance of the non-executive director is considered by the Compensation Committee when setting fee levels.

Provisions to recover sums paid or the withholding of payments	Not applicable.
Other Benefits	
Each non-executive director receives reimbursement for reasonable incidental expenses incurred in connection with the attendance at Board and committee meetings. In addition, directors are eligible to participate in the matching charitable contribution program on the same terms as employees. Pursuant to this program, the Company matches 100% of the charitable contributions of our employees and directors up to an aggregate of $10,000 in any year, although the Company exercises discretion to approve matching contributions in excess of that amount from time to time. Directors who are not the Company's employees do not participate in any employee benefit plans other than the Company's matching program for charitable contributions. The Company has not made a charitable contribution to any charitable organization in which a director serves as an employee or an immediate family member of the director serves as an executive officer that exceeds in any single year the greater of $1 million or 2% of such charitable organization's consolidated gross revenues.	
Share Ownership Requirements	
To further align the interests of non-executive directors with the interests of the Company's shareholders, each non-executive director is expected to acquire and retain the Company's Ordinary Shares and/or RSUs having a value equal to at least five times the amount of each director's annual cash retainer. A director has five years from his or her initial appointment date as a director to meet this requirement. The ownership requirement is pro-rated over the five-year period. Each of the Company's non-executive directors met their pro-rata ownership requirements for 2017. The annual RSU grant vests after one year of service but is settled in Ordinary Shares only when the director leaves the Board. The RSUs are forfeited if a director ceases service on the Board prior to the vesting date of the RSUs, except in the event of death or disability. Unvested RSUs will be settled and are payable in Ordinary Shares upon the death or disability of a director or in the event of a change in control of the Company.	
Other Provisions	
The directors' appointment letters provide for a one-month notice period, unless the director is terminated for cause in which case the Company is not required to give notice. All of our non-executive directors will be subject to annual re-election from 2019 onwards. No compensation payable if required to stand down.	

Differences between Remuneration Policy for Executive Directors and Other Employees

The Remuneration Policy for the executive directors is designed with regard to the employee remuneration policy across the Company. However, there are some differences in the structure of the remuneration policy for the executive directors and other senior employees, which the Compensation Committee believes are necessary to reflect the different levels of responsibility and market practices.

Statement of consideration of employment conditions elsewhere in Company

During our first year, compensation continuity was important to ensure focus on integration and synergies. In addition, the Company undertook during its first year to harmonize pay policies in to a single benefits plan in each of our locations. As such, the Compensation Committee did not undertake a comparison with pay throughout the organization. In 2018, following further pay practice integration, the Compensation Committee will benchmark director compensation against employee compensation.

Statement of consideration of shareholder views

Directors' remuneration was presented to shareholders in the European prospectus dated January 13, 2017 made available to the public in the context of the admission to trading on the regulated market of Euronext Paris of all the Ordinary Shares of the Company prior to completion of the Merger.

Throughout 2017, the Board conducted outreach to, and met with, shareholders accounting for a substantial portion of our share ownership base. Specifically, regarding our compensation program, many of our shareholders expressed their support, while others provided constructive feedback on the program. Shareholder feedback on our executive compensation program focused primarily on the following four themes: (i) development of the compensation program; (ii) annual and long-term incentive plans and how the metrics and targets tie to Company objectives regarding performance and merger integration; (iii) compensation disclosures, including the Company's commitment to transparency, and (iv) the tenure and transition of executive director roles. This feedback was shared with the Compensation Committee and the Board.

The Compensation Committee intends to consult key shareholders on a regular basis and to respond their queries relating to director remuneration.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNIPFMC PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- TechnipFMC Plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the U.K. Annual Report and IFRS Financial Statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2018; the Consolidated Statement of Income and Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Stockholders' Equity and Company Statement of Changes in Stockholders' Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

Other than those disclosed in note 30 to the financial statements, we have provided no non-audit services to the group or the parent company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Context

TechnipFMC plc is a global provider of oil and gas projects, technologies, systems, and services. The group provides services across three distinct segments: subsea, onshore/offshore, and surface projects. Our audit was planned to take into account the impact of market conditions on the results and activities of the group.

Overview

- Overall group materiality: $80 million (2017: $100 million), based on 0.63% of Revenue.
- Overall parent company materiality: $70 million (2017: $70 million), based on 0.38% of Total Assets.

- We conducted full scope audits on 9 components and the audit of specified balances and classes of transactions on a further 31 components. The scope of work at each component was determined by its contribution to the group's overall financial performance and its risk profile.
- We engaged our network firms in Australia, Brazil, France, Indonesia, Italy, India, Malaysia, Norway, Singapore and the US to perform the audit procedures in those respective locations.
- The group audit engagement team visited France, Italy, Norway, UK and the US.
- The components where audit work was performed accounted for approximately 88% of group revenue.

- Risk of fraud in revenue recognition due to inaccurate estimates used in contracts accounted for under the over-time recognition method which are less than 90% complete (group)
- Carrying value of goodwill - subsea operating segment (group)
- Carrying value of investments (company)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practices and the wide variety of jurisdictions in which the group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or profit, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors referred to in the scoping section of our report below, so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management and group General Counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management’s controls designed to prevent and detect irregularities;
- Review of minutes of meetings of the Board of Directors;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the accounting for contracts which recognise revenue under the over-time recognition method (see related key audit matter below);
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Risk of fraud in revenue recognition due to inaccurate estimates used in contracts accounted for under the over-time recognition method which are less than 90% complete The group has a significant number of contracts which are accounted for under the over-time recognition method, accounting for approximately 88% of the group’s total revenue. Significant judgement is involved in estimating the cost to complete, including contingencies, on over-time recognition contracts. As revenue and margin	We tested key controls including the review and approval of the project management report, project margin calculation and technical contingencies. For a sample of contracts we obtained the percentage of completion calculations, agreed key contractual terms back to signed contracts, tested the mathematical accuracy of the cost to complete calculations and re-performed the calculation of revenue taken in the year based on the percentage of completion.

are recognised based on the percentage completion and estimated life of project margin, fraudulent assumptions within the estimate to complete could lead to improper and inaccurate revenue recognition. Due to the level of management judgement involved, this could be an area open to manipulation. As a contract nears completion, the complexity and uncertainty associated with the contract significantly decreases. As a result, the level of management judgement involved in estimating costs to complete decreases, therefore reducing management's ability to manipulate revenue recognition. We deemed those contracts less than 90% complete at the year end to be at most risk of material misstatement, as well as the Yamal contract given its size and complexity.	We discussed the sample of contracts selected with project managers and other members of senior management to understand the status of the contract, any changes from previous years, the key assumptions underpinning the revenue and costs, and the existence of any claims or litigation. Where variations orders had been signed in the period, we obtained a sample and agreed to the signed contract amendments. For costs incurred to date, we tested a sample to appropriate supporting documentation. To test the forecast cost to complete, we obtained the breakdown of forecasted costs and tested elements of the forecast by obtaining executed purchase orders and agreements, comparing estimated costs to other similar projects and corroborating management's judgements and assumptions to appropriate supporting documentation. We assessed the competency and objectivity of the project engineers and performed look-back tests to assess the accuracy of forecasts in previous reporting periods. We assessed the appropriateness of management's assessment of technical contingencies and the potential for liquidated damages on projects with delays. Overall, we are satisfied that the group's accounting policies for over-time contract revenue recognition is reasonable and have been appropriately applied.
Carrying value of goodwill - Subsea Operating Segment The carrying value of goodwill as at 31 December 2018 is $7.7 billion. The goodwill balance relates to a number of acquisitions, the most significant of which resulting from the merger of Technip SA and FMC Technologies Inc during 2017. Management undertook an annual impairment assessment in accordance with the published accounting policy. The low oil and gas price environment, and the impact this has had on order intake and the group's results, primarily within the Subsea market, indicated that the goodwill within this segment was impaired and a charge of $1.3 billion recognised. We focused on this area given the significant judgements involved, and complexity of valuation	We obtained managements' impairment model and tested its mathematical accuracy and confirmed the cash generating units (CGUs) identified following the acquisition are the lowest level at which management monitors goodwill. We performed audit procedures over the assumptions used in respect of forecast growth rates and discount rates. We involved our valuation specialists to corroborate the appropriateness of the discount rate used by forming an independent view of the rate using third party source data to calculate a range of acceptable rates and comparing this to the rate used in the analysis. This included discussions with management's third party experts, and understanding and assessing the scope of the

methodologies requiring the use of estimates, to determine whether the carrying value of goodwill is appropriate.	expert's work and their independence and competence. We agreed the underlying cash flow forecasts used in the models to approved budgets and forecasts. We evaluated the budgets and forecasts used within the model against current trading conditions and corroborated the reasonableness of key assumptions with external third party data and historical results of the Company, including the revenue growth in 2020 and 2021. We performed sensitivity analysis by stress testing the valuation models to determine the degree to which the assumptions would need to move before an impairment would be triggered. We reviewed the disclosures provided in the financial statements to ensure compliance with IAS 36 'Impairment of Assets'. We also assessed the work performed by management and their experts on the valuation models. Based on our work performed we conclude that the carrying value of goodwill at the year-end is appropriate and the impairment recognised in respect of the goodwill allocated to the Subsea CGU has been appropriately determined and in accordance with IAS 36. We agree with the disclosure included in Note 11.2 that any change in assumptions for the Subsea CGU could result in a material change in the impairment charge.
Carrying value of investments The total carrying value of investments presented within the Company financial statements as at 31 December 2018 is $16.6 billion. In line with IAS 36, at the reporting date, management assessed whether there were any indication that the investments in subsidiaries may be impaired. Where an impairment trigger was identified, management performed an exercise to determine the recoverable amount of the underlying investments. This resulted in an impairment charge of $1.8 billion. We focused on this area given the significant judgements involved, and complexity of valuation methodologies requiring the use of estimates.	We reviewed managements' impairment indicator assessment and concluded that it was reasonable. We obtained the impairment models prepared and tested for mathematical accuracy. We performed audit procedures over the assumptions used in respect of forecast growth rates and discount rates. We agreed the underlying cash flow forecasts used in the models to approved budgets and forecasts. We evaluated the budgets and forecasts used within the model against current trading conditions and corroborated the reasonableness of key assumptions with external third party data and historical results of the Company, including the revenue growth in 2020 and 2021.

	We reviewed the disclosures provided in the financial statements to ensure compliance with IAS 36 'Impairment of Assets'.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographical structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of a large number of components which make up the group's operating businesses within the three business unit segments: subsea, onshore/offshore and surface projects. In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the components either by us, as the group engagement team, or component auditors from other PwC network firms operating under our instruction.

The group's components vary significantly in size and we identified 9 components that, in our view, required a full scope audit due to their relative size or risk characteristics. Where component audits were performed by teams other than the group engagement team, members of the group engagement team were involved in their work throughout the audit. We maintained regular communication and conducted formal interim and year-end conference calls with all full and specified procedure component teams. Additionally, senior members of the group engagement team, including the group engagement leader, performed site visits to the France, Italy, Norway, UK and US components.

Of the 40 components in scope, we deemed one to be financially significant to the group: Yamal LNG. Senior members of the group engagement team, including the group engagement leader, visited management of this component in France.

Together these full and specific scope components audits gave appropriate coverage of all material balances at a group level. On a consolidated basis, these provided coverage of 88% of group revenue.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	***Parent company financial statements***
Overall materiality	$80 million (2017: $100 million).	$70 million (2017: $70 million).
How we determined it	0.63% of Revenue.	0.38% of Total Assets.
Rationale for benchmark applied	We considered the following benchmarks when approaching the calculation of overall materiality - total revenues, total assets, adjusted pre-tax income and EBITDA. We concluded that the most appropriate benchmark was total revenue given profitability measures continue to be depressed as a result of the pricing environment in the global oil and gas industry and not reflective of the scale of the operations of the enlarged group following the merger of Technip and FMC Technologies. Revenue is a key measure used by shareholders in assessing the performance of the group. Using auditor judgement, we determined an overall materiality level of $80 million to be a reasonable amount, which equates to 0.63% of total revenue.	We considered a benchmark of total assets when approaching the calculation of overall materiality for the parent company. We concluded that this was the most appropriate benchmark given the principal activity of the parent company is a holding company carrying the investment in subsidiaries. Using auditor judgement, we determined an overall materiality level of $70 million to be a reasonable amount, which equates to 0.38% of total assets.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $8 million and $55 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $6.5 million (Group audit) (2017: $5 million) and $5 million (Parent company audit) (2017: $5 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group’s and parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern. For example, as is the case for all UK companies, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the group and company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 and ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 62, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors’ report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company’s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 11 January 2017 to audit the financial statements for the year ended 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2017 to 31 December 2018.

Richard Spilsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
15 March 2019

CONSOLIDATED FINANCIAL STATEMENTS
TECHNIPFMC PLC
AS OF DECEMBER 31, 2018
Company No. 09909709

1. CONSOLIDATED STATEMENT OF INCOME

(In millions except per share data)	Note	Year Ended 2018		Year Ended 2017	
Revenue:	4				
Service revenue from customer contracts		$	9,793.5	$	12,210.5
Product revenue from customer contracts			2,576.0		2,651.8
Lease and other revenue			230.4		194.6
Total revenue			12,599.9		15,056.9
Costs and expenses:	5				
Cost of service revenue			7,910.5		9,977.9
Cost of product revenue			2,239.9		2,403.2
Cost of lease and other revenue			144.4		136.6
Selling, general and administrative expense			1,144.4		1,052.6
Research and development expense			189.2		212.9
Impairment, restructuring and other expenses			1,677.0		312.2
Merger transaction and integration costs			36.5		56.2
Total costs and expenses			13,341.9		14,151.6
Other income (expense), net	5		(332.9)		(31.1)
Income from equity affiliates	5		122.7		0.5
Profit (loss) before net interest expense and income taxes			(952.2)		874.7
Financial income	5		121.1		173.2
Financial expense	5		(517.5)		(506.2)
Profit (loss) before income taxes			(1,348.6)		541.7
Provision (benefit) for income taxes	6		397.0		586.1
Net profit (loss)			(1,745.6)		(44.4)
Net (profit) loss attributable to noncontrolling interests			(10.8)		(20.9)
Net profit (loss) attributable to TechnipFMC plc		$	(1,756.4)	$	(65.3)
Earnings per share attributable to TechnipFMC plc	8				
Basic		$	(3.83)	$	(0.14)
Diluted		$	(3.83)	$	(0.14)
Weighted average shares outstanding					
Basic			458.0		466.7
Diluted			458.0		466.7

The accompanying notes are an integral part of the consolidated financial statements.

2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(In millions)	Year Ended 2018	2017
Net profit (loss)	$ (1,745.6)	$ (44.4)
Exchange differences on translating entities operating in foreign currency	(178.4)	257.1
Reclassification adjustment for net gains included in net profit (loss)	(41.1)	—
Cash flow hedging	(89.4)	179.4
Income tax effect	14.2	(42.6)
Other comprehensive income (loss) to be reclassified to statement of income in subsequent years	(294.7)	393.9
Actuarial gains (losses) on defined benefit plans	(25.3)	43.4
Income tax effect	(1.6)	(7.0)
Other comprehensive income (loss) not being reclassified to statement of income in subsequent years	(26.9)	36.4
Other comprehensive income (loss), net of tax	(321.6)	430.3
Comprehensive income	(2,067.2)	385.9
Comprehensive (income) loss attributable to noncontrolling interest	(6.2)	(21.3)
Comprehensive income attributable to TechnipFMC plc	$ (2,073.4)	$ 364.6

The accompanying notes are an integral part of the consolidated financial statements.

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In millions, except par value data)	Note	December 31, 2018	December 31, 2017
Assets			
Investments in equity affiliates	9	$ 359.1	$ 181.0
Property, plant and equipment, net	10	3,570.1	4,071.0
Goodwill	11	7,693.9	8,957.3
Intangible assets, net	11	1,176.7	1,333.8
Deferred income taxes	6	244.2	451.1
Derivative financial instruments	26	18.3	94.9
Other assets	12	313.6	329.6
Total non-current assets		13,375.9	15,418.7
Cash and cash equivalents	13	5,542.2	6,737.4
Trade receivables, net	14	2,467.8	1,602.5
Contract assets	4	1,295.0	1,637.4
Inventories, net	15	1,257.0	987.6
Derivative financial instruments	26	95.7	78.3
Income taxes receivable	6	284.0	337.0
Advances paid to suppliers		189.6	391.3
Other current assets	16	666.4	1,205.9
Total current assets		11,797.7	12,977.4
Total assets		$ 25,173.6	$ 28,396.1
Liabilities and equity			
Ordinary shares	18	$ 450.5	$ 465.1
Ordinary shares held in treasury and employee benefit trust	18	(2.4)	(4.8)
Share premium		—	—
Retained earnings, net income and other reserves	18	10,830.0	13,344.0
Accumulated other comprehensive income (loss)	18	(916.3)	(599.3)
Total TechnipFMC plc stockholders’ equity		10,361.8	13,205.0
Non-controlling interest	18	69.8	21.5
Total equity		10,431.6	13,226.5
Long-term debt, less current portion	20	2,546.0	2,656.1
Deferred income taxes	6	236.5	430.6
Accrued pension and other post-retirement benefits, less current portion	21	325.2	291.8
Derivative financial instruments	26	44.9	68.1
Non-current provisions	22	42.7	74.3
Other liabilities	23	510.2	369.2
Total non-current liabilities		3,705.5	3,890.1
Short-term debt and current portion of long-term debt	20	1,983.5	1,527.7
Accounts payable, trade	24	2,610.8	3,959.1
Contract liabilities	4	4,069.0	3,314.5
Accrued payroll		394.7	400.7
Derivative financial instruments	26	138.4	69.0
Income taxes payable	6	66.9	320.3
Current provisions	22	826.3	712.2
Other current liabilities	23	946.9	976.0
Total current liabilities		11,036.5	11,279.5
Total liabilities		14,742.0	15,169.6
Total equity and liabilities		$ 25,173.6	$ 28,396.1

The accompanying notes are an integral part of the consolidated financial statements.

The consolidated financial statements were approved by the Board of Directors and signed on its behalf by

Douglas J. Pferdehirt
Director and Chief Executive Officer
March 15, 2019

4. CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions)	Note	Year Ended 2018	Year Ended 2017
Cash provided (required) by operating activities			
Net (loss) profit		$ (1,745.6)	$ (44.4)
Adjustments to reconcile net (loss) profit to cash provided (required) by operating activities			
Depreciation		372.3	379.4
Amortisation		182.6	244.5
Employee benefit plan and share-based compensation costs		88.4	22.4
Deferred income tax provision (benefit), net		38.2	182.5
Unrealized loss (gain) on derivative instruments and foreign exchange		91.1	(101.7)
Impairments		1,636.1	157.4
Income from equity affiliates, net of dividends received		(119.6)	17.2
Other		284.0	(6.1)
Changes in operating assets and liabilities, net of effects of acquisitions			
Trade receivables, net and contract assets		(660.4)	573.6
Inventories, net		(340.7)	130.9
Accounts payable, trade		(1,247.0)	(615.5)
Contract liabilities		742.6	(1,139.7)
Income taxes payable (receivable), net		(205.8)	(85.2)
Other assets and liabilities, net		701.5	524.8
Cash provided (required) by operating activities		(182.3)	240.1
Cash provided (required) by investing activities			
Capital expenditures		(368.1)	(255.7)
Cash acquired in merger of FMC Technologies, Inc. and Technip S.A.	2	—	1,479.2
Acquisitions, net of cash acquired		(104.9)	—
Cash divested from deconsolidation		(6.7)	—
Proceeds from sale of assets		19.5	10.8
Other		—	(12.7)
Cash provided (required) by investing activities		(460.2)	1,221.6
Cash provided (required) by financing activities			
Net decrease in short-term debt	20	(34.9)	(106.4)
Net increase (decrease) in commercial paper	20	496.6	234.9
Proceeds from issuance of long-term debt	20	—	33.3
Repayments of long-term debt	20	—	(896.8)
Purchase of treasury shares	18	(442.6)	(57.1)
Dividends paid	18	(238.1)	(60.6)
Payments related to taxes withheld on share-based compensation		—	(46.6)
Settlements of mandatorily redeemable financial liability	24	(225.8)	(156.5)
Other		—	(0.1)
Cash provided (required) by financing activities		(444.8)	(1,055.9)
Effect of changes in foreign exchange rates on cash and cash equivalents		(108.0)	62.3
Increase (decrease) in cash and cash equivalents		(1,195.3)	468.1
Cash and cash equivalents, beginning of period	16	6,737.4	6,269.3
Cash and cash equivalents, end of period		$ 5,542.1	$ 6,737.4

The accompanying notes are an integral part of the consolidated financial statements.

(In millions)	Year Ended December 31, 2018	2017
Supplemental disclosures of cash flow information		
Cash paid for interest (net of interest capitalised)	$ 107.4	$ 50.3
Cash paid for income taxes (net of refunds received)	$ 410.6	$ 424.7

The accompanying notes are an integral part of the consolidated financial statements.

5. CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In millions)	Ordinary Shares	Ordinary Shares Held in Treasury and Employee Benefit Trust	Share Premium	Merger Reserve	Retained Earnings, Net Income and Other Reserves	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Stockholders' Equity
Balance as of December 31, 2016	$ 114.7	$ (44.5)	$ 2,694.7	$ —	$ 3,328.8	$ (1,029.2)	$ (11.7)	$ 5,052.8
Net profit (loss)	—	—		—	(65.3)	—	20.9	(44.4)
Other comprehensive income (loss)	—	—	—	—	—	429.9	0.4	430.3
Issuance of ordinary shares due to the Merger of FMC Technologies and Technip (Note 18)	351.9	(6.6)	(2,694.7)	10,177.5	—	—	—	7,828.1
Capital reorganisation (Note 18)	—	—	10,177.5	(10,177.5)	—	—	—	—
Capital reduction (Note 18)	—	—	(10,177.5)	—	10,177.5	—	—	—
Dividends (Note 18)	—	—	—	—	(60.6)	—	—	(60.6)
Cancellation of treasury shares due to the Merger of FMC Technologies and Technip (Note 18)	—	44.5	—	—	(23.3)	—	—	21.2
Cancellation treasury shares (Note 18)	(2.1)	—	—	—	(56.7)	—	—	(58.8)
Issuance of ordinary shares	0.6	—	—	—	—	—	—	0.6
Net sales of ordinary shares for employee benefit trust (Note 18)	—	1.8	—	—	—	—	—	1.8
Share-based compensation (Note 19)	—	—	—	—	44.4	—	—	44.4
Other	—	—	—	—	(0.8)	—	11.9	11.1
Balance as of December 31, 2017	$ 465.1	$ (4.8)	$ —	$ —	$ 13,344.0	$ (599.3)	$ 21.5	$ 13,226.5
Cumulative effect of initial application of IFRS 15 (Note 1)	—	—	—	—	(91.5)	—	0.1	(91.4)
Cumulative effect of initial application of IFRS 9 (Note 1)	—	—	—	—	(4.7)	—	—	(4.7)
Net profit (loss)	—	—	—	—	(1,756.4)	—	10.8	(1,745.6)
Other comprehensive income (loss)	—	—	—	—	—	(317.0)	(4.6)	(321.6)
Dividends (Note 18)	—	—	—	—	(238.1)	—	—	(238.1)
Cancellation treasury shares (Note 18)	(14.8)	—	—	—	(428.0)	—	—	(442.8)
Issuance of ordinary shares (Note 18)	0.2	—	—	—	—	—	—	0.2
Net sales of ordinary shares for employee benefit trust (Note 18)	—	2.4	—	—	—	—	—	2.4
Share-based compensation (Note 19)	—	—	—	—	49.1	—	—	49.1
Put option on non-controlling interests	—	—	—	—	(40.3)	—	—	(40.3)
Acquisition	—	—	—	—	—	—	38.9	38.9
Other	—	—	—	—	(4.1)	—	3.1	(1.0)
Balance as of December 31, 2018	$ 450.5	$ (2.4)	$ —	$ —	$ 10,830.0	$ (916.3)	$ 69.8	$ 10,431.6

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1. ACCOUNTING PRINCIPLES

Nature of operations - TechnipFMC plc and its consolidated subsidiaries (“TechnipFMC,” “we,” “us” or “our”) is a global leader in oil and gas projects, technologies, systems and services through our business segments: Subsea, Onshore/Offshore and Surface Technologies. We have manufacturing operations worldwide, strategically located to facilitate delivery of our products, systems and services to our customers.

Details of its activities during the year are provided in the Strategic Report. TechnipFMC is a public limited company by shares, incorporated and domiciled in England and Wales (United Kingdom) and listed on the New York Stock Exchange (“NYSE”) and on Euronext Paris, in each case trading under the “FTI” symbol. The address of the registered office is One St. Paul's Churchyard, London, England, EC4M 8AP.

1.1 Basis of preparation

In accordance with the European Union’s regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements of TechnipFMC as of December 31, 2018 and for the two years then ended were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and IFRS Interpretations Committee as endorsed by the European Union and the U.K. Companies Act 2006. The IFRS as endorsed by the European Union are available on the website of the European Union (http://ec.europa.eu).

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

TechnipFMC's consolidated financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and liabilities at fair value through the income statement.

The distinction between current assets and liabilities, and non-current assets and liabilities is based on the operating cycle of contracts. If related to contracts, assets and liabilities are classified as “current”; if not related to contracts, assets and liabilities are classified as “current” if their maturity is less than 12 months or “non-current” if their maturity exceeds 12 months.

TechnipFMC's significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

Certain reclassification adjustments were recorded in the prior year comparative information in the Consolidated statement of changes in shareholders’ equity and in the Consolidated statement of cash flows. Management considers the changes to be more relevant to users in understanding the nature of the transactions.

1.2 Changes in accounting policies and disclosures

a) Standards, amendments and interpretations effective in 2018

TechnipFMC applied IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”) and IFRS 9, “Financial Instruments” (“IFRS 9”) for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but they do not have an impact on TechnipFMC's consolidated financial statements. TechnipFMC has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 "Revenue from contracts with customers"

Applicable by the IASB as of January 1, 2018, this new standard sets general accounting principles relating to revenue recognition. IFRS 15 supersedes the current standards on revenue recognition, particularly IAS 18 "Revenue", IAS 11 "Construction Contracts" and the corresponding interpretations IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

The new standard requires companies to identify contractual performance obligations and determine whether revenue should be recognised at a point in time or over time based on when control of goods and services transfer to a customer.

Effective January 1, 2018, we adopted IFRS 15, *"Revenue from Contracts with Customers."* The new standard requires an entity to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

On January 1, 2018, we adopted IFRS 15 using the modified retrospective method applied to those contracts that were not completed as of January 1, 2018 resulting in a $91.5 million reduction to opening retained earnings. Results for reporting periods beginning after January 1, 2018 are presented under IFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under IAS 11 and IAS 18. TechnipFMC elected to apply the contract modifications practical expedient and presented as of January 1, 2018 the aggregate effect of all of the modifications that occurred prior to the adoption date.

Impact on Primary Financial Statements

The impact to revenues for the year ended December 31, 2018 was an increase of $27.1 million as a result of applying IFRS 15. A difference between revenue recognised under IFRS 15 as compared to IAS 11 and IAS 18 exists for certain contracts in which physical progress was used as the measure of progress for which the cost to cost method best depicts the transfer of control to the customer.

A difference exists in the presentation of trade receivables, contract assets and contract liabilities. Upon adoption of IFRS 15, we recognise trade receivables when we have the unconditional right to payment. Previously, we reported certain billed amounts on a net basis within contract assets and contract liabilities when the legal right of offset was present within the contract.

Consolidated Statement of Income for the year ended December 31, 2018:

(In millions)	Year Ended December 31, 2018 As reported	Effect of IFRS 15	Under IAS 11 and 18
Revenue			
Service revenue from customer contracts	$ 9,793.5	$ (32.0)	$ 9,761.5
Product revenue from customer contracts	2,576.0	4.9	2,580.9
Lease and other revenue	230.4	—	230.4
Total revenue	12,599.9	(27.1)	12,572.8
Costs and expenses			
Cost of service revenue	7,910.5	(17.7)	7,892.8
Cost of product revenue	2,239.9	5.9	2,245.8
Cost of lease and other revenue	144.4	—	144.4
Selling, general and administrative expense	1,144.4	—	1,144.4
Research and development expense	189.2		189.2
Impairment, restructuring and other expenses	1,677.0	—	1,677.0
Merger transaction and integration costs	36.5	—	36.5
Total costs and expenses	13,341.9	(11.8)	13,330.1
Other income (expense), net	(332.9)	—	(332.9)
Income from equity affiliates	122.7	(8.0)	114.7
Profit before net interest expense and income taxes	(952.2)	(23.3)	(975.5)
Net interest expense	(396.4)	—	(396.4)
Profit before income taxes	(1,348.6)	(23.3)	(1,371.9)
Provision for income taxes	397.0	(8.9)	388.1
Net profit	(1,745.6)	(14.4)	(1,760.0)
Net (profit) loss attributable to noncontrolling interests	(10.8)	—	(10.8)
Net profit attributable to TechnipFMC	$ (1,756.4)	$ (14.4)	$ (1,770.8)

Consolidated Statement of Financial Position as of December 31, 2018:

(In millions)	December 31, 2018 As reported	Effect of IFRS 15	Under IAS 11 and 18
Assets			
Investments in equity affiliates	$ 359.1	$ (8.0)	$ 351.1
Property, plant and equipment, net	3,570.1	—	3,570.1
Goodwill	7,693.9	—	7,693.9
Intangible assets, net	1,176.7	—	1,176.7
Deferred income taxes	244.2	(0.2)	244.0
Derivative financial instruments	18.3	—	18.3
Other non-current financial assets	313.6	—	313.6
Total non-current assets	13,375.9	(8.2)	13,367.7
Cash and cash equivalents	5,542.2	—	5,542.2
Trade receivables, net	2,467.8	(1,513.4)	954.4
Contract assets	1,295.0	450.2	1,745.2
Inventories, net	1,257.0	16.4	1,273.4
Derivative financial instruments	95.7	—	95.7
Income taxes receivable	284.0	(1.2)	282.8
Advances paid to suppliers	189.6	—	189.6
Other current assets	666.4	—	666.4
Total current assets	11,797.7	(1,048.0)	10,749.7
Total assets	$ 25,173.6	$ (1,056.2)	$ 24,117.4
Liabilities and equity			
Ordinary shares	$ 450.5	$ —	$ 450.5
Ordinary shares held in employee benefit trust	(2.4)	—	(2.4)
Retained earnings, net income and other reserves	10,830.0	77.1	10,907.1
Accumulated other comprehensive (loss)	(916.3)	—	(916.3)
Total TechnipFMC stockholders' equity	10,361.8	77.1	10,438.9
Noncontrolling interests	69.8	(0.1)	69.7
Total equity	10,431.6	77.0	10,508.6
Long-term debt, less current portion	2,546.0	—	2,546.0
Deferred income taxes	236.5	2.1	238.6
Accrued pension and other post-retirement benefits, less current portion	325.2	—	325.2
Derivative financial instruments	44.9	—	44.9
Non-current provisions	42.7	—	42.7
Other liabilities	510.2	—	510.2
Total non-current liabilities	3,705.5	2.1	3,707.6
Short-term debt and current portion of long-term debt	1,983.5	—	1,983.5
Accounts payable, trade	2,610.8	17.6	2,628.4
Contract liabilities	4,069.0	(1,116.1)	2,952.9
Accrued payroll	394.7	—	394.7
Derivative financial instruments	138.4	—	138.4
Income taxes payable	66.9	2.2	69.1
Current provisions	826.3	—	826.3
Other current liabilities	946.9	(39.0)	907.9
Total current liabilities	11,036.5	(1,135.3)	9,901.2
Total liabilities	14,742.0	(1,133.2)	13,608.8
Total equity and liabilities	$ 25,173.6	$ (1,056.2)	$ 24,117.4

IFRS 9 “Financial instruments”

Effective January 1, 2018, IFRS 9 replaces IAS 39 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. TechnipFMC has initially applied IFRS 9 on January 1, 2018. TechnipFMC did not restate the prior periods but recognised the difference between the previous carrying amount and the new carrying amount in the opening Retained Earnings, Net Income and Other Reserves as at January 1, 2018. We have elected not to apply the hedging requirements of IFRS 9 as amended by IFRS 9.7.2.21.

TechnipFMC has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in Retained Earnings, Net Income and Other Reserves.

The effect of adopting IFRS 9 as at January 1, 2018 was a decrease in retained earnings of $4.7 million with a corresponding decrease in trade receivables, loans and debt notes receivable due to the adoption of expected credit loss approach.

Classification and measurement

Under IFRS 9, financial instruments are subsequently measured at Fair Value Through Profit or Loss (FVTPL), amortised cost, or Fair Value Through Other Comprehensive Income (FVOCI). The classification is based on two criteria: the TechnipFMC’s business model for managing the assets; and whether the instruments’ contractual cash flows represent solely payments of principal and interest on the principal amount outstanding. The assessment of the TechnipFMC’s business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Classification and measurement criteria of IFRS 9 did not have a material impact:

(In millions)			**Balance per IFRS 9 measurement category as at January 1, 2018**		
IAS 39 measurement category	**As reported per IAS 39 at December 31, 2017**	**Impact of IFRS 9**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through OCI**
Loans and receivables					
Trade receivables	$ 1,602.5	$ (4.1)	$ —	$ 1,598.4	$ —
Loans receivable	131.9	(0.2)	—	131.7	—
Security deposits and other	137.7	—	—	137.7	—
Held to maturity					
Debt notes at amortised cost	80.0	(0.4)	—	79.6	—
Fair value through profit or loss					
Non-quoted equity instruments at FVTPL	12.4	—	12.4	—	—
Available for sale					
Quoted debt instruments at FVOCI	9.9	—	9.9	—	—
Quoted equity instruments at FVOCI	27.6	—	27.6	—	—
Total financial assets	$ 2,002.0	$ (4.7)	$ 49.9	$ 1,947.4	$ —

(In millions)	**Balance per IAS 11 as reported at December 31, 2017**	**Impact of IFRS 9**	**Balance per IFRS 15 as reported as at January 1, 2018**
Contract assets	$ 1,637.4	$ —	$ 1,637.4
Total non-financial assets	$ 1,637.4	$ —	$ 1,637.4

As a summary, upon the adoption of IFRS 9, TechnipFMC had the following required or elected reclassifications as at January 1, 2018:

- Financial assets and financial liabilities previously measured at fair value through profit and loss under IAS 39 continue to be recognised as such, including cash, cash equivalents, non-quoted equity instruments, derivatives and the redeemable financial liability from the Yamal acquisition.

- Trade receivables, loans receivable and other financial assets classified as loans and receivables under IAS 39 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Therefore they are classified as financial assets at amortised cost.

- Debt notes held to maturity classified as held to maturity under IAS 39 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Therefore, they are classified as financial assets at amortised cost.

- Financial assets classified as available for sale (AFS) under IAS 39 are classified as at January 1, 2018 as follows:

    - Quoted debt instruments are classified and measured as instruments at fair value through profit and loss. TechnipFMC expects to sell debt instruments on a relatively frequent basis according to current financing and economic considerations. TechnipFMC's quoted debt instruments are regular treasury bills amounting to $9.9 million at January 1, 2018 that were measured at fair value through OCI under IAS 39. TechnipFMC sold all treasury bills in 2018.

    - TechnipFMC's quoted equity instruments as at January 1, 2018 are classified and measured at fair value through profit and loss. The carrying amount of these instruments as of adoption were $27.6 million.

- There is no change in the classification of TechnipFMC's financial liabilities.

Impairment

The analysis conducted by TechnipFMC between the new standard requirements and the previous accounting principles for financial instruments has led to the difference regarding trade receivables and contract assets impairment. The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking Expected Credit Loss ("ECL") approach. IFRS 9 requires to record an allowance for ECL's for all loans and other financial assets not held at fair value through profit or loss. For contract assets, trade receivables and loans, TechnipFMC has elected to apply a simplified approach and calculated an ECL based on loss rates from historical data. Under the simplified approach TechnipFMC develops loss-rate statistics on the basis of the amount written off over the life of the financial assets and adjusts these historical credit loss trends for current conditions and expectations about the future.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of TechnipFMC's financial assets impacting Retained Earnings, Net Income and Other Reserves by $4.7 million as of January 1, 2018 as per the following reconciliation:

(In millions)	Impairment allowance under IAS 39	Adjustment	ECL under IFRS 9
Trade receivables	$ (117.4)	$ (4.1)	$ (121.5)
Contract assets	—	—	—
Loans	(8.1)	(0.2)	(8.3)
Security deposits and other	(98.3)	—	(98.3)
Debt notes at amortised cost	—	(0.4)	(0.4)
Total	$ (223.8)	$ (4.7)	$ (228.5)

Amendments to IFRS 2 "Classification and measurement of share-based payment transactions"

The IASB issued amendments to IFRS 2 "Share-based payments" that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. TechnipFMC's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In regard to the share-based payment transactions with net settlement features for withholding tax obligations TechnipFMC utilises an IFRS 2 exception and classifies the whole award as equity-settled where the withholding does not exceed the minimum amount required by tax law. Any excess in the deduction and payment of the tax is treated as a cash-settled award. Therefore, these amendments do not have any impact on TechnipFMC's consolidated financial statements.

IFRIC Interpretation 22 "Foreign currency transactions and advance considerations"

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This interpretation does not have significant impact on TechnipFMC's consolidated financial statements.

b) Standards, amendments and interpretations to existing standards that are issued, not yet effective and have not been early adopted as of December 31, 2018

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 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.

IFRS 16 "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 will become effective for us on January 1, 2019.

We will adopt IFRS 16 on January 1, 2019, electing the modified retrospective approach and will not restate comparative amounts for the prior periods presented. We expect to elect 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 by class of underlying asset not to recognise lease assets and lease liabilities for leases with a term of 12 months or less, as well as a similar practical expedient for low-value assets. In addition, we expect to elect the transition practical expedient available to lessees and lessors for grandfathering the lease definition previously identified under existing guidance.

As part of our assessment work-to-date, we have formed an implementation work team, conducted region-specific training for the relevant staff regarding the potential impacts of IFRS 16 and are continuing our contract analysis and policy review. We have engaged external resources to assist us in our efforts of completing the analysis of potential changes to current accounting practices and are in the process of implementing a new lease accounting system in connection with the adoption of the updated guidance. We are also evaluating the impact of IFRS 16 on our internal control over financial reporting and other changes in business practices and processes.

On adoption, we currently expect to recognise material lease liabilities with corresponding ROU assets of approximately the same amount, based on the present value of the lease payments not yet paid under current leasing standards for existing leases where we are a lessee. The single lessee accounting model of IFRS 16 will result in a front-loaded lease expense pattern.

While we continue to evaluate certain aspects of IFRS 16, we do not expect IFRS 16 to have a material effect on our financial statements from a lessor perspective, and we do not expect a significant change in our lessor leasing activities between now and adoption.

IFRIC 23 ''Uncertainty over income tax treatments''

On June 7, 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12. This interpretation is effective for annual periods beginning on or after January 1, 2019, with early application permitted. TechnipFMC does not expect that the adoption of this interpretation will have a material impact on its consolidated financial statements.

IAS 19 "Plan amendment, curtailment or settlement"

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement.

Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of TechnipFMC. TechnipFMC does not expect that the adoption of this standard will have a material impact on its consolidated financial statements.

1.3 Summary of Significant Accounting Policies

a) Consolidation principles

In accordance with IFRS 10 “Consolidated Financial Statements”, the financial statements are consolidated for all companies (including special purpose entities) for which TechnipFMC has all the following:

- the power over the company subject to the investment;
- an exposure or rights to the company’s variable returns; and
- the ability to use its power over the entity to affect these returns.

The power to direct the activities of the entity usually exists when holding more than 50% of voting rights in the entity and these rights are substantive.

As per IFRS 11 “Joint Arrangements”, joint arrangements classified as joint operations should be recognised to the extent of TechnipFMC's assets and its liabilities, including its share of any assets held jointly or liabilities incurred jointly.

The equity method is used for joint ventures and for investments over which TechnipFMC exercises a significant influence on operational and financial policies. Unless otherwise indicated, such influence is deemed to exist for investments in companies in which TechnipFMC’s ownership is between 20% and 50%.

Companies in which the our ownership is less than 20% or that do not represent material investments (such as dormant companies) are recorded under the “Other Non-Current Financial Assets” or “Financial Assets at Fair Value through Profit or Loss” line items and only impact net profit (loss) through dividends received, or in case of impairment, loss. Where no active market exists and where no other valuation method can be used, these financial assets are maintained at historical cost, less any accumulated impairment losses.

The list of TechnipFMC’s consolidated companies is provided in Note 31 as of December 31, 2018, and 2017.

The main affiliates of TechnipFMC close their accounts as of December 31 and all consolidated companies apply TechnipFMC's accounting policies as set in the Global Accounting Manual.

All intercompany balances and transactions, as well as internal income and expenses, are fully eliminated.

Subsidiaries are consolidated as of the date of acquisition, being the date on which TechnipFMC obtains control, and continue to be consolidated until the date control ceases.

b) Recognition of revenue from customer contracts

Revenue is measured based on the consideration specified in a contract with a customer. TechnipFMC recognises revenue when or as it transfers control over a good or service to a customer.

Allocation of transaction price to performance obligations - A contract’s transaction price is allocated to each distinct performance obligation and recognised as revenue, when, or as, the performance obligation is satisfied. To determine the proper revenue recognition method, we evaluate whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment; some of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

Variable consideration - Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgment. It is common for our long-term contracts to contain variable considerations that can either increase or decrease the transaction price. Variability in the transaction price arises primarily due to liquidated damages. TechnipFMC considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled, and determining whether the estimated variable consideration should be constrained. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us.

Payment terms - Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Payment terms may either be fixed, lump-sum or driven by time and materials (i.e., daily or hourly rates, plus materials). Because typically the customer retains a small portion of the contract price until completion of the contract, our contracts generally result in revenue recognised in excess of billings which we present as contract assets on the statement of financial position. Amounts billed and due from our customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component because the intent is to protect the customer. For some contracts, we may be entitled to receive an advance payment. We recognise a liability for these advance payments in excess of revenue recognised and present it as contract liabilities on the statement of financial position. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a contract and to protect us from the other party failing to adequately complete some or all of its obligations under the contract.

Warranty - Certain contracts include an assurance-type warranty clause, typically between 18 to 36 months, to guarantee that the products comply with agreed specifications. A service-type warranty may also be provided to the customer; in such a case, management allocates a portion of the transaction price to the warranty based on the estimated stand-alone selling price of the service-type warranty.

Revenue recognised over time - Our performance obligations are satisfied over time as work progresses or at a point in time when performance obligations are fulfilled and control transfers to the customer. Revenue from products and services transferred to customers over time accounted for approximately 82.4% of our revenue for the year ended December 31, 2018. Typically, revenue is recognised over time using an input measure (e.g., costs incurred to date relative to total estimated costs at completion) to measure progress.

Cost-to-cost method - For our long-term contracts, because of control transferring over time, revenue is recognised based on the extent of progress towards completion of the performance obligation. Upon adoption of the new standard we generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Any expected losses on construction-type contracts in progress are charged to earnings, in total, in the period the losses are identified. Previously, such contracts were accounted for under IAS 11 on Construction Contracts. Accordingly, revenue on ongoing contracts was measured on the basis of costs incurred and of margin recognised at the percentage of completion. Margin was recognised only when the visibility of the riskiest stages of the contract was deemed sufficient and when estimates of costs and revenue was considered to be reliable. The percentage of completion was calculated according to the nature and the specific risk of each contract in order to reflect the effective completion of the project. This percentage of completion could be based on technical milestones defined for the main deliverables under the contracts or based on the ratio between costs incurred to date and estimated total costs at completion. As soon as the estimate of the final outcome of a contract indicated a loss, a provision was recorded for the entire loss. The gross margin of a long-term contract at completion was based on an analysis of total costs and income at completion, which are reviewed periodically and regularly throughout the life of the contract. A construction contract was considered completed when the last technical milestone is achieved, which occurs upon contractual transfer of ownership of the asset or temporary delivery, even if conditional.

Right to invoice practical expedient - The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time if we have a right to invoice the customer for an amount that corresponds directly with the value transferred to the customer for our performance completed to date. When this practical expedient is used, we do not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes. We have contracts which have payment terms dictated by daily or hourly rates where some contracts may have mixed pricing terms which include a fixed fee portion. For contracts in which we charge the customer a fixed rate based on the time or materials spent during the project that correspond to the value transferred to the customer, we recognise revenue in the amount to which we have the right to invoice.

Contract modifications - Contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Most of our contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation to which it relates is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

c) Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate applicable on the transaction date.

At the closing date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the income statement, except exchange gains or losses on cash accounts eligible for future cash flow hedging and for hedging on net foreign currency investments.

Translation of financial statements of subsidiaries in foreign currency

The income statements of foreign subsidiaries are translated into USD at the average exchange rate prevailing during the year. Statements of financial position are translated at the exchange rate at the closing date. Differences arising in the translation of financial statements of foreign subsidiaries are recorded in other comprehensive income as foreign currency translation reserve. The functional currency of the foreign subsidiaries is most commonly the local currency.

d) Business combinations

Business combinations are accounted for using the acquisition method of accounting. Under the acquisition method, assets acquired and liabilities assumed are recorded at their respective fair values as of the acquisition date. Determining the fair value of assets and liabilities involves significant judgment regarding methods and assumptions used to calculate estimated fair values. The purchase price is allocated to the assets, assumed liabilities and identifiable intangible assets based on their estimated fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Identifiable assets are depreciated over their estimated useful lives.

Acquisition-related costs are expensed as incurred and included in Selling, general and administrative expenses.

Adjustments recorded for a business combination on the provisional values of assets, liabilities and contingent liabilities are recognised as a retrospective change in goodwill when occurring within a 12-month period after the acquisition date and resulting from facts or circumstances that existed as of the acquisition date. After this measurement period ends, any change in valuation of assets, liabilities and contingent liabilities is accounted for in profit and loss statement, with no impact on goodwill.

e) Segment information

Information by business segment

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.

Upon completion of the Merger, we reorganized our reporting structure and aligned our segments and the underlying businesses to execute the strategy of TechnipFMC. As a result, we report the results of operations in the following segments: Subsea, Onshore/Offshore and Surface Technologies.

Our reportable segments are:

- *Subsea*-manufactures and designs products and systems, performs engineering, procurement and project management and provides services used by oil and gas companies involved in deepwater exploration and production of crude oil and natural gas.

- *Onshore/Offshore*-designs and builds onshore facilities related to the production, treatment and transportation of oil and gas; and designs, manufactures and installs fixed and floating platforms for the production and processing of oil and gas reserves for companies in the oil and gas industry.

- *Surface Technologies*-designs and manufactures systems and provides services used by oil and gas companies involved in land and offshore exploration and production of crude oil and natural gas; designs, manufactures and supplies technologically advanced high pressure valves and fittings for oilfield service companies; and also provides flowback and well testing services for exploration companies in the oil and gas industry.

Total revenue by segment includes intersegment sales, which are made at prices approximating those that the selling entity is able to obtain on external sales. Segment operating profit is defined as total segment revenue less segment operating expenses. Income (loss) from equity method investments is included in computing segment operating profit. The following items have been excluded in computing segment operating profit: corporate staff expense, net interest income (expense) associated with corporate debt facilities, income taxes, and other revenue and other expense, net.

Information by country

From a geographical standpoint, operating activities and performances of TechnipFMC are reported on the basis of the following countries:

- Russia;
- United States;
- Angola;
- Norway;
- Brazil;
- Australia;
- United Kingdom.

The items related to segment result disclosed by TechnipFMC in its geographical segment information are the ‘‘Revenue’’ and the ‘‘Property, Plant and Equipment’’.

Geographical areas are defined according to the following criteria: specific risks associated with activities performed in a given area, similarity of economic and political framework, regulation of exchange control, and underlying monetary risks.

The geographical breakdown is based on the contract delivery within the specific country.

f) Earnings per share

As per IAS 33 “Earnings per Share”, Earnings Per Share (EPS) are based on the average number of outstanding shares over the year, after deducting treasury shares.

Diluted earnings per share amounts are calculated by dividing the net profit of the year, restated if need be for the after-tax financial cost of dilutive financial instruments, by the sum of the weighted average number of outstanding shares, the weighted average number of share subscription options not yet exercised, the weighted average number of performance shares granted calculated using the share purchase method, and the weighted average number of shares of the convertible bonds and, if applicable, the effects of any other dilutive instrument.

In accordance with the share purchase method, only dilutive instruments are used in calculating EPS. Dilutive instruments are those for which the option exercise price plus the future IFRS 2 expense not yet recognised is lower than the average share price during the EPS calculation period.

g) Goodwill

Goodwill is measured at the acquisition date as the total of the fair value of consideration transferred, plus the proportionate amount of any non-controlling interest, plus the fair value of any previously held equity interest in the acquiree, if any, less the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is allocated to groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose and in all cases is at the operating segment level, which represents the lowest level at which goodwill is monitored for internal management purposes.

Goodwill is tested for impairment annually, as of October 31 or whenever changes in circumstances indicate that the carrying amount may not be recoverable, at the level of the groups of cash-generating units

("GCGU") which correspond to the operating segments representing the lowest level at which goodwill is monitored for internal management purposes. Whenever the cash-generating units comprising the operating segments are tested for impairment at the same time as goodwill, the cash generating units are tested first and any impairment of the assets is recorded prior to the testing of goodwill. The recoverable amounts of the GCGUs are determined based on their value in use. The value in use of each GCGU is determined by estimating future cash flows. To arrive at our future cash flows, we use estimates of economic and market assumptions, including growth rates in revenues, costs, estimates of future expected changes in operating margins, tax rates and cash expenditures. Future revenues are also adjusted to match changes in our business strategy. If the recoverable amount of GCGU is less than its carrying amount as a result of this method, then an impairment loss is recorded.

A lower recoverable value estimate in the future for any of our GCGUs could result in goodwill impairments. Factors that could trigger a lower value in use estimate include sustained price declines of the GCGU's products and services, cost increases, regulatory or political environment changes, changes in customer demand, and other changes in market conditions, which may affect certain market participant assumptions used in the discounted future cash flow model.

h) Property, plant and equipment

In compliance with IAS 16 "Property, Plant and Equipment", an asset is recognised only if the cost can be measured reliably and if future economic benefits are expected from its use.

Property, plant and equipment could be initially recognised at cost or at their fair value in case of business combinations.

As per IAS 16, TechnipFMC uses different depreciation periods are used for each of the significant components of a single property, plant and equipment asset where the useful life of the component differs from that of the main asset. Following are the useful lives most commonly applied by TechnipFMC:

- Buildings 10 to 50 years
- Vessels 10 to 30 years
- Machinery and Equipment 3 to 20 years
- Office Fixtures and Furniture 5 to 10 years
- Vehicles 3 to 7 years
- IT Equipment 3 to 5 years

If the residual value of an asset is material and can be measured, it is taken into account in calculating its depreciable amount.

On a regular basis, TechnipFMC reviews the useful lives of its assets. That review is based on the effective use of the assets.

As per IAS 16, dry-dock expenses are capitalised as a separate component of the principal asset. They are depreciated over a period of three to five years.

Depreciation costs are recorded in the income statement as a function of the fixed assets' use, split between the following line items: cost of sales, research and development costs, selling costs or general administrative costs.

In accordance with IAS 36, the carrying value of property, plant and equipment is reviewed for impairment whenever internal or external events indicate that there may be impairment, in which case, an impairment test is performed. As an example, indications of impairment loss used for vessels and analyzed together are mainly the asset workload scheduling, the change in its daily invoicing rate, its age as well as the frequency of its dry-docking. Refer to section k) in this Note to the consolidated financial statements.

In application of IAS 23, borrowing costs related to assets under construction are capitalised as part of the value of the asset.

i) Intangible assets

Internally generated research and development costs

Research costs are expensed when incurred. In compliance with IAS 38, development costs are capitalised if all of the following criteria are met:

- the projects are clearly identified;
- TechnipFMC is able to reliably measure expenditures incurred by each project during its development;
- TechnipFMC is able to demonstrate the technical and industrial feasibility of the project;
- TechnipFMC has the financial and technical resources available to achieve the project;
- TechnipFMC can demonstrate its intention to complete, to use or to commercialize products resulting from the project; and
- TechnipFMC is able to demonstrate the existence of a market for the output of the intangible asset, or, if it is used internally, the usefulness of the intangible asset.

Since not all of the IAS 38 conditions were met for the disclosed year on ongoing development projects, no development expenses were capitalised, except some expenses related to IT projects developed internally.

Other intangible assets

Intangible assets other than goodwill (including those acquired in a business combination) are amortised on a straight-line basis over their expected useful lives, as follows:

- Acquired technology: 7 to 10 years
- Backlog: as per the timeframe of the outstanding orders (usually less than 3 years)
- Customer relationships: lower of 10 years or the terms of the customer contracts
- Trade names; Licenses, Patents and Trademarks: lower of 20 years or the period set forth in the legal conditions
- Software (including software rights, proprietary IT tools, such as the E-procurement platform, or TechnipFMC's management applications): 3 to 7 years

In accordance with IAS 36, the carrying value of intangible assets is reviewed for impairment whenever internal or external events indicate that there may be impairment, in which case, an impairment test is performed. Refer to section k) in this Note to the consolidated financial statements.

j) Impairment of non-financial assets

Non-financial assets, including vessels, other property, plant and equipment, identifiable intangible assets being amortised are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset or cash-generating unit (CGU) may not be recoverable. If any indication exists, or when annual impairment testing for an asset is required, TechnipFMC estimates the asset’s recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The determination of future cash flows as well as the estimated fair value of non-financial assets involves significant estimates on the part of management. Because there usually is a lack of quoted market prices for such assets, fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, or based on a multiple of operating cash flow validated with historical market transactions of similar assets where possible. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of future productivity of the asset, operating costs and capital decisions and all available information at the date of review. If future market conditions deteriorate beyond our current expectations and assumptions, impairments of non-financial assets may be identified if we conclude that the carrying amounts are no longer recoverable.

k) Fair value measurement

TechnipFMC measures certain financial instruments (including derivatives) at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

TechnipFMC uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly;

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

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, TechnipFMC determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

l) Financial assets

Financial assets are categorized at initial recognition, as subsequently measured at either amortised cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL).

This classification depends on the financial asset's contractual cash flow characteristics as well as the business model according to which TechnipFMC is managing them. Financial assets are initially measured at their fair values plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

A financial asset is classified and measured at amortised cost or fair value through OCI if and only if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI), i.e. the asset meets the SPPI test criteria, which are assessed at an instrument level.

The business model applied by TechnipFMC determines whether the cash flows from the instruments will be realized through collecting contractual cash flows, selling the financial assets, or both.

Transactions involving financial assets that require delivery of assets within a time frame legally or contractually (regular way trades) are recognised on the trade date, being the date when TechnipFMC commits to acquire or sell the asset.

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI, either with recycling or no recycling of cumulative gains and losses
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

This category contains debt instruments and is the most relevant to TechnipFMC. A financial asset is measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate and are also subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, impaired or contractual cash-flows change.

TechnipFMC's financial assets at amortised cost include trade receivables, loans issued to third or related parties and debt notes receivable presented under other non-current financial assets or other current assets, as applicable.

Financial assets at fair value through OCI

TechnipFMC measures debt instruments at fair value through OCI if all of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income (using the effective interest rate), foreign exchange impact and impairment charges are recognised in the statement of profit or loss. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI are recycled to profit or loss.

TechnipFMC currently has no debt instruments at fair value through OCI.

In addition to debt instruments, upon initial recognition, TechnipFMC may classify irrevocably its equity investments (on an instrument-by-instrument basis) to be designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised in the statement of profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

TechnipFMC currently does not classify any equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:

- Financial assets held for trading (ie, those which are acquired for the purpose of selling or repurchasing in the near term).

- Financial assets designated upon initial recognition at fair value through profit or loss (in order to eliminate, or significantly reduce, an accounting mismatch), or

- Financial assets mandatorily required to be measured at fair value (ie. assets with cash flows that are not solely payments of principal and interest, irrespective of the business model).

Derivatives, including separated embedded derivatives, are also classified as held for trading except for those designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments, listed and non-quoted equity investments which TechnipFMC had not irrevocably elected to classify at fair value through OCI, as well as certain liquid, frequently traded debt instruments such as treasury bills.

Dividends on listed equity investments are also recognised in the statement of profit or loss when the right of payment has been established.

Impairment of financial assets

An allowance for expected credit losses (ECL) is recognised for all debt instruments not held at fair value through profit or loss. As opposed to the incurred loss approach, ECL is based on the difference between the carrying amount (as per the contractual cash flows of the instruments) and all the cash flows that TechnipFMC expects to receive, discounted at the original effective interest rate. The expected cash flows will include consideration of collaterals or other credit enhancements that are integral to the contractual terms.

In case of instruments for which there has not been a significant increase in credit risk since initial recognition, ECL is applied for default events that are possible within the next 12-months (a 12-month ECL). In case there has been a significant increase in credit risk since initial recognition, a ECL is applied over the remaining life of the exposure (lifetime ECL).

For trade receivables and contract assets and loans receivable, TechnipFMC applies a simplified approach permitted by IFRS 9. Therefore, TechnipFMC recognises lifetime ECL at initial recognition and at each reporting date. TechnipFMC has considered historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected losses.

For debt instruments at amortised cost, as permitted by IFRS 9, TechnipFMC applies the low credit risk simplification. Accordingly, TechnipFMC evaluates whether the debt instrument is considered to have low credit risk at the reporting date, using available, reasonable and supportable information. TechnipFMC considers its internal credit rating of the debt instrument, and also considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due. For debt instruments that continue to have low credit risk after the evaluation, TechnipFMC assumes that there is no significant increase in the credit risk of the instrument.

ECL on such instruments is measured on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. TechnipFMC uses the ratings from credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

TechnipFMC considers a financial asset in default when contractual payments are 90 days past due. Also, in cases when internal or external information indicates that it is unlikely to receive the outstanding contractual cash flows before considering any credit enhancements, TechnipFMC also considers a financial asset to be in default. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- TechnipFMC has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) TechnipFMC has transferred substantially all the risks and rewards of the asset, or (b) TechnipFMC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When TechnipFMC has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, TechnipFMC continues to recognise the transferred asset to the extent of its continuing involvement. In that case, TechnipFMC also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that TechnipFMC has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that TechnipFMC could be required to repay.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

m) Derivative financial instruments and hedging

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.

To hedge its exposure to exchange rate fluctuations during the bid-period of construction contracts, TechnipFMC occasionally enters into insurance contracts under which foreign currencies are exchanged at a specified rate and at a specified future date only if the new contract is awarded. The premium that TechnipFMC pays to enter into such an insurance contract is charged to the income statement when paid. If the commercial bid is not successful, the insurance contract is automatically terminated without any additional cash settlements or penalties.

In some cases, TechnipFMC may enter into foreign currency options for some proposals during the bid-period. These options cannot be eligible for hedging.

For the purpose of hedge accounting, instruments qualifying as hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a 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 subsidiary enters into forward exchange contracts with banks or with Technip Eurocash SNC, the company that performs centralized treasury management for TechnipFMC. However, only instruments that involve a third party outside of TechnipFMC are designated as hedging instruments.

At the inception of a hedge relationship, TechnipFMC formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how TechnipFMC will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for as described below. The fair value of derivative financial instruments is estimated on the basis of valuations provided by bank counterparties or financial models commonly used in financial markets, using market data as of the statement of financial position date.

A derivative instrument qualifies for hedge accounting (fair value hedge or cash flow hedge) when there is a formal designation and documentation of the hedging relationship, and of the effectiveness of the hedge throughout the life of the contract. A fair value hedge aims at reducing risks incurred by changes in the market value of some assets, liabilities or firm commitments. A cash flow hedge aims at reducing risks incurred by variations in the value of future cash flows that may impact net profit (loss).

In order for a currency derivative to be eligible for hedge accounting treatment, the following conditions have to be met:

- its hedging role must be clearly defined and documented at the date of inception; and
- its effectiveness should be proved at the date of inception and/or as long as it remains effective. If the effectiveness test results in a score between 80 and 125%, changes in fair value or in cash flows of the covered element must be almost entirely offset by the changes in fair value or in cash flows of the derivative instrument.

All derivative instruments are recorded and disclosed in the statement of financial position at fair value:

- derivative instruments considered as hedging are classified as current assets and liabilities, as they follow the operating cycle; and
- derivative instruments not considered as hedging are also classified as current assets and liabilities.

Changes in fair value are recognised as follows:

- regarding cash flow hedges, the portion of the gain or loss corresponding to the effectiveness of the hedging instrument is recorded directly in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement. The exchange gain or loss on derivative cash flow hedging instruments, which is deferred in equity, is reclassified in the net profit (loss) of the year(s) in which the specified hedged transaction affects the income statement;
- the changes in fair value of derivative financial instruments that qualify as fair value hedge are recorded as financial income or expenses. The ineffective portion of the gain or loss is immediately recorded in the income statement. The carrying amount of a hedged item is adjusted by the gain or loss on this hedged item which may be allocated to the hedged risk and is recorded in the income statement; and
- the changes in fair value of derivative financial instruments that do not qualify as hedging in accounting standards are directly recorded in the income statement.

Embedded derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if:

- the economic characteristics and risks are not closely related to the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

n) Inventories

Inventories are recognised at the lower of cost and net realizable value with cost being principally determined on a weighted-average cost basis.

Write-down of inventories are recorded when the net realizable value of inventories is lower than their net book value.

o) Advances paid to suppliers

Advance payments made to suppliers under long-term contracts are shown under the "Advances to Suppliers" line item, on the asset side of the statement of financial position

p) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. TechnipFMC holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

See Note 1 on policy for impairment allowance on trade receivables. In 2017, the impairment of trade receivables was assessed based on the incurred loss model. Accordingly, individual receivables which were uncollectible were written off by reducing the carrying amount directly. For other trade receivables a collective assessment has been made to determine whether there was objective evidence that an impairment had been incurred based on the aging of the receivables.

q) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and in hand, as well as securities fulfilling the following criteria: an original maturity of usually less than three months, highly liquid, a fixed exchange value and an insignificant risk of loss of value. Securities are measured at their market value at year-end. Any change in fair value is recorded in the income statement.

r) Share-based employee compensation

The measurement of share-based compensation expense on restricted share awards is based on the market price at the grant date and the number of shares awarded. We used the Black-Scholes options pricing model to measure the fair value of share options granted on or after January 1, 2017, excluding from such valuation the service and non-market performance conditions (which are considered in the expected number of awards that will ultimately vest) but including market conditions (Note 19). The share-based compensation expense for each award is recognised during the vesting period (ie. the period in which the service and, where applicable, the performance conditions are fulfilled). The cumulative expense recognised for share-based employee compensation at each reporting date reflects the already expired portion of the vesting period and TechnipFMC's best estimate of the number of awards that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

s) Provisions (current and non-current)

Provisions are recognised within other current and other non-current liabilities if and only if the following criteria are simultaneously met:

- TechnipFMC has an ongoing obligation (legal or constructive) as a result of a past event;
- the settlement of the obligation will likely require an outflow of resources embodying economic benefits without expected counterpart; and
- the amount of the obligation can be reliably estimated: provisions are measured according to the risk assessment or the exposed charge, based upon best-known elements.

Current provisions

Contingencies related to contracts: these provisions relate to claims and litigations on contracts.

Restructuring: once a restructuring plan has been decided and the interested parties have been informed, the plan is scheduled and valued. Restructuring provisions are fully recognised in compliance with IAS 37.

Non-current provisions

Pensions and other long-term benefits: TechnipFMC is committed to various employee benefit plans. Those obligations are settled either at the date of employee departures or at subsequent date in accordance with the laws and practices of each country in which it operates. Depending on affiliates, the main defined benefit plans can be:

- end-of-career benefits, to be paid at the retirement date;
- deferred compensation, to be paid when an employee leaves TechnipFMC; or
- retirement benefits to be paid in the form of a pension.

TechnipFMC assesses its obligations in respect of employee pension plans and other long-term benefits such as “jubilee benefits”, post-retirement medical benefits, special termination benefits and cash incentive plans. The plan assets are recorded at fair value. Evaluations were coordinated so that liabilities could be measured using recognised and uniform actuarial methods, and were performed by an independent actuary.

The obligations of providing benefits under defined benefit plans are determined by independent actuaries using the projected unit credit actuarial valuation method as per IAS 19. The actuarial assumptions used to determine the obligations may vary depending on the country. The actuarial estimation is based on usual parameters such as future wage and salary increases, life expectancy, staff turnover rate and inflation rate.

The defined benefit liability equals the present value of the defined benefit obligation after deducting the plan assets. Present value of the defined benefit obligation is determined using present value of future cash disbursements based on interest rates of corporate bonds, in the currency used for benefit payment, and whose term is equal to the average expected life of the defined benefit plan.

According to amended IAS 19, the actuarial gains and losses resulting from adjustments related to experience and changes in actuarial assumptions are now recorded in other comprehensive income (see Note 21 - Pensions and other long-term employee benefit plans).

t) Deferred income tax

Deferred income taxes are recognised in accordance with IAS 12, measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period on all temporary differences at the closing date, between the tax bases of assets and liabilities and their carrying amounts for each TechnipFMC company.

Deferred income taxes are reviewed at each closing date to take into account the effect of any changes in tax law and in the prospects of recovery.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax credits carry-forwards and unused tax losses carry-forwards, to the extent that it is probable that taxable profit will be available.

To properly estimate the existence of future taxable income on which deferred tax assets could be allocated, the following items are taken into account:

- the existence of temporary differences which will cause taxation in the future;
- forecasts of taxable results;
- analysis of the past taxable results; and
- existence of significant and non-recurring income and expenses, included in the past tax results, which should not repeat in the future.

Deferred income tax liabilities are recognised for all taxable temporary differences, except restrictively enumerated circumstances, in accordance with the provisions of IAS 12.

Tax assets and liabilities are not discounted.

u) Financial liabilities

Financial liabilities are classified, at initial recognition, as:

- financial liabilities at fair value through profit or loss (ie. instruments held for trading including derivatives not designated as hedging instruments and also instruments designated upon initial recognition as at fair value through profit or loss),
- financial debt,
- trade and other payables, or
- derivatives designated as hedging instruments in an effective hedge.

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

TechnipFMC has not elected to designate any financial liability as at fair value through profit or loss.

Financial debts (Current and non-current)

This category is the most relevant for TechnipFMC. Current and non-current financial debts include bond loans and other borrowings. After initial recognition, loans and borrowings are measured at amortised cost using the effective interest rate method. Transaction costs, such as issuance fees and redemption premium on convertible bonds are included in the cost of debt on the liability side of the statement of financial position, as an adjustment to the nominal amount of the debt. The difference between the initial debt and redemption at maturity is amortised at the effective interest rate.

The convertible bonds with an option for conversion and/or exchangeable for new or existing shares (OCEANE) are recognised in two distinct components:

- a debt component is recognised at amortised cost, which was determined using the market interest rate for a non- convertible bond with similar features. The carrying amount is recognised net of its proportionate share of the debt issuance costs; and

- a conversion option component is recognised in equity for an amount equal to the difference between the issuing price of the OCEANE convertible bond and the value of the debt component. The carrying amount is recognised net of its proportionate share of the debt issuance costs and corresponding deferred taxes. This value is not remeasured but will be adjusted for all conversion of bonds.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

v) Assets and liabilities held for sale

TechnipFMC considers every non-current asset as an asset held for sale if it is very likely that its book value will be recovered principally by a sale transaction rather than by its continued use. Assets and liabilities classified as held for sale are measured at the lower of either the carrying amount or the fair value less selling costs. The fair value of our assets and liabilities held for sale was determined using a market approach that took into consideration the expected sales price as of December 31, 2018.

1.4 Use of critical accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements requires the use of critical accounting estimates, judgements and assumptions and may affect the assessment and disclosure of assets and liabilities at the date of the financial statements, as well as the income and the reported expenses regarding this financial year. Estimates may be revised if the circumstances and the assumptions on which they were based change, if new information becomes available, or as a result of greater experience. Consequently, the actual result from these operations may differ from these estimates.

Other disclosures relating to TechnipFMC’s exposure to risks and uncertainties includes:

- Capital management (Note 18)

- Market related exposures (Note 29)

a) Judgments

The main judgments made in the consolidated financial statements of TechnipFMC relate to revenue recognition.

Revenue recognition

The majority of our revenue is derived from long-term contracts that can span several years. We account for revenue in accordance with IFRS 15 (Revenues from Contracts with Customers). The unit of account in IFRS 15 is a performance obligation. A contract's transaction price is allocated to each distinct performance obligation and recognised as revenue when, or as, the performance obligation is satisfied. Our performance obligations are satisfied over time as work progresses or at a point in time.

A significant portion of our total revenue recognised over time relates to our Onshore/Offshore and Subsea segments, primarily for the entire range of onshore facilities, fixed and floating offshore oil and gas facilities, and subsea exploration and production equipment projects that involve the design, engineering, manufacturing, construction, and assembly of complex, customer-specific systems. Because of control transferring over time, revenue is recognised based on the extent of progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the products or services to be provided. We generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer that occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

Due to the nature of the work required to be performed on many of our performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables, and requires significant judgment. It is common for our long-term contracts to contain award fees, incentive fees, or other provisions that can either increase or decrease the transaction price. We include estimated amounts in the transaction price when we believe we have an enforceable right to the modification, the amount can be estimated reliably, and its realization is probable. The estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

We execute contracts with our customers that clearly describe the equipment, systems, and/or services. After analyzing the drawings and specifications of the contract requirements, our project engineers estimate total contract costs based on their experience with similar projects and then adjust these estimates for specific risks associated with each project, such as technical risks associated with a new design. Costs associated with specific risks are estimated by assessing the probability that conditions arising from these specific risks will affect our total cost to complete the project. After work on a project begins, assumptions that form the basis for our calculation of total project cost are examined on a regular basis and our estimates are updated to reflect the most current information and management's best judgment.

Adjustments to estimates of contract revenue, total contract cost, or extent of progress toward completion are often required as work progresses under the contract and as experience is gained, even though the scope of work required under the contract may not change. The nature of accounting for long-term contracts is such that refinements of the estimating process for changing conditions and new developments are continuous and characteristic of the process. Consequently, the amount of revenue recognised over time is sensitive to changes in our estimates of total contract costs. There are many factors, including, but not limited to, the ability to properly execute the engineering and design phases consistent with our customers' expectations, the availability and costs of labor and material resources, productivity, and weather, all of which can affect the accuracy of our cost estimates, and ultimately, our future profitability.

Our operating profit for the year ended December 31, 2018 was negatively impacted by approximately $6.7 million, as a result of changes in contract estimates related to projects that were in progress at December 31, 2017. During the year ended December 31, 2018, we recognised changes in our estimates that had an impact on our margin in the amounts of $(5.1) million, $(5.9) million and $4.3 million in our Onshore/Offshore, Subsea and Surface technologies segments, respectively. The changes in contract estimates are attributed to better than expected performance throughout our execution of our projects.

See Note 1 for a detailed description of revenue accounting policies thereon.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year relate to income taxes, pension accounting, determination of fair value in business combinations, impairment of non-financial assets and estimates related to fair value for purposes of assessing goodwill for impairment and are described below.

Income taxes

Our income tax expense, deferred tax assets and liabilities, and reserves for uncertain tax positions reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the United Kingdom and numerous foreign jurisdictions. Significant judgments and estimates are required in determining our consolidated income tax expense.

In determining our current income tax provision, we assess temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are recorded in our consolidated balance sheets. When we assess deductible temporary differences, including those originating from tax losses carried forward, we must assess the probability that these will be recovered through adjustments to future taxable income. To the extent we believe recovery is not probable, no deferred tax asset is recognised. We believe the assessment related to the availability of future taxable income is a critical accounting estimate because it is highly susceptible to change from period to period, requires management to make assumptions about our future income over the period of deductible temporary differences, and finally, the impact of increasing or decreasing deferred tax assets is potentially material to our results of operations.

Forecasting future income requires us to use a significant amount of judgment. In estimating future income, we use our internal operating budgets and long-range planning projections. We develop our budgets and long-range projections based on recent results, trends, economic and industry forecasts influencing our segments' performance, our backlog, planned timing of new product launches and customer sales commitments. Significant changes in our judgment related to the expected realizability of deductible temporary differences results in an adjustment to the associated deferred tax asset.

The calculation of our income tax expense involves dealing with uncertainties in the application of complex tax laws and regulations in numerous jurisdictions in which we operate. We recognize tax benefits related to uncertain tax positions when, in our judgment, it is more likely than not that such positions will be sustained on examination, including resolutions of any related appeals or litigation, based on the technical merits. We adjust our liabilities for uncertain tax positions when our judgment changes as a result of new information previously unavailable. Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from our current estimates. Any such differences will be reflected as adjustments to income tax expense in the periods in which they are determined.

As of December 31, 2018, we have completed our analysis of the financial statement impact of TCJA and have recorded all amounts associated with our 2017 final and 2018 anticipated compliance filings.

For further information, see Note 6 to the consolidated financial statements.

Accounting for pension and other post-retirement benefit plans

Our pension and other post-retirement (health care and life insurance) obligations are described in Note 21 to our consolidated financial statements.

The determination of the projected benefit obligations of our pension and other post-retirement benefit plans are important to the recorded amounts of such obligations on our consolidated statement of financial position and to the amount of pension expense in our consolidated statements of income. In order to measure the obligations and expense associated with our pension benefits, management must make a variety of estimates, including discount rates used to value certain liabilities, rate of compensation increase, employee turnover rates, retirement rates, mortality rates and other factors. We update these estimates on an annual basis or more frequently upon the occurrence of significant events. These accounting estimates bear the risk of change due to the uncertainty and difficulty in estimating these measures. Different estimates used by management could result in our recognition of different amounts of expense over different periods of time.

The discount rate affects the interest cost component of net periodic pension cost and the calculation of the projected benefit obligation. The discount rate is based on rates at which the pension benefit obligation could be effectively settled on a present value basis. Discount rates are derived by identifying a theoretical settlement portfolio of long-term, high quality (“AA” rated) corporate bonds at our determination date that is sufficient to provide for the projected pension benefit payments. A single discount rate is determined that results in a discounted value of the pension benefit payments that equate to the market value of the selected bonds. The resulting discount rate is reflective of both the current interest rate environment and the pension’s distinct liability characteristics. Significant changes in the discount rate, such as those caused by changes in the yield curve, the mix of bonds available in the market, the duration of selected bonds and the timing of expected benefit payments, may result in volatility in our pension expense and pension liabilities.

Due to the specialised and statistical nature of these calculations which attempt to anticipate future events, we engage third-party specialists to assist management in evaluating our assumptions as well as appropriately measuring the costs and obligations associated with these pension benefits.

The actuarial assumptions and estimates made by management in determining our pension benefit obligations may materially differ from actual results as a result of changing market and economic conditions and changes in plan participant assumptions. While we believe the assumptions and estimates used are appropriate, differences in actual experience or changes in plan participant assumptions may materially affect our financial position or results of operations.

Determination of fair value in business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets acquired and liabilities assumed at their respective fair values. The determination of fair value requires the use of significant estimates and assumptions, and in making these determinations, management uses all available information. If necessary, we have up to one year after the acquisition closing date to finalize these fair value determinations. For tangible and identifiable intangible assets acquired in a business combination, the determination of fair value utilizes several valuation methodologies including discounted cash flows which has assumptions with respect to the timing and amount of future revenue and expenses associated with an asset. The assumptions made in performing these valuations include, but are not limited to, discount rates, future revenues and operating costs, projections of capital costs, and other assumptions believed to be consistent with those used by principal market participants. Due to the specialised nature of these calculations, we engage third-party specialists to assist management in evaluating our assumptions as well as appropriately measuring the fair value of assets acquired and liabilities assumed. Business combinations are described in Note 2 to our consolidated financial statements.

Impairment of non-financial assets

Property, plant and equipment, including vessels, identifiable intangible assets being amortised and capitalised software costs are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the non-financial assets may not be recoverable. The carrying amount of a non-financial asset is not recoverable if it exceeds the recoverable amount determined as the higher of and asset's fair vale less costs of disposal and its value in use. If it is determined that an impairment loss has occurred, the loss is measured as the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The determination of future value in use as well as the estimated fair value of non-financial assets involves significant estimates on the part of management. Because there usually is a lack of quoted market prices for non-financial asset, fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, or based on a multiple of operating cash flow validated with historical market transactions of similar assets where possible. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of future productivity of the asset, operating costs and capital decisions and all available information at the date of review. If future market conditions deteriorate beyond our current expectations and assumptions, impairments of non-financial assets may be identified if we conclude that the carrying amounts are no longer recoverable.

Refer to Note 1 for estimates and accounting policies relevant to property, plant and equipment and intangible assets.

Impairment of goodwill

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. Goodwill is not subject to amortisation but is tested for impairment at the level of groups of cash-generating units ("GCGUs") the goodwill has been allocated to, on an annual basis, or more frequently if impairment indicators arise. We have established October 31 as the date of our annual test for impairment of goodwill. We identify a potential impairment by comparing the recoverable amount of the applicable GCGU to its net book value, including goodwill. If the net book value exceeds the recoverable amount of the GCGU, we measure the impairment by comparing the carrying value of the GCGU to its recoverable amount. GCGU with goodwill are tested for impairment using a quantitative impairment test.

When using the quantitative impairment test, determining the fair value of a GCGU is judgmental in nature and involves the use of significant estimates and assumptions. We estimate the fair value of our GCGUs using a discounted future cash flow model. The majority of the estimates and assumptions used in a discounted future cash flow model involve unobservable inputs reflecting management's own assumptions about the assumptions market participants would use in estimating the fair value of a business. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, discount rates and future economic and market conditions. Our estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and do not reflect unanticipated events and circumstances that may occur.

A lower recoverable amount estimate in the future for any of our GCGU could result in goodwill impairments. Factors that could trigger a lower recoverable amount estimate include sustained price declines of the GCGU's products and services, cost increases, regulatory or political environment changes, changes in customer demand, and other changes in market conditions, which may affect certain market participant assumptions used in the discounted future cash flow model based on internal forecasts of revenues and expenses over a specified period plus a terminal value (the income approach). When assessing triggering factors, on a quarterly and also on an annual basis, we also analyse the relationship between our market capitalisation and our consolidated book value of equity.

The income approach estimates the recoverable amount by discounting each GCGU's estimated future cash flows using a weighted-average cost of capital that reflects current market conditions and the risk profile of the GCGU. To arrive at our future cash flows, we use estimates of economic and market assumptions, including growth rates in revenues, costs, estimates of future expected changes in operating margins, tax rates and cash expenditures. Future revenues are also adjusted to match changes in our business strategy. We believe this approach is an appropriate valuation method. Under the market multiple approach, we determine the estimated fair value of each of our GCGUs by applying transaction multiples to each GCGU's projected EBITDA and then averaging that estimate with similar historical calculations using either a one, two or three year average. Our GCGU valuations were determined primarily by utilising the income approach, with a lesser weighting attributed the market multiple approach.

Late in the fourth quarter of 2018, oil prices fell dramatically and our market capitalisation declined significantly, together with other companies in the oil service industry. This short-term event is not expected to have significant negative impact on our short-term performance and it is not changing materially our medium-term and long-term cash flow projections.

Refer to Note 11 to our consolidated financial statements for additional information related to goodwill impairment testing during 2018.

NOTE 2. SCOPE OF CONSOLIDATION

2.1 Business combinations

Year ended December 31, 2018 - Significant business combinations and other changes

In February 2018, we signed an agreement with the Island Offshore Group to acquire a 51% stake in Island Offshore's wholly-owned subsidiary, Island Offshore Subsea AS. Island Offshore Subsea AS provides RLWI project management and engineering services for plug and abandonment ("P&A"), riserless coiled tubing, and well completion operations. In connection with the acquisition of the controlling interest, TechnipFMC and Island Offshore entered into a strategic cooperation agreement to deliver RLWI services on a worldwide basis, which also include TechnipFMC's RLWI capabilities. Island Offshore Subsea AS has been rebranded to TIOS and is now the operating unit for TechnipFMC's RLWI activities worldwide. The acquisition was completed on April 18, 2018 for total cash consideration of $42.4 million. As a result of the acquisition, we recorded redeemable financial liability equal to the fair value of a written put option. Finally, we preliminarily increased goodwill by $85.0 million.

The impact on consolidated revenues and net profit by the business combination does not differ significantly, had the acquisition been completed as of January 1, 2018, therefore no pro forma 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.

Year ended December 31, 2017 - Significant business combinations and other changes

Merger of FMC Technologies and Technip

On June 14, 2016, FMC Technologies and Technip entered into a definitive business combination agreement providing for the business combination among FMC Technologies, FMC Technologies SIS Limited, a private limited company incorporated under the laws of England and Wales and a wholly-owned subsidiary of FMC Technologies, and Technip. On August 4, 2016, the legal name of FMC Technologies SIS Limited was changed to TechnipFMC Limited, and on January 11, 2017, was subsequently re-registered as TechnipFMC, a public limited company incorporated under the laws of England and Wales.

On January 16, 2017, the business combination was completed. Pursuant to the terms of the definitive business combination agreement, Technip merged with and into TechnipFMC, with TechnipFMC continuing as the surviving company (the "Technip Merger"), and each ordinary share of Technip (the "Technip Shares"), other than Technip Shares owned by Technip or its wholly-owned subsidiaries, were exchanged for 2.0 ordinary shares of TechnipFMC, subject to the terms of the definitive business combination agreement. Immediately following the Technip Merger, a wholly-owned indirect subsidiary of TechnipFMC ("Merger Sub") merged with and into FMC Technologies, with FMC Technologies continuing as the surviving company and as a wholly-owned indirect subsidiary of TechnipFMC (the "FMCTI Merger"), and each share of common share of FMC Technologies (the "FMCTI Shares"), other than FMCTI Shares owned by FMC Technologies, TechnipFMC, Merger Sub or their wholly-owned subsidiaries, were exchanged for 1.0 ordinary share of TechnipFMC, subject to the terms of the definitive business combination agreement.

After careful consideration of all of the company-specific facts, the merger-related facts and the Business Combination Agreement, Technip and FMC Technologies determined that the factors were neutral to or supportive of the conclusion that Technip is considered under the acquisition method of accounting, as the accounting acquirer and acquired a 100% interest in FMC Technologies. The factors that most notably support the determination are (i) the relative voting interest of Technip and FMC Technologies in the combined company whereby the Technip shareholders will have majority voting interest of approximately 51%, (ii) the minority voting interest and (iii) the relative size of FMC Technologies' and Technip's revenues, total assets, workforce and global footprint.

The merger of FMC Technologies and Technip (the "Merger") has created a larger and more diversified company that is better equipped to respond to economic and industry developments and better positioned to develop and build on its offerings in the subsea, surface, and onshore/offshore markets as compared to the former companies on a standalone basis. More importantly, the Merger has brought about the ability of the combined company to (i) standardize its product and service offerings to customers, (ii) reduce costs to customers, and (iii) provide integrated product offerings to the oil and gas industry with the aim to innovate the markets in which the combined company operates.

We incurred merger transaction and integration costs of $56.2 million and $140.4 million during the years ended December 31, 2017 and 2016, respectively.

Description of FMC Technologies as Accounting Acquiree

FMC Technologies is a global provider of technology solutions for the energy industry. FMC Technologies designs, manufactures and services technologically sophisticated systems and products, including subsea production and processing systems, surface wellhead production systems, high pressure fluid control equipment, measurement solutions and marine loading systems for the energy industry. Subsea systems produced by FMC Technologies are used in the offshore production of crude oil and natural gas and are placed on the seafloor to control the flow of crude oil and natural gas from the reservoir to a host processing facility. Additionally, FMC Technologies provides a full range of drilling, completion and production wellhead systems for both standard and custom-engineered applications. Surface wellhead production systems, or trees, are used to control and regulate the flow of crude oil and natural gas from the well and are used in both onshore and offshore applications.

Consideration transferred

The acquisition-date fair value of the consideration transferred consisted of the following:

(In millions, except per share data)		
Total FMC Technologies, Inc. shares subject to exchange as of January 16, 2017		228.9
FMC Technologies, Inc. exchange ratio [(a)]		0.5
Shares of TechnipFMC issued		114.4
Value per share of Technip as of January 16, 2017 [(b)]	$	71.4
Total purchase consideration	$	8,170.7

(a) As the calculation is deemed to reflect a share capital increase of the accounting acquirer, the FMC Technologies exchange ratio (1 share of TechnipFMC for 1 share of FMC Technologies as provided in the business combination agreement) is adjusted by dividing the FMC Technologies exchange ratio by the Technip exchange ratio (2 shares of TechnipFMC for 1 share of Technip as provided in the business combination agreement), i.e., $1/2 = 0.5$ in order to reflect the number of shares of Technip that FMC Technologies stockholders would have received if Technip was to have issued its own shares.

(b) Closing price of Technip's ordinary shares on Euronext Paris on January 16, 2017 in Euro converted at the Euro to U.S. dollar exchange rate of $1.0594 on January 16, 2017.

Assets acquired and liabilities assumed

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date.

(In millions)	
Assets	
Cash	$ 1,479.2
Accounts receivable	647.8
Costs and estimated earnings in excess of billings on uncompleted contracts	599.6
Inventory	764.8
Income taxes receivable	139.2
Other current assets	282.2
Property, plant and equipment	1,623.3
Intangible assets	1,390.3
Other long-term assets	167.3
Total identifiable assets acquired	7,093.7
Liabilities	
Short-term and current portion of long-term debt	1,263.7
Accounts payable, trade	386.0
Billings in excess of costs and estimated earnings on uncompleted contracts	454.0
Income taxes payable	92.1
Other current liabilities	529.5
Long-term debt, less current portion	830.0
Accrued pension and other post-retirement benefits, less current portion	195.5
Deferred income taxes	219.4
Other long-term liabilities	161.0
Total liabilities assumed	4,131.2
Net identifiable assets acquired	2,962.5
Goodwill	5,208.2
Net assets acquired	$ 8,170.7

Segment allocation of goodwill

The final allocation of goodwill to the reporting segments based on the final valuation is as follows:

(In millions)	Allocated Goodwill
Subsea	$ 2,547.4
Onshore/Offshore	1,635.5
Surface Technologies	1,025.3
Total	$ 5,208.2

Goodwill is calculated as the excess of the consideration transferred over the net assets recognised and represents the expected revenue and cost synergies of the combined company, which are further described above. Goodwill recognised as a result of the acquisition is not deductible for tax purposes.

As part of the ongoing review of the purchase price allocation, a $19.7 million adjustment to deferred tax liability balance was recorded during the first quarter in 2018 which increased Surface Technologies goodwill. The tables above include this adjustment.

Acquired identifiable intangible assets

The identifiable intangible assets acquired include the following:

(In millions, except estimated useful lives)	Fair Value	Estimated Useful Lives
Acquired technology	$ 240.0	10
Backlog	175.0	2
Customer relationships	285.0	10
Tradenames	635.0	20
Software	55.3	Various
Total identifiable intangible assets acquired	$ 1,390.3	

FMC Technologies' results of operations have been included in our consolidated financial statements for periods subsequent to the consummation of the Merger on January 16, 2017. FMC Technologies contributed revenues and a net loss of $3,441.1 million and $256.7 million, respectively, for the period from January 17, 2017 through December 31, 2017, respectively.

Pro forma impact of the merger (unaudited)

The following unaudited supplemental pro forma results present consolidated information as if the Merger had been completed as of January 1, 2017. The pro forma results do not include any potential synergies, cost savings or other expected benefits of the Merger. Accordingly, the pro forma results should not be considered indicative of the results that would have occurred if the Merger had been consummated as of January 1, 2017, nor are they indicative of future results.

	Twelve Months Ended
(In millions)	2017 Pro Forma
Revenue	$ 15,169.8
Net profit (loss) attributable to TechnipFMC adjusted for dilutive effects	$ (149.2)

2.2 Subsidiaries, joint venture undertakings and equity affiliates

TechnipFMC's subsidiaries, joint venture undertakings and equity affiliates at December 31, 2018 are listed in Note 31. All subsidiaries are fully consolidated in the financial statements. Ownership interests noted in the table reflect holdings of ordinary shares.

All consolidated companies close their accounts as of December 31 except Technip India which closes their statutory accounts as of March 31. However, the entity performs an interim account closing as of December 31 for the purpose of TechnipFMC consolidation.

NOTE 3. SEGMENT INFORMATION

The table below shows information on TechnipFMC's reportable business and geographical segments:

3.1 Information by business segment

Segment revenue and segment operating profit

(In millions)	Year Ended December 31, 2018	2017
Segment revenue		
Subsea	$ 4,865.6	$ 5,877.4
Onshore/Offshore	6,120.7	7,904.5
Surface Technologies	1,613.6	1,274.6
Other revenue	—	0.4
Total revenue	$ 12,599.9	$ 15,056.9
Segment operating profit (loss)		
Subsea	$ (1,366.3)	$ 280.5
Onshore/Offshore	823.1	810.1
Surface Technologies	172.7	82.0
Total segment operating profit (loss)	$ (370.5)	$ 1,172.6
Corporate items		
Corporate expense [(1)]	(581.7)	(297.9)
Interest income	121.1	173.2
Interest expense	(517.5)	(506.2)
Total corporate items	$ (978.1)	$ (630.9)
Profit (loss) before income taxes	$ (1,348.6)	$ 541.7

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

Segment assets

(In millions)	December 31, 2018	December 31, 2017
Segment assets		
Subsea	$ 11,322.8	$ 13,044.5
Onshore/Offshore	4,356.6	4,604.8
Surface Technologies	2,900.7	2,514.3
Total segment assets	$ 18,580.1	$ 20,163.6
Corporate [(1)]	6,593.5	8,232.5
Total assets	$ 25,173.6	$ 28,396.1

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

Other business segment information:

(In millions)	Capital Expenditures Year Ended December 2018	 2017	Depreciation and Amortisation Year Ended December 2018	 2017	Research and Development Expense Year Ended December 2018	 2017
Subsea	$ 223.2	$ 179.1	$ 444.7	$ 514.5	$ 145.2	$ 169.2
Onshore/Offshore	7.6	16.2	38.2	41.1	29.7	31.4
Surface Technologies	111.9	35.4	66.6	65.1	14.3	12.3
Corporate	25.4	25.0	5.2	3.2	—	—
Total	$ 368.1	$ 255.7	$ 554.7	$ 623.9	$ 189.2	$ 212.9

During the years ended December 31, 2018 and 2017, revenue from JSC Yamal LNG exceeded 10% of our consolidated revenue.

3.2 Information by geography

Geographic segment sales were identified based on the location where our products and services were delivered.

(In millions)	Year Ended December 31, 2018	 2017
Revenue		
Russia	$ 2,773.3	$ 4,894.0
Brazil	1,504.3	911.0
United States	1,275.8	1,535.0
Norway	1,202.6	971.0
Australia	926.6	954.0
United Kingdom	442.1	465.9
Angola	385.7	1,016.0
All other countries	4,089.5	4,310.0
Total revenue	$ 12,599.9	$ 15,056.9

Location of property, plant and equipment, net by geographic region is the following:

(In millions)	December 31, 2018	 2017
United Kingdom	$ 925.6	$ 1,160.6
United States	911.2	887.9
Netherlands	341.6	482.3
Brazil	325.8	408.3
Norway	311.4	321.4
All other countries	754.5	810.5
Total property, plant and equipment	$ 3,570.1	$ 4,071.0

NOTE 4. REVENUE

4.1 Principal revenue generating activities by segments

The majority of our revenue is from long-term contracts associated with designing and manufacturing products and systems and providing services to customers involved in exploration and production of crude oil and natural gas. The following is a description of principal activities separated by reportable segments from which TechnipFMC generates its revenue.

Subsea - Our Subsea segment manufactures and designs products and systems, performs engineering, procurement and project management and provides services used by oil and gas companies involved in offshore exploration and production of crude oil and natural gas.

Systems and services may be sold separately or as combined integrated systems and services offered within one contract. Many of the systems and products TechnipFMC supplies for subsea applications are highly engineered to meet the unique demands of our customers' field properties and are typically ordered one to two years prior to installation. We often receive advance payments and progress billings from our customers in order to fund initial development and working capital requirements.

Under Subsea engineering, procurement, construction and installation contracts, revenue is principally generated from long term contracts with customers. We have determined these contracts generally have one performance obligation as the delivered product is highly customized to customer and field specifications. We generally recognise revenue over time for such contracts as the customized products do not have an alternative use for TechnipFMC and we have an enforceable right to payment plus a reasonable profit for performance completed to date.

Our Subsea segment also performs an array of subsea services including (i) installation services, (ii) asset management services (iii) product optimization, (iv) inspection, maintenance and repair services, and (v) well access and intervention services, where revenue is generally earned through the execution of either installation-type or maintenance-type contracts. For either contract-type, management has determined that the performance of the service generally represents one single performance obligation. We have determined that revenue from these contracts is recognised over time as the customer simultaneously receives and consumes the benefit of the services.

Onshore/Offshore - Our Onshore/Offshore segment 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 offshore production and processing of oil and gas reserves.

Our onshore business combines the design, engineering, procurement, construction and project management of the entire range of onshore facilities. Our onshore activity covers all types of onshore facilities related to the production, treatment and transportation of oil and gas, as well as transformation with petrochemicals such as ethylene, polymers and fertilizers. Some of the onshore activities include the development of onshore fields, refining, natural gas treatment and liquefaction, and design and construction of hydrogen and synthesis gas production units.

Many of these contracts provide a combination of engineering, procurement, construction, project management and installation services, which may last several years. We have determined that contracts of this nature have generally one performance obligation. In these contracts, the final product is highly customized to the specifications of the field and the customer's requirements. Therefore, the customer obtains control of the asset over time, and thus revenue is recognised over time.

Our offshore business combines the design, engineering, procurement, construction and project management within the entire range of fixed and floating offshore oil and gas facilities, many of which were the first of their kind, including the development of floating liquefied natural gas ("FLNG") facilities. Similar to onshore contracts, contracts grouped under this segment provide a combination of services, which may last several years.

We have determined that contracts of this nature have one performance obligation. In these contracts, the final product is highly customized to the specifications of the field and the customer's requirements. We have determined that the customer obtains control of the asset over time, and thus revenue is recognised over time as the customized products do not have an alternative use for us and we have an enforceable right to payment plus reasonable profit for performance completed to date.

Surface Technologies - Our Surface Technologies segment designs, manufactures and supplies technologically advanced wellhead systems and high pressure valves and pumps used in stimulation activities for oilfield service companies and provides installation, flowback and other services for exploration and production companies.

We provide a full range of drilling, completion and production wellhead systems for both standard and custom-engineered applications. Under pressure control product contracts, we design and manufacture flowline products, under the Weco®/Chiksan® trademarks, articulating frac arm manifold trailers, well service pumps, compact valves and reciprocating pumps used in well completion and stimulation activities by major oilfield service companies. Performance obligations within these systems are satisfied either through delivery of a standardized product or equipment or the delivery of a customized product or equipment.

For contracts with a standardized product or equipment performance obligation, management has determined that because there is limited customization to products sold within such contracts and the asset delivered can be resold to another customer, revenue should be recognised as of a point in time, upon transfer of control to the customer and after the customer acceptance provisions have been met.

For contracts with a customized product or equipment performance obligation, the revenue is recognised over time, as the manufacturing of our product does not create an asset with an alternative use for us.

This segment also designs, manufactures and services measurement products globally. Contract-types include standard product or equipment and maintenance-type services where we have determined that each contract under this product line represents one performance obligation.

Revenue from standard measurement equipment contracts is recognised at a point in time, while maintenance-type contracts are typically priced at a daily or hourly rate. We have determined that revenue for these contracts is recognised over time because the customer simultaneously receives and consumes the benefit of the services.

4.2 Disaggregation of revenue

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

	Reportable Segments		
	Year Ended December 31, 2018		
(In millions)	**Subsea**	**Onshore/ Offshore**	**Surface Technologies**
Europe, Russia, Central Asia	$ 1,528.1	$ 3,506.1	$ 227.7
America	1,747.1	365.1	879.2
Asia Pacific	532.9	1,236.1	123.2
Africa	758.1	252.7	57.9
Middle East	181.2	760.7	213.4
Total products and services revenue	$ 4,747.4	$ 6,120.7	$ 1,501.4

The following table represents revenue by contract type for each reportable segment for the year ended December 31, 2018:

	Year Ended December 31, 2018		
(In millions)	Subsea	Onshore/Offshore	Surface Technologies
Services	$ 3,420.2	$ 6,120.7	$ 252.7
Products	1,327.2	—	1,248.7
Total products and services revenue	4,747.4	6,120.7	1,501.4
Lease and other[(a)]	118.2	—	112.2
Total revenue	$ 4,865.6	$ 6,120.7	$ 1,613.6

4.3 Contract balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts (contract assets), and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the consolidated statement of financial position.

Contract Assets - 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 December 31, 2018 and 2017, respectively:

(In millions)	December 31, 2018	December 31, 2017	$ change	% change
Contract assets	$ 1,295.0	$ 1,637.4	$ (342.4)	(20.9)
Contract (liabilities)	(4,069.0)	(3,314.5)	(754.5)	(22.8)
Net contract (liabilities)	$ (2,774.0)	$ (1,677.1)	$ (1,096.9)	(65.4)

The majority of the change in net contract assets (liabilities) was due to the adoption of IFRS 15. The adoption resulted in a net reclassification from net contract assets (liabilities) to trade receivables. See Note 1.2. Certain amounts that were previously reported in contract assets and contract liabilities have been reclassified to trade receivables as of December 31, 2018.

The remaining decrease not related to the adoption of IFRS 15 in our contract assets from December 31, 2017 to December 31, 2018 was primarily due to the timing of milestone payments, partially offset by an increase of $5.7 million in contract assets due to acquisitions.

The remaining increase not related to the adoption of IFRS 15 in our contract liabilities was primarily due to cash received, excluding amounts recognised as revenue during the period.

In order to determine revenue recognised in the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. Revenue recognised for the year ended December 31, 2018 that were included in the contract liabilities balance at December 31, 2017 was $2,814.6 million.

In addition, net revenue recognised for the year ended December 31, 2018 from our performance obligations satisfied in previous periods has favorable impact of $21.8 million. This primarily relates to the changes in the estimate of the stage of completion that impacted revenue.

4.4 Transaction price allocated to the remaining unsatisfied performance obligations

Remaining unsatisfied performance obligations ("RUPO" or "order backlog") represent the transaction price for products and services for which we have a material right but work has not been performed. Transaction price of the order backlog includes the base transaction price, variable consideration and changes in transaction price. The order backlog table does not include contracts for which we 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 December 31, 2018, the aggregate amount of the transaction price allocated to order backlog was $14,560.0 million. TechnipFMC expects to recognise revenue on approximately 63.1% of the order backlog through 2019 and 36.9% thereafter.

The following table details the order backlog for each business segment as of December 31, 2018:

(In millions)	2019	2020	Thereafter
Subsea	$ 3,379.2	$ 1,382.1	$ 1,238.3
Onshore/Offshore	5,335.1	1,732.9	1,022.5
Surface Technologies	469.9	—	—
Total remaining unsatisfied performance obligations	$ 9,184.2	$ 3,115.0	$ 2,260.8

NOTE 5. OTHER INCOME AND EXPENSE ITEMS, FINANCIAL INCOME AND EXPENSES

5.1 Other income (expense), net

Other income (expense) is as following:

(In millions)	2018	2017
Reinsurance income	$ 11.8	$ 10.0
Net loss from disposal of intangible assets	(1.8)	(0.4)
Net loss from disposal of property, plant and equipment	(20.1)	(12.9)
Foreign currency translation losses	(65.6)	(30.1)
Legal provision (Note 25)	(280.0)	—
Other	22.8	2.3
Total other income (expense), net	$ (332.9)	$ (31.1)

5.2 Expenses by nature

Total operating expenses by nature are as following:

(In millions)	2018	2017
Wages and salaries	$ 2,640.4	$ 2,787.8
Depreciation and amortisation	554.9	623.9
Social security costs	509.2	511.9
Operating leases	360.3	359.2
Impairment	1,636.1	157.4
Other pension costs	54.0	67.7
Merger and transaction costs	36.4	56.2
Purchases, external charges and other expenses	7,550.6	9,587.5
Total costs and other expenses	$ 13,341.9	$ 14,151.6

5.3 Financial income

Net financial result as of December 31, 2018 amounted to a loss of $396.4 million compared to $333.0 million as of December 31, 2017. It breaks down as follows:

(In millions)	2018	2017
Interest income from treasury management (1)	$ 117.0	$ 135.7
Dividends from non-consolidated investments	3.1	—
Financial income related to long-term employee benefit plans	1.0	31.2
Net proceeds from disposal of financial assets	—	6.3
Total financial income	$ 121.1	$ 173.2

(1) Mainly results from interest income from short-term security deposits.

5.4 Financial expenses

(In millions)	2018	2017
Interest expenses on bonds and private placements	$ (60.2)	$ (57.0)
Fees related to credit facilities	(15.9)	(0.5)
Financial expenses related to long-term employee benefit plans	(4.5)	(43.7)
Interest expenses on bank borrowings and overdrafts	(59.0)	(75.8)
Redeemable financial liability fair value measurement	(322.8)	(293.7)
Other	(55.1)	(35.5)
Total financial expenses	$ (517.5)	$ (506.2)
Net financial income (expenses)	$ (396.4)	$ (333.0)

NOTE 6. INCOME TAX

6.1 Income tax expense

As a result of the Merger described in Note 2, TechnipFMC is a public limited company incorporated under the laws of England and Wales. Therefore, our earnings are subject to the United Kingdom statutory rate of 19.0%. Previously, our earnings were subject to the French statutory rate of 34.4%

The income tax expense recognised in the statement of income for an amount of $397.0 million and $586.1 million in 2018 and 2017 respectively, is explained as follows:

(In millions)	**2018**	**2017**
Current income tax credit (expense)	$ (358.8)	$ (403.6)
Deferred income tax credit (expense)	(38.2)	(182.5)
Income tax credit (expense) as recognised in the consolidated statement of income	$ (397.0)	$ (586.1)
Deferred income tax related to items booked directly to opening equity	(25.4)	24.2
Deferred income tax related to items booked to equity during the year	12.5	(49.6)
Income tax credit (expense) as reported in consolidated statement of other comprehensive income	$ (12.9)	$ (25.4)

6.2 Income tax reconciliation

The reconciliation between the tax calculated using the standard tax rate applicable to TechnipFMC and the amount of tax effectively recognised in the accounts is detailed as follows:

(In millions)	**2018**	**2017**
Net loss	$ (1,745.6)	$ (44.4)
Income tax credit (expense)	(397.0)	(586.1)
Profit (loss) before tax	$ (1,348.6)	$ 541.7
At TechnipFMC plc statutory income tax rate of 19.0% in 2018 and 19.3% in 2017	256.2	(104.3)
Differences between TechnipFMC plc and foreign income tax rates	(109.7)	(190.9)
U.S. Transition tax	(11.8)	(116.6)
Net change in tax contingencies	(10.2)	(29.6)
Deferred tax asset not recognised on tax loss of the year	(213.8)	(148.0)
Other non-deductible expenses	—	—
Adjustments on prior year taxes	(10.6)	30.0
Deferred tax relating to changes in tax rates	(25.6)	(9.2)
Impairments	(228.7)	—
Non-deductible legal provision	(56.0)	—
Other	13.2	(17.5)
Effective income tax credit (expense)	(397.0)	(586.1)
Tax rate	(29.4)%	108.2%
Income tax credit (expense) as reported in the consolidated statement of income	$ (397.0)	$ (586.1)

The tax rate used for the purpose of the income tax expense reconciliation was 19.0% in 2018 and 19.3% in 2017.

In 2018 and 2017, these rates correspond to the statutory rate of the parent company in the United Kingdom.

U.S. Tax Cuts and Jobs Act (TCJA) and Other Jurisdictional Tax Reform. Included in the 2017 provision for income taxes are taxes related to the deemed repatriation to the United States of foreign earnings. The Tax

Cuts and Jobs Act (TCJA), signed into U.S. law on December 22, 2017, made significant changes to the U.S. federal income taxation of non-U.S. corporate subsidiaries that are controlled by one or more U.S. shareholders. As part of these changes, the TCJA required a onetime deemed repatriation of all accumulated non-U.S. earnings.

The TCJA generally requires that, for the last taxable year of a non-U.S. corporation beginning before January 1, 2018, all U.S. shareholders of such a corporation that is at least 10-percent U.S.-owned must include in income their pro rata share of the corporation's accumulated post-1986 deferred foreign income that was not previously subject to U.S. tax. Accordingly, TechnipFMC recorded income tax expense of approximately $148.7 million in 2017 associated with the deemed repatriation of approximately $2.6 billion of non-U.S. earnings that were not previously subject to U.S. tax. TechnipFMC recorded additional income tax expense of $11.8 million in 2018 associated with the deemed repatriation of approximately $307.0 million of non-U.S. earnings that were not previously subject to U.S. tax. TechnipFMC has recorded no current tax payable associated with the deemed repatriation.

Also included in the 2017 provision for income taxes is the result of the revaluation of deferred tax attributes as a result of changes in corporate tax rates as part of jurisdictional tax reform. The tax expense from the revaluation of U.S. deferred tax attributes is $18.9 million. The tax benefit from the revaluation of deferred tax attributes in other foreign jurisdictions is $9.7 million.

As a result of the deemed repatriation, U.S. income tax has been provided on all undistributed earnings of non-U.S. subsidiaries of TechnipFMC's U.S. affiliates as of December 31, 2017. The cumulative balance of these undistributed earnings was approximately $2.9 billion as of December 31, 2017.

As of December 31, 2018, we have completed our analysis of the financial statement impact of TCJA and have recorded all amounts associated with our 2017 final and 2018 anticipated compliance filings.

6.3 Deferred income tax

Significant components of deferred tax assets and liabilities are as follows:

(In millions)	As of January 1, 2018	Recognised in Statement of Income	Recognised in OCI and Equity	As of December 31, 2018
Accrued expenses	$ 146.5	$ (30.3)	$ —	$ 116.2
Net operating loss carryforwards	90.2	(56.6)	—	33.6
Inventories	13.4	(10.2)	—	3.2
Research and development credit	7.5	(7.5)	—	—
Foreign exchange	(21.5)	33.1	14.1	25.7
Provisions for pensions and other long-term employee benefits	86.4	(45.8)	(1.6)	39.0
Contingencies related to contracts	111.3	(40.2)	—	71.1
Other contingencies	33.5	(4.8)	—	28.7
Fair value losses/gains	12.4	(12.4)	—	—
Capital loss	—	21.1	—	21.1
Other	(3.4)	18.4	—	15.0
Total deferred income tax assets	$ 476.3	$ (135.2)	$ 12.5	$ 353.6
Revenue in excess of billings on contracts accounted for under the percentage of completion method	41.2	(20.4)	—	20.8
U.S. tax on foreign subsidiaries' undistributed earnings not indefinitely reinvested	4.9	4.5	—	9.4
Property, plant and equipment, goodwill and other assets	403.3	(53.2)	—	350.1
Margin recognition on construction contracts	6.4	(40.8)	—	(34.4)
Total deferred income tax liabilities	$ 455.8	$ (109.9)	$ —	$ 345.9
Deferred income tax assets (liabilities), net	$ 20.5	$ (25.3)	$ 12.5	$ 7.7

(In millions)	As of January 1, 2017	Recognised in Statement of Income	Recognised in OCI and Equity	As of December 31, 2017
Accrued expenses	$ 51.8	$ 94.7	$ —	$ 146.5
Net operating loss carryforwards	55.9	34.3	—	90.2
Inventories	—	13.4	—	13.4
Research and development credit	—	7.5	—	7.5
Foreign exchange	—	(21.5)	—	(21.5)
Provisions for pensions and other long-term employee benefits	56.3	37.1	(7.0)	86.4
Contingencies related to contracts	197.6	(86.3)	—	111.3
Other contingencies	66.3	(32.8)	—	33.5
Fair value losses/gains	108.1	(53.1)	(42.6)	12.4
Other	28.9	(32.3)	—	(3.4)
Total deferred income tax assets	$ 564.9	$ (39.0)	$ (49.6)	$ 476.3
Revenue in excess of billings on contracts accounted for under the percentage of completion method	—	41.2	—	41.2
U.S. tax on foreign subsidiaries' undistributed earnings not indefinitely reinvested	—	4.9	—	4.9
Property, plant and equipment, goodwill and other assets	106.1	297.2	—	403.3
Margin recognition on construction contracts	(0.2)	6.6	—	6.4
Total deferred income tax liabilities	$ 105.9	$ 349.9	$ —	$ 455.8
Deferred income tax assets (liabilities), net	$ 459.0	$ (388.9)	$ (49.6)	$ 20.5

To disclose the details of deferred tax assets and liabilities by nature of temporary differences, it was necessary to split up deferred tax assets and liabilities for each subsidiary (each subsidiary reports in its statement of financial position a net amount of deferred tax liabilities and assets).

As of December 31, 2018, the net deferred tax asset of $7.7 million is broken down into a deferred tax asset of $244.2 million and a deferred tax liability of $236.5 million as recorded in the statement of financial position.

6.4 Tax loss carry-forwards and tax credits

At December 31, 2018 and 2017, deferred tax assets excluded U.S. foreign tax credit carryforwards of $105.9 million and $34.9 million, respectively, which, if not utilized, will begin to expire in 2023. Realization of these deferred tax assets is dependent on the generation of sufficient U.S. taxable income prior to the above date. Based on long-term forecasts of operating results, management believes that it is more likely than not that our U.S. earnings over the forecast period will not result in sufficient U.S. taxable income to fully realize these deferred tax assets. In its analysis, management has considered the effect of deemed dividends and other expected adjustments to U.S. earnings that are required in determining U.S. taxable income. Non-U.S. earnings subject to U.S. tax, including deemed dividends for U.S. tax purposes, were $0.3 billion and $1.3 billion in 2018 and 2017, respectively.

As of December 31, 2018 and 2017, deferred tax assets excluded tax benefits related to net operating loss carryforwards. If not utilized, some of these net operating loss carryforwards began to expire in 2019. Management believes it is more likely than not that we will not be able to utilize certain of these operating loss carryforwards before expiration.

The majority of the tax loss carry-forwards not yet recognised as source of deferred tax assets came from Brazilian entities for $275.0 million and $315.6 million in 2018 and 2017, respectively, a Saudi entity for $271.0 million and $196.8 million in 2018 and 2017, respectively, Mexico entities for $185.5 million and $127.0 million in 2018 and 2017, respectively, U.K. entities for $140.6 million and $121.0 million in 2018 and 2017, respectively, and a Finnish entity for $60.6 million and $57.7 million in 2018 and 2017, respectively. Except Finland and Mexico, all of these tax loss carryforwards extend indefinitely.

At December 31, 2018, deferred tax assets exclude tax benefits related to certain intercompany interest costs and other temporary differences in the amount of $85.7 million and $244.3 million, respectively. If the intercompany interest costs are not utilized, these costs will become permanently nondeductible beginning in 2025. The other temporary differences do not have an expiration date. Management believes that it is more likely than not that we will not be able to deduct these costs. See Note 1 for discussion on estimates and uncertainties. There are no income tax consequences attached to the payment of dividends in either 2018 or 2017 by TechnipFMC to its shareholders.

NOTE 7. PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

According to IFRS 5, income (loss) from operations discontinued during the financial year is reported in this Note. In 2018 and 2017, no activity was closed or sold.

NOTE 8. EARNINGS PER SHARE

Diluted earnings per share are computed in accordance with Note 1. Reconciliation between earnings per share before dilution and diluted earnings per share is as follows:

	Year Ended December 31,	
(In millions, except per share data)	**2018**	**2017**
Net (loss) attributable to TechnipFMC plc	$ (1,756.4)	$ (65.3)
After-tax interest expense related to dilutive shares	—	—
Net profit (loss) attributable to TechnipFMC plc adjusted for dilutive effects	$ (1,756.4)	$ (65.3)
(In millions of shares)		
Weighted average number of shares outstanding	458.0	466.7
Dilutive effect of restricted stock units	—	—
Dilutive effect of stock options	—	—
Dilutive effect of performance shares	—	—
Total shares and dilutive securities	458.0	466.7
(In US dollars)		
Basic earnings (loss) per share attributable to TechnipFMC plc	$ (3.83)	$ (0.14)
Diluted earnings (loss) per share attributable to TechnipFMC plc	$ (3.83)	$ (0.14)

In 2018, the average annual share price amounted to $29.69 and the closing price to $20.20. In 2017, the average annual share price amounted to $29.24 and the closing price to $31.31.

As TechnipFMC's net result was a loss as of December 31, 2018 and 2017, share subscriptions options, and performance shares had an anti-dilutive effect; as a consequence, potential shares linked to those instruments were not taken into account in the diluted weighted average number of shares or in the calculation of diluted earnings (loss) per share.

NOTE 9. INVESTMENT IN EQUITY AFFILIATES

For certain construction joint operations, our assets in such operations, including those held jointly, and our liabilities, including those incurred jointly are recognised in the consolidated financial statements. None of joint operations, individually or in the aggregate, are significant to our consolidated results for 2018 or 2017.

Our major equity investments were as follows as of December 31, 2018 and 2017:

	December 31, 2018		December 31, 2017	
	Percentage Owned	Carrying Value	Percentage Owned	Carrying Value
Technip Odebrecht PLSV CV	50%	$ 102.2	50.0%	$ 59.8
Dofcon Brasil AS	50%	126.2	50.0%	74.1
Serimax Holdings SAS	20%	23.2	20.0%	25.1
Magma Global Limited	25%	49.8	—	—
Other	—	57.7	—	22.0
Investments in equity affiliates		$ 359.1		$ 181.0

Our total net profit from equity affiliates included in each of our reporting segments was as follows:

(In millions)	**2018**	**2017**
Subsea	$ 89.3	$ —
Onshore/Offshore	33.4	0.5
Surface Technologies	—	—
Income from equity affiliates	$ 122.7	$ 0.5

Our major equity method investments are as follows:

Technip Odebrecht PLSV CV ("Technip Odebrecht") - is an affiliated company in the form of a joint venture between Technip SA and Ocyan SA. Technip Odebrecht was formed in 2011 when awarded a contract to provide pipeline installation ships to state-controlled Petroleo Brasileiro SA ("Petrobras") for their work in oil and gas fields offshore Brazil. We have accounted for our 50% investment using the equity method of accounting with results reported in our Subsea segment.

Dofcon Brasil AS ("Dofcon") - is an affiliated company in the form of a joint venture between Technip SA and DOF Subsea and was founded in 2006. Dofcon provides Pipe-Laying Support Vessels (PLSVs) for work in oil and gas fields offshore Brazil. We have accounted for our 50% investment using the equity method of accounting with results reported in our Subsea segment.

Serimax Holdings SAS ("Serimax") - is an affiliated company in the form of a joint venture between Technip SA and Vallourec SA and was founded in 2016. Serimax is headquartered in Paris, France and provides rigid pipes welding services for work in oil and gas fields around the world. We have accounted for our 20% investment using the equity method of accounting with results reported in our Subsea segment.

Magma Global Limited ("Magma Global") - is an affiliated company in the form of a collaborative agreement signed in 2018 between Technip-Coflexip UK Holdings Limited and Magma Global to develop hybrid flexible pipe for use in offshore applications. As part of the collaboration, TechnipFMC holds a minority stake. We have accounted for our 25% investment using the equity method investment of accounting with results reported in our Subsea segment.

Reconciliation of carrying amount in TechnipFMC's equity affiliates is as follows:

(In millions)	2018	2017
Carrying amount of investments as at January 1	$ 181.0	$ 177.8
Acquisitions	43.6	15.1
Share of profit of equity affiliates	122.7	0.5
Distributed dividends	(3.0)	(17.6)
Other comprehensive income	5.2	4.8
Other	9.6	0.4
Carrying amount of investments as at December 31	$ 359.1	$ 181.0

The tables below provide summarised financial information for Dofcon and Technip Odebrecht that are material to TechnipFMC. The information disclosed reflects the amounts presented in the financial statements of Dofcon and Technip Odebrecht and not TechnipFMC's share of those amounts. They have been amended to reflect adjustments made by TechnipFMC when using the equity method, including fair value adjustments.

	Dofcon		Technip Odebrecht	
	December 31,		December 31,	
(In millions)	2018	2017	2018	2017
Data at 100%				
Cash and cash equivalents	$ 61.8	$ 41.9	$ 90.3	$ 63.0
Other current assets	83.4	68.4	19.3	21.7
Total current assets	145.2	110.3	109.6	84.7
Non-current assets	1,671.6	1,412.4	460.7	453.4
Total assets	$ 1,816.8	$ 1,522.7	$ 570.3	$ 538.1
Total equity	$ 256.2	$ 154.0	$ 204.4	$ 119.7
Financial liabilities (excluding trade payables)	1,034.1	889.2	62.6	374.9
Total non-current liabilities	1,034.1	889.2	62.6	374.9
Financial liabilities (excluding trade payables)	435.2	372.9	284.5	25.3
Other current liabilities	91.3	106.6	18.8	18.2
Total current liabilities	526.5	479.5	303.3	43.5
Total equity and liabilities	$ 1,816.8	$ 1,522.7	$ 570.3	$ 538.1

	Dofcon		Technip Odebrecht	
(In millions)	2018	2017	2018	2017
Data at 100%				
Revenue	$ 216.3	$ 172.1	$ 136.7	$ 134.1
Depreciation and amortisation	(61.3)	(48.6)	(34.1)	(33.4)
Interest income	8.0	8.9	0.7	0.3
Interest expense	(37.6)	(39.0)	(23.2)	(24.4)
Income tax expense (benefit)	24.6	3.8	—	—
Profit (loss) for the period	95.7	67.4	86.8	(51.8)
Other comprehensive income	8.5	51.8	2.3	3.1
Total comprehensive income	$ 104.2	$ 119.2	$ 89.1	$ (48.7)

(In millions)	Dofcon 2018	Dofcon 2017	Technip Odebrecht 2018	Technip Odebrecht 2017
Data at 100%				
Carrying amount of investment as at January 1	$ 148.2	$ 29.0	$ 119.7	$ 168.3
Profit (loss) for the period	95.7	67.4	86.8	(51.8)
Other comprehensive income	8.5	51.8	2.3	3.1
Distributed dividends	—	—	(4.4)	—
Carrying amount of investment as at December 31	$ 252.4	$ 148.2	$ 204.4	$ 119.6
TechnipFMC's share in %	50.0%	50.0%	50.0%	50.0%
TechnipFMC's share in investment	126.2	74.1	102.2	59.8
Carrying amount	$ 126.2	$ 74.1	$ 102.2	$ 59.8

In addition to the interest in Dofcon and Technip Odebrecht disclosed above, TechnipFMC also has interests in a number of individually immaterial associates that are accounted for using the equity method. None of the investments in joint ventures and associates is individually material, therefore summarized financial information (at 100%) are presented below:

(In millions)	December 31, 2018	December 31, 2017
Data at 100%		
Non-current assets	$ 286.5	$ 21.9
Current assets	892.3	630.5
Total assets	$ 1,178.8	$ 652.4
Total equity	470.1	117.1
Non-current liabilities	(5.0)	(5.3)
Current liabilities	713.7	540.6
Total equity and liabilities	$ 1,178.8	$ 652.4

Summarised statement of total comprehensive income (at 100%) are presented below:

(In millions)	2018	2017
Data at 100%		
Revenue	$ 884.1	$ 415.2
Interest income	3.0	0.9
Depreciation and amortisation	(12.0)	(10.6)
Interest expense	(6.2)	(4.4)
Income tax expense (benefit)	(3.7)	(8.4)
Profit for the period	68.2	(10.5)
Other comprehensive income	(18.2)	10.6
Total comprehensive income	$ 50.0	$ 0.1

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

The following tables include the costs, the accumulated depreciation and impairment losses by type of tangible assets:

(In millions)	Land	Buildings	Vessels	Machinery and Equipment	Assets under Construction	Other	Total
Net book value as of December 31, 2016	$ 17.3	$ 137.4	$ 1,412.6	$ 452.8	$ 310.5	$ 289.5	$ 2,620.1
Costs	157.2	983.2	2,417.1	1,939.8	136.7	759.5	6,393.5
Accumulated depreciation	(2.4)	(223.1)	(588.7)	(692.4)	—	(450.5)	(1,957.1)
Accumulated impairment	(1.2)	(23.4)	(292.5)	(47.6)	—	(0.7)	(365.4)
Net book value as of December 31, 2017	$ 153.6	$ 736.7	$ 1,535.9	$ 1,199.8	$ 136.7	$ 308.3	$ 4,071.0
Costs	156.8	968.6	2,426.5	1,983.7	179.1	603.5	6,318.2
Accumulated depreciation	(4.2)	(221.9)	(725.3)	(729.6)	—	(400.3)	(2,081.3)
Accumulated impairment	(1.5)	(34.9)	(557.4)	(73.0)	—	—	(666.8)
Net book value as of December 31, 2018	$ 151.1	$ 711.8	$ 1,143.8	$ 1,181.1	$ 179.1	$ 203.2	$ 3,570.1

In connection with management’s annual test for impairment of goodwill as of October 31, 2018, property, plant and equipment was also tested for impairment at that date. In estimating property, plant and equipment value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised. An impairment loss is recognised as an expense immediately as part of operating profit (loss) in the consolidated statements of income.

In estimating vessels' recoverable amount TechnipFMC obtained independent valuations. Since vessels were valued using the broker valuation the valuation is considered to be Level 2 in the fair value hierarchy.

The prolonged downturn in the energy market and its corresponding impact on our business outlook led us to conclude the carrying amount of certain of our assets in our Subsea segment exceeded their recoverable amount in 2018 and 2017. TechnipFMC recorded $267.8 million and $120.8 million impairment loss on vessels in our Subsea segment during the years ended December 31, 2018 and 2017, respectively. These continued conditions in 2018 also led to a goodwill impairment. See Note 11.

Changes in net property, plant and equipment are comprised as follows:

(In millions)	Land	Buildings	Vessels	Machinery and Equipment	Assets under Construction	Other	Total
Net book value as of December 31, 2016	$ 17.3	$ 137.4	$ 1,412.6	$ 452.8	$ 310.5	$ 289.5	$ 2,620.1
Additions	0.5	16.4	41.0	102.1	51.1	32.0	243.1
Acquisitions through business combinations	136.8	593.6	—	777.7	79.6	35.6	1,623.3
Disposals – write-off	—	(2.1)	(1.6)	(25.2)	—	(3.6)	(32.5)
Depreciation expense for the year	(2.5)	(38.5)	(114.6)	(160.3)	—	(63.5)	(379.4)
Impairment	(0.6)	(9.6)	(120.8)	(16.4)	—	(0.4)	(147.8)
Net foreign exchange differences	2.3	13.4	79.1	28.8	17.7	8.9	150.2
Other	(0.2)	26.1	240.2	40.3	(322.2)	9.8	(6.0)
Net book value as of December 31, 2017	$ 153.6	$ 736.7	$ 1,535.9	$ 1,199.8	$ 136.7	$ 308.3	$ 4,071.0
Additions	9.4	48.6	35.6	203.4	76.3	24.8	398.1
Acquisitions through business combinations	—	—	—	11.2	(0.5)	1.1	11.8
Disposals through divestiture	(4.2)	(4.9)	0.2	(1.6)	0.2	(5.5)	(15.8)
Disposals – write-off	(2.0)	(21.7)	(9.2)	(23.1)	—	0.7	(55.3)
Depreciation expense for the year	(2.0)	(35.4)	(112.8)	(171.0)	—	(51.1)	(372.3)
Impairment	(0.4)	(11.3)	(267.8)	(25.6)	—	0.4	(304.7)
Net foreign exchange differences	(3.5)	(19.3)	(51.9)	(50.7)	(7.7)	(28.1)	(161.2)
Other	0.2	19.1	13.8	38.7	(25.9)	(47.4)	(1.5)
Net book value as of December 31, 2018	$ 151.1	$ 711.8	$ 1,143.8	$ 1,181.1	$ 179.1	$ 203.2	$ 3,570.1

There were no pledged property, plant and equipment as of December 31, 2018 and December 31, 2017.

As of December 31, 2018, TechnipFMC has property, plant and equipment held under finance lease agreements, the carrying amount of which is $321.3 million including $48.4 million related to land, $262.8 million related to buildings and $10.1 million related to office and equipment.

As of December 31, 2017, the carrying amount of leased assets was $330.0 million including $50.8 million related to land, $268.5 million related to buildings and $10.7 million related to office and equipment.

The total future minimum lease payments related to finance leases as follows:

(In millions)	2019	2020 to 2023	2024 and beyond	Total
Future minimum lease payments related to finance leases	$ 16.2	$ 365.8	$ —	$ 382.0

The present value of the future minimum lease payments was $337.8 million and $328.7 million as at December 31, 2018 and 2017, respectively. Refer to Note 1 for discussion on future impact from adoption of IFRS 16.

NOTE 11. GOODWILL AND INTANGIBLE ASSETS, NET

Costs, accumulated amortisation and impairment losses by type of intangible assets are as follows:

(In millions)	Goodwill	Acquired Technology	Backlog	Customer Relationships	Tradenames	Licenses, Patents and Trademarks	Software	Other	Total
Net book value as of December 31, 2016	$ 3,718.3	$ —	$ —	$ —	$ —	$ 46.4	$ 49.1	$ 160.0	$ 3,973.8
Costs	8,957.3	240.0	175.0	285.0	635.0	174.2	237.9	83.4	10,787.8
Accumulated amortisation	—	(25.0)	(118.0)	(29.0)	(32.0)	(125.3)	(145.4)	(21.9)	(496.6)
Accumulated impairment	—	—	—	—	—	—	(0.1)	—	(0.1)
Net book value as of December 31, 2017	$ 8,957.3	$ 215.0	$ 57.0	$ 256.0	$ 603.0	$ 48.9	$ 92.4	$ 61.5	$ 10,291.1
Costs	9,061.1	240.0	175.0	285.0	636.5	182.8	232.1	93.9	10,906.4
Accumulated amortisation	—	(48.9)	(175.0)	(57.4)	(63.9)	(131.3)	(159.1)	(32.1)	(667.7)
Accumulated impairment	(1,367.2)	—	—	—	—	—	(0.9)	—	(1,368.1)
Net Book Value as of December 31, 2018	$ 7,693.9	$ 191.1	$ —	$ 227.6	$ 572.6	$ 51.5	$ 72.1	$ 61.8	$ 8,870.6

11.1 Intangible assets, net

Changes in intangible assets break down as follows:

(In millions)	Goodwill	Acquired Technology	Backlog	Customer Relationships	Tradenames	Licenses, Patents and Trademarks	Software	Other	Total
Net book value as of December 31, 2016	$ 3,718.3	$ —	$ —	$ —	$ —	$ 46.4	$ 49.1	$ 160.0	$ 3,973.8
Additions - acquisitions - internal developments (2)	—	—	—	—	—	—	—	(81.7)	(81.7)
Acquisitions due to the merger of FMC Technologies and Technip	5,188.5	240.0	175.0	285.0	635.0	—	55.3	—	6,578.8
Additions - other business combinations	3.8	—	—	—	—	4.7	6.9	0.3	15.7
Disposals - write-off	—	—	—	—	—	—	(3.5)	(0.7)	(4.2)
Amortisation charge for the year	—	(25.0)	(118.0)	(29.0)	(32.0)	(3.5)	(25.6)	(11.4)	(244.5)
Impairment	—	—	—	—	—	—	(0.1)	—	(0.1)
Net foreign exchange differences (1)	45.6	—	—	—	—	1.3	5.7	(0.1)	52.5
Other	1.1	—	—	—	—	—	4.6	(4.9)	0.8
Net book value as of December 31, 2017	$ 8,957.3	$ 215.0	$ 57.0	$ 256.0	$ 603.0	$ 48.9	$ 92.4	$ 61.5	$ 10,291.1
Additions - acquisitions		—	—	—	—	—	8.1	—	8.1
Additions - other business combinations	104.7	—	—	—	1.5	7.4	—	12.8	126.4
Disposals - write-off	—	—	—	—	—	—	(3.0)	—	(3.0)
Amortisation charge for the year	—	(23.9)	(57.0)	(28.4)	(31.9)	(3.8)	(24.1)	(13.3)	(182.4)
Impairment	(1,324.2)	—	—	—	—	—	(0.8)	—	(1,325.0)
Net foreign exchange differences (1)	(43.9)	—	—	—	—	(1.0)	(2.4)	(0.8)	(48.1)
Other	—	—	—	—	—	—	1.9	1.6	3.5
Net book value as of December 31, 2018	$ 7,693.9	$ 191.1	$ —	$ 227.6	$ 572.6	$ 51.5	$ 72.1	$ 61.8	$ 8,870.6

(1) Goodwill is partially denominated in Euro.

(2) A non-cash intangible asset of initially $152.8 million was recognised as part of an asset acquisition achieved as of December 31, 2016, which did not constitute a business as per IFRS 3 "Business Combination". This non-cash intangible asset was adjusted to $71.1 million as of December 31, 2017.

TechnipFMC recognised identifiable intangible assets acquired in business combinations. Refer to Note 2 to these consolidated financial statements for additional information regarding these acquisitions. All of the acquired identifiable intangible assets are subject to amortisation and, where applicable, foreign currency translation adjustments. There are no intangible assets with indefinite useful life.

11.2 Goodwill

The carrying amount of goodwill by reporting segment was as follows:

	Subsea	Onshore/Offshore	Surface Technologies	Total
December 31, 2016	$ 2,931.1	$ 787.2	$ —	$3,718.3
Additions due to business combinations	2,552.3	1,635.5	1,005.6	5,193.4
Impairment	—	—	—	—
Translation	6.7	38.9	—	45.6
December 31, 2017	$ 5,490.1	$ 2,461.6	$ 1,005.6	$8,957.3
Additions due to business combinations	85.0	—	19.7	104.7
Impairment	(1,324.2)	—	—	(1,324.2)
Translation	(30.0)	(13.9)	—	(43.9)
December 31, 2018	$ 4,220.9	$ 2,447.7	$ 1,025.3	$7,693.9

Impairment tests were performed on the goodwill, using the method described in Note 1.

By using the discounted cash flow method, the impairment tests performed by TechnipFMC were based on the most likely assumptions with respect to activity and result.

The income approach estimates value in use by discounting each GCGU's estimated future cash flows using a weighted-average cost of capital that reflects current market conditions and the risk profile of the GCGU. To arrive at future cash flows, TechnipFMC used estimates of economic and market assumptions, including growth rates in revenues, costs, estimates of future expected changes in operating margins, tax rates and cash expenditures. Future revenues are also adjusted to match changes in our business strategy. Under the market multiple approach, we determine the estimated fair value of each of our GCGUs by applying transaction multiples to each GCGU's projected EBITDA and then averaging that estimate with similar historical calculations using either a one, two or three year average. Our GCGU valuations were determined primarily by utilizing the income approach, with a lesser weighting attributed the market multiple approach.

For recently acquired GCGUs, a quantitative impairment test may indicate a fair value that is substantially similar to the GCGU's carrying amount. Such similarities in value are generally an indication that management's estimates of future cash flows associated with the recently acquired GCGUs remain relatively consistent with the assumptions that were used to derive its initial fair value.

During the years ended December 31, 2018 and 2017, we recorded $1,324.2 million and nil of goodwill impairment charges, respectively.

The following table presents the significant estimates used by management in determining the fair values of our GCGUs at December 31, 2018:

	2018
Year of cash flows before terminal value	5
Risk-adjusted post-tax discount rate	12.0% to 13.0%
EBITDA multiples	7.0 - 8.5x

As discussed above, when evaluating the 2018 quantitative impairment test results, management considered many factors in determining whether an impairment of goodwill for any GCGU was reasonably likely to occur in future periods, including future market conditions and the economic environment. Circumstances such as market declines, unfavorable economic conditions, loss of a major customer or other factors could increase the risk of impairment of goodwill for this GCGU in future periods.

The sensitivity analysis has been performed for Surface Technologies and Onshore/Offshore GCGUs and has not identified any potential impairments. The excess of fair value over carrying amount for our Surface Technologies and Onshore/Offshore GCGUs ranged from approximately 56% to in excess of 200% of the respective carrying amounts. For the Subsea GCGU, any change in the assumptions could result in a material change in the impairment charge.

NOTE 12. OTHER NON-CURRENT ASSETS

The breakdown by nature of non-current financial assets is presented below:

	December 31,	
(In millions)	**2018**	**2017**
Non-current financial assets at amortised cost	$ 274.4	$ 289.6
Non-current financial assets at FVTPL (non-quoted equity instruments)	21.1	12.4
Available-for-sale financial assets (quoted equity instruments) (1)	18.1	27.6
Total non-current assets, net	$ 313.6	$ 329.6

(1) Available-for-sale are presented for comparative purposes only (prior to adoption of IFRS 9).

Other non-current assets comprise of debt notes receivable and equity instruments. Disclosures on financial instruments have not been restated for December 31, 2017, as described in the section Changes in accounting policies and disclosures in Note 1.

TechnipFMC's non-current financial assets at amortised cost (classified as loans and receivables as of December 31, 2017) are comprised of loans given to joint ventures and other parties of $131.8 million and $131.9 million in 2018 and 2017, respectively, net of impairment allowance of $20.0 million and $8.1 million in 2018 and 2017, respectively, as well as security deposits and other items of $142.6 million and $157.7 million in 2018 and 2017, respectively, net of impairment allowance of $1.9 million and $98.3 million in 2018 and 2017, respectively.

TechnipFMC's non-current financial assets at fair value through profit and loss are comprised of non-quoted equity instruments of $21.1 million and $12.4 million in 2018 and 2017, respectively and quoted equity instruments (classified as available-for-sale financial assets as of December 31, 2017) of $18.1 million and $27.6 million in 2018 and 2017, respectively. In 2018, a net fair valuation impact of $(9.5) million has been recognised, pursuant to changes in the share prices of quoted equity instruments as well as in the exchange rates.

As of December 31, 2017, the quoted equity instruments were reported as available-for-sale financial assets in an amount of $27.6 million. In the financial year ended 2017, an impairment was booked in the statement of income for $(3.8) million. A net exchange rate impact has been generated for $3.5 million.

NOTE 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents break down as follows:

	December 31,	
(In millions)	**2018**	**2017**
Cash at bank and in hand	$ 2,435.1	$ 2,826.7
Cash equivalents	3,107.1	3,910.7
Total Cash and Cash Equivalents	$ 5,542.2	$ 6,737.4
US dollar	$ 3,526.5	$ 4,254.0
Euro	740.8	1,056.0
Brazilian real	16.3	163.0
Pound sterling	112.7	146.0
Japanese yen	45.0	53.0
Norwegian krone	72.3	104.0
Australian dollar	88.2	127.0
Malaysian ringgit	323.3	339.0
Other	617.1	495.4
Total Cash and Cash Equivalents by Currency	$ 5,542.2	$ 6,737.4
Fixed term deposits	$ 2,559.9	$ 2,977.6
Other	547.2	933.1
Total Cash Equivalents by Nature	$ 3,107.1	$ 3,910.7

A substantial portion of cash and securities are recorded or invested in either Euro or US dollar which are frequently used by TechnipFMC within the framework of its commercial relationships. Cash and securities in other currencies correspond either to deposits retained by subsidiaries located in countries where such currencies are the national currencies in order to ensure their own liquidity, or to amounts received from customers prior to the payment of expenses in these same currencies or the payment of dividends. Short-term deposits are classified as cash equivalents along with the other securities.

NOTE 14. TRADE RECEIVABLES, NET AND CONTRACT ASSETS

This line item represents receivables from completed contracts, contract assets and other miscellaneous invoices (e.g. trading, procurement services).

Given the nature of TechnipFMC's operations, our clients are mainly major oil and gas, petrochemical or oil-related companies.

Each customer’s financial situation is periodically reviewed. Allowance for doubtful receivables, which have to-date been considered sufficient at TechnipFMC's level, are recorded for all potential uncollectible receivables, as well as expected credit losses were as follows:

	December 31, 2018		December 31, 2017	
(In millions)	**Trade Receivables**	**Contract Assets**	**Trade Receivables**	**Contract Assets**
Gross Amount	$ 2,593.0	$ 1,298.7	$ 1,719.9	$ 1,637.4
Opening allowance for doubtful accounts – as measured according to IAS 39	(117.4)	—	(85.6)	—
Expected credit loss restatement in opening retained earnings	(4.1)	—	—	—
Opening allowance for doubtful accounts – as measured according to IFRS 9 (2017: IAS 39)	$ (121.5)	$ —	$ (85.6)	$ —
Change in expected credit loss	(1.6)	—	—	—
Increase in impairment allowance	(35.1)	(5.0)	(15.5)	—
Used allowance reversals	9.3	—	6.5	—
Unused allowance reversals	14.0	—	6.0	—
Effects of foreign exchange and other	9.7	1.3	(28.8)	—
Closing allowance for doubtful accounts – as measured according to IFRS 9 (2017: IAS 39)	$ (125.2)	$ (3.7)	$ (117.4)	$ —
Total trade receivables, net	$ 2,467.8	$ 1,295.0	$ 1,602.5	$ 1,637.4

Credit risk details and risk management objectives are set out in details in Note 29.

NOTE 15. INVENTORIES

Inventories consisted of the following:

	December 31,	
(In millions)	**2018**	**2017**
Raw materials	$ 366.6	$ 271.4
Work in process	146.4	130.2
Finished goods	744.0	586.0
Inventory, net	$ 1,257.0	$ 987.6

All amounts in the table above are reported net of write down of $97.5 million and $70.8 million at December 31, 2018 and 2017, respectively.

NOTE 16. OTHER CURRENT ASSETS

Disclosures on financial instruments have not been restated for December 31, 2017, as described in the section on accounting framework in Note 1.

Current financial assets other than trade receivables and derivatives, as well as other current assets break down as follows:

(In millions)	December 31, 2018	December 31, 2017
Current financial assets at amortised cost	$ —	$ 60.0
Available-for-sale financial assets	—	9.9
Current financial assets, total	$ —	$ 69.9
Value added tax receivables	305.9	532.5
Prepaid expenses	91.3	136.2
Other tax receivables	85.1	155.8
Other	184.1	311.5
Other current assets, total	$ 666.4	$ 1,136.0
Total other current assets, net	$ 666.4	$ 1,205.9

At December 31, 2017, TechnipFMC's current financial assets at amortised cost include debt notes classified as held to maturity. The debt notes were redeemed in 2018.

At December 31, 2017, TechnipFMC's available-for-sale financial assets are comprised of treasury bills with a maturity of more than 3 months, but less than 12 months. TechnipFMC sold treasury bills in 2018.

NOTE 17. ASSETS AND LIABILITIES HELD FOR SALE

As of December 31, 2018, assets and liabilities held for sale were recognised for a total amount of $9.8 million and $16.2 million, respectively. As of December 31, 2017, a total amount of $50.2 million of assets and $13.7 million liabilities was accounted for as held for sale. Assets and liabilities held for sale are presented within the Other Current Assets and Other Current Liabilities in the Consolidated Statement of Financial Position.

NOTE 18. STOCKHOLDERS' EQUITY

18.1 Changes in TechnipFMC's ordinary shares and treasury shares

As of December 31, 2018, TechnipFMC's share capital was 50,000 non-voting redeemable shares, 1 deferred share, and 450,480,680 ordinary shares. As of December 31, 2017, TechnipFMC's share capital was 50,000 non-voting redeemable shares, 1 deferred share, and 465,112,769 ordinary shares. The movements in share capital were as follows:

(In millions of shares)	Ordinary Shares	Ordinary Shares held in Employee Benefit Trust	Treasury Shares
Share capital as of December 31, 2016	119.2	—	0.3
Net capital increase due to the Merger of FMC Technologies and Technip	347.4	—	—
Stock awards	0.6	—	—
Treasury stock cancellation due to the Merger of FMC Technologies and Technip	—	—	(0.3)
Treasury stock purchases	—	—	2.1
Treasury stock cancellations	(2.1)	—	(2.1)
Net stock purchased for (sold from) employee benefit trust	—	0.1	—
Share capital as of December 31, 2017	465.1	0.1	—
Stock awards	0.2		
Treasury stock purchases	—	—	14.8
Treasury stock cancellations	(14.8)	—	(14.8)
Net stock purchased for (sold from) employee benefit trust	—	—	—
Share capital as of December 31, 2018	450.5	0.1	—

The plan administrator of the Non-Qualified Plan purchases shares of our ordinary shares on the open market. Such shares are placed in a trust owned by a subsidiary.

18.2 Dividends

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 organized under the laws of 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 if, to the extent that, the distribution does not reduce the amount of those assets to less that that aggregate. Distributable reserves are a statutory requirement. As of December 31, 2018 and 2017, we had distributable reserves in excess of $7.6 billion and $9.9 billion, respectively.

Following the merger, we capitalised our reserves arising out of the merger by the allotment and issuance by TechnipFMC of a bonus share, which was paid up using such reserves, such that the amount of such reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to our share premium account. We implemented a court-approved reduction of our capital by way of a cancellation of the bonus share and share premium account, which completed on June 29, 2017, in order to create distributable profits to support the payment of possible future dividends or future share repurchases. Our articles of association permit us by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring payment of a dividend, the directors are required under English law to comply with their duties, including considering our future financial requirements.

Dividends declared and paid during the year ended December 31, 2018 were $238.1 million.

Dividends declared and paid during the year ended December 31, 2017 were $60.6 million.

18.3 Capital Management

For the purpose of our equity capital management, equity capital includes issued ordinary shares, share premium and all other equity reserves attributable to the equity holders of TechnipFMC. The primary objective of our capital management is to maximise the shareholder value.

We monitor our capital structure and take actions in light of economic conditions and the requirements of our financial covenants. To manage our capital structure, from time to time we may return capital to shareholders or issue new shares. We have also met all our financial covenants set forth by our loans and borrowings.

In April 2017, the Board of Directors authorized the repurchase of $500.0 million in ordinary shares under our share repurchase program. We implemented our share repurchase plan in September 2017. The Board of Directors authorized an extension of this program, adding $300.0 million in December 2018 for a total of $800.0 million in ordinary shares. We implemented our share repurchase program in September 2017, and we repurchased 14.8 million of ordinary shares for a total consideration of $442.6 million during the year ended December 31, 2018, under our authorized share repurchase program. The $500.0 million part of the program was completed on December 20, 2018. We intend to cancel repurchased shares and not hold them in treasury. Canceled treasury shares are accounted for using the constructive retirement method.

As of December 31, 2018, our securities authorized for issuance under equity compensation plans were as follows:

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (in $)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	4,658.4	$ 33.68	26,304.6
Equity compensation plans not approved by security holders	—	—	—
Total	4,658.4	33.68	26,304.6

We had no unregistered sales of equity securities during the years ended December 31, 2018 and 2017.

18.4 Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) are as follows:

(In millions)	Cash Flow Hedges(1) (IAS 32/39) & IAS 21 (1)	Gains (Losses) on Defined Benefit Pension Plans (2) (IAS 19R) (2)	Foreign Currency Translation	Other	Accumulated other comprehensive (loss)/income – TechnipFMC plc	Accumulated other comprehensive (loss)/income – Non-Controlling Interests	Total Accumulated other comprehensive (loss)/income s
Accumulated other comprehensive (loss)/income as of December 31, 2016	$ (129.7)	$ (33.1)	$ (866.4)	$ 0.1	$ (1,029.1)	$ (0.7)	$ (1,029.8)
Gross Effect before reclassification to profit or loss	179.4	43.4	(79.5)	0.1	143.4	0.4	143.8
Deferred Tax	(42.6)	(7.0)	—	—	(49.6)	—	(49.6)
Capital Reorganization	—	—	336.0	—	336.0	—	336.0
Accumulated other comprehensive (loss)/income as of December 31, 2017	$ 7.1	$ 3.3	$ (609.9)	$ 0.2	$ (599.3)	$ (0.3)	$ (599.6)
Gross Effect before reclassification to profit or loss	(89.4)	(25.3)	(173.8)	—	(288.5)	(4.6)	(293.1)
Deferred Tax	14.2	(1.6)	—	—	12.6	—	12.6
Reclassification to profit or loss	—	—	(41.1)	—	(41.1)	—	(41.1)
Accumulated other comprehensive (loss)/income as of December 31, 2018	$ (68.1)	$ (23.6)	$ (824.8)	$ 0.2	$ (916.3)	$ (4.9)	$ (921.2)

(1) Recorded under this heading is the effective portion of the change in fair value of the financial instruments qualified as cash flow hedging, as well as foreign exchange gains and losses corresponding to the effective portion of non-derivative financial assets or liabilities that are designated as a hedge of a foreign currency risk (see Note 1 - Foreign currency transactions and financial instruments).

(2) Recorded under this heading the total amount of actuarial gains and losses on Defined Benefit Plans according to the amended IAS 19.

18.5 Non-Controlling Interests

Non-controlling interests amounting to $69.8 million and $21.5 million as of December 31, 2018 and 2017, respectively, did not represent a material component of TechnipFMC's consolidated financial statements in the years ended December 31, 2018 and 2017.

NOTE 19. SHARE-BASED COMPENSATION

Incentive compensation and award plan

On January 11, 2017, we adopted TechnipFMC's Incentive Award Plan (the "Plan"). The Plan provides certain incentives and awards to officers, employees, non-employee directors and consultants of TechnipFMC and its subsidiaries. The Plan allows our Board of Directors to make various types of awards to non-employee directors and the Compensation Committee (the "Committee") of the Board of Directors to make various types of awards to other eligible individuals. Awards may include share options, share appreciation rights, performance share units, restricted share units, restricted shares or other awards authorized under the Plan. All awards are subject to the Plan's provisions, including all share-based grants previously issued by FMC Technologies and Technip prior to consummation of the Merger. Under the Plan, 24.1 million ordinary shares were authorized for awards. At December 31, 2018, 18.2 million ordinary shares were available for future grant.

The exercise price for options is determined by the Committee but cannot be less than the fair market value of our ordinary shares at the grant date. Restricted share and performance share unit grants generally vest after three years of service.

Under the Plan, our Board of Directors has the authority to grant non-employee directors share options, restricted shares, restricted share units and performance shares. Unless otherwise determined by our Board of Directors, awards to non-employee directors generally vest one year from the date of grant. Restricted share units are settled when a director ceases services to the Board of Directors. At December 31, 2018, outstanding awards to active and retired non-employee directors included 119.4 thousand share units. At December 31, 2017, outstanding awards to active and retired non-employee directors included 64.9 thousand share units.

We recognise compensation expense and the corresponding tax benefits for awards under the Plan. The compensation expense under the Plan is as follows:

	Year Ended December 31,	
(In millions)	**2018**	**2017**
Share-based compensation expense	$ 49.1	$ 44.4
Income tax benefits related to share based compensation expense	$ 13.2	$ 12.0

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Share-based compensation expense is recognised over the lesser of the stated vesting period of three years or the period until the employee reaches age 62 (the retirement eligible age under the plan).

As of December 31, 2018 and 2017, the portion of share-based compensation expense related to outstanding awards to be recognised in future periods is as follows:

	December 31,	
	2018	**2017**
Share-based compensation expense not yet recognised (In millions)	$ 83.4	$ 77.9
Weighted-average recognition period (in years)	1.7	2.2

Restricted share units

We began issuing restricted share units in 2017. A summary of the non-vested restricted share units activity is as follows:

	2018		2017	
(Shares in thousands)	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Non-vested at January 1	1,722.3	$ 28.53	—	$ —
Assumed in the FMC Technologies transaction	—	$ —	213.1	$ 35.85
Granted	1,516.0	$ 31.57	1,516.9	$ 27.54
Vested	(165.4)	$ 28.94	—	$ —
Cancelled/forfeited	(95.5)	$ 27.85	(7.7)	$ 35.85
Non-vested at December 31	2,977.4	$ 30.10	1,722.3	$ 28.53

The total grant date fair value of restricted stock units vested during years ended December 31, 2018 and 2017 was $4.8 million and nil, respectively.

Performance shares

The Board of Directors has granted certain employees, senior executives and Directors or Officers shares subject to achieving satisfactory performances. For performance shares issued prior to December 31, 2016, performance is based on results in terms of health/safety/environment, operating profit (loss) from recurring activities and treasury generated from operating activities or total shareholder return ("TSR"). For performance shares issued on or after January 1, 2017, performance is based on results of return on invested capital and TSR.

For the performance share units which vest based on TSR, the fair value of performance shares is estimated using a combination of the closing stock price on the grant date and the Monte Carlo simulation model. The weighted-average fair value and the assumptions used to measure the fair value of performance share units subject to performance-adjusted vesting conditions in the Monte Carlo simulation model were as follows:

	Year Ended December 31,	
	2018	2017
Weighted-average fair value [(a)]	$ 41.97	$ 34.42
Expected volatility [(b)]	34.00%	34.87%
Risk-free interest rate [(c)]	2.37%	1.50%
Expected performance period in years [(d)]	3.0	3.0

(a) The weighted-average fair value was based on performance share units granted during the period.

(b) Expected volatility is based on normalized historical volatility of our shares over a preceding period commensurate with the expected term of the option.

(c) From 2017, the risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Prior to 2017, the risk free rate was based on the bond yields from the European Central Bank.

(d) For awards subject to service-based vesting, due to the lack of historical exercise and post-vesting termination patterns of the post-Merger employee base, the expected term was estimated using a simplified method for all awards granted in 2018 and 2017 and the expected term was estimated using historical exercise and post-vesting termination patterns for all awards granted in 2016.

A summary of the nonvested performance share activity is as follows:

(Shares in thousands)	2018 Shares	2018 Weighted-Average Grant Date Fair Value	2017 Shares	2017 Weighted-Average Grant Date Fair Value
Non-vested at January 1	2,748.8	$ 25.59	1,314.6	$ 60.15
Adjustment due to FMC Technologies transaction	—	$ —	1,306.0	$ —
Granted	623.0	$ 36.06	855.2	$ 31.65
Vested	(203.6)	$ 34.55	(642.0)	$ 52.42
Cancelled/forfeited	(124.4)	$ 28.45	(85.0)	$ 25.33
Non-vested at December 31	3,043.8	$ 27.02	2,748.8	$ 25.59

The total grant date fair value of performance shares vested during years ended December 31, 2018 and 2017 was $7.0 million and $33.3 million, respectively.

Share option awards

The fair value of each option award is estimated as of the date of grant using the Black-Scholes options pricing model or the Cox Ross Rubinstein binomial model.

Share options awarded prior to 2017 were granted subject to performance criteria based upon certain targets, such as total shareholder return, return on capital employed, and operating profit (loss) from recurring activities. Subsequent share options granted are time based awards vesting over a three year period.

The weighted-average fair value and the assumptions used to measure fair value are as follows:

	Year Ended December 31 2018	Year Ended December 31 2017
Weighted-average fair value [(a)]	$ 9.07	$ 8.79
Expected volatility [(b)]	32.5%	35.7%
Risk-free interest rate [(c)]	2.7%	2.1%
Expected dividend yield [(d)]	2.0%	2.0%
Expected term in years [(e)]	6.5	6.5

(a) The weighted-average fair value was based on stock options granted during the period.

(b) Expected volatility is based on normalized historical volatility of our shares over a preceding period commensurate with the expected term of the option.

(c) From 2017, the risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Prior to 2017, the risk free rate was based on the bond yields from the European Central Bank.

(d) Share options awarded prior to 2017 were valued using an expected dividend yield of between 2.0% and 4.5% while those awarded in 2017 and 2018 used 2.0%.

(e) For awards subject to service-based vesting, due to the lack of historical exercise and post-vesting termination patterns of the post-Merger employee base, the expected term was estimated using a simplified method for all awards granted in 2018 and 2017 and the expected term was estimated using historical exercise and post-vesting termination patterns for all awards granted in 2016.

The following is a summary of option transactions during years ended December 31, 2018 and 2017:

(Shares in thousands)	Shares	Weighted average exercise price	Weighted average remaining life
Balance at December 31, 2016	2,188.8	$ 61.72	5.0
Adjustment due to FMC Technologies transaction[(1)]	2,188.8	$ —	
Granted	798.4	$ 29.29	
Exercised	—	$ —	
Cancelled	(292.2)	$ 46.92	
Balance at December 31, 2017	4,883.8	$ 36.35	4.6
Granted	602.2	$ 30.70	
Exercised	—	$ —	
Cancelled	(827.6)	$ 47.20	
Balance at December 31, 2018	4,658.4	$ 33.68	4.8
Exercisable at December 31, 2018	1,114.9	$ 52.37	1.3

(1) The Weighted-Average Grant Date Fair Value for the increase in shares due to the merger remains at $0.00 in order to recalculate the new weighted average for the December 31, 2016 non-vested shares (see Note 2)

The aggregate intrinsic value of share options outstanding and share options exercisable as of December 31, 2018 and 2017 was nil and nil, respectively.

Cash received from the option exercises was nil and nil during years ended December 31, 2018 and 2017, respectively. The total intrinsic value of options exercised during the years ended December 31, 2018 and 2017 was nil and nil, respectively. To exercise share options, an employee may choose (1) to pay, either directly or by way of the group savings plan, the share option strike price to obtain shares, or (2) to sell the shares immediately after having exercised the share option (in this case, the employee does not pay the strike price but instead receives the intrinsic value of the share options in cash).

The following summarizes significant ranges of outstanding and exercisable options at December 31, 2018:

	Options Outstanding			Options Exercisable	
Exercise Price Range	**Number of options (in thousands)**	**Weighted average remaining life (in years)**	**Weighted average exercise price (in $)**	**Number of options (in thousands)**	**Weighted average exercise price (in $)**
$24.00 - $33.00	3,543.5	5.9	$ 27.80	—	$ —
$45.00 - $51.00	570.0	0.4	$ 48.12	570.0	$ 48.12
$55.00 - $57.00	544.9	2.2	$ 56.82	544.9	$ 56.82
Total	4,658.4	4.8	$ 33.67	1,114.9	$ 52.37

The following summarizes significant ranges of outstanding and exercisable options at December 31, 2017:

	Options Outstanding				Options Exercisable		
Exercise Price Range	Number of options (in thousands)	Weighted average remaining life (in years)		Weighted average exercise price (in $)	Number of options (in thousands)		Weighted average exercise price (in $)
$26.00 - $33.00	3,061.9	6.4	$	27.33	—	$	—
$45.00 - $51.00	1,277.0	1.0	$	49.23	1,244.0	$	49.33
$55.00 - $57.00	544.9	3.2	$	56.82	544.9	$	56.82
Total	4,883.8	4.6	$	36.35	1,788.9	$	51.61

NOTE 20. DEBT (SHORT-TERM AND LONG-TERM)

20.1 Debts

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

(In millions)	December 31, 2018				December 31, 2017			
		Carrying Amount		Fair Value		Carrying Amount		Fair Value
Commercial papers	$	1,916.1	$	1,916.1	$	1,450.4	$	1,450.4
Bank borrowings		44.2		44.2		48.9		48.9
Other		23.2		23.5		28.4		28.4
Total short-term debt and current portion of long-term	$	1,983.5	$	1,983.8	$	1,527.7	$	1,527.7

Long-term debt—Long-term debt consisted of the following:

(In millions)	December 31, 2018				December 31, 2017			
		Carrying Amount		Fair Value		Carrying Amount		Fair Value
Synthetic bonds due 2021	$	488.8	$	532.4	$	499.2	$	599.0
3.45% Senior Notes due 2022		500.0		489.7		500.0		497.7
5.00% Notes due 2020		228.4		244.0		238.9		264.2
3.40% Notes due 2022		171.6		186.9		179.8		199.2
3.15% Notes due 2023		148.1		161.3		155.0		166.6
3.15% Notes due 2023		142.9		153.3		149.6		161.1
4.00% Notes due 2027		85.8		95.8		89.9		99.9
4.00% Notes due 2032		110.5		120.2		115.4		137.5
3.75% Notes due 2033		111.1		126.1		116.0		122.7
Bank borrowings		221.0		220.8		283.6		283.6
Finance lease		337.8		337.8		328.7		328.7
Total long-term debt	$	2,546.0	$	2,668.3	$	2,656.1	$	2,860.2
Commercial paper		1,916.1		1,916.1		1,450.4		1,450.4
Bank borrowings		44.2		44.2		48.9		48.9
Other		23.2		23.5		28.4		28.4
Total short-term debt and current portion of long-term	$	1,983.5	$	1,983.8	$	1,527.7	$	1,527.7
Total debt	$	4,529.5	$	4,652.1	$	4,183.8	$	4,387.9

Revolving credit facility - On January 17, 2017, we acceded to a new $2.5 billion senior unsecured revolving credit facility agreement ("facility agreement") between FMC Technologies, Inc., Technip Eurocash SNC (the "Borrowers"), and TechnipFMC plc (the "Additional Borrower") with JPMorgan Chase Bank, National Association, as agent and an arranger, SG Americas Securities LLC as an arranger, and the lenders party thereto.

The facility agreement provides for the establishment of a multicurrency, revolving credit facility, which includes a $1.5 billion letter of credit subfacility. Subject to certain conditions, the Borrowers may request the aggregate commitments under the facility agreement be increased by an additional $500.0 million. On November 26, 2018, we entered into an extension which extends the expiration date to January 2023.

Borrowings under the facility agreement bear interest at the following rates, plus an applicable margin, depending on currency:

- U.S. dollar-denominated loans bear interest, at the Borrowers' option, at a base rate or an adjusted rate linked to the London interbank offered rate ("Adjusted LIBOR");
- sterling-denominated loans bear interest at Adjusted LIBOR; and
- euro-denominated loans bear interest at the Euro interbank offered rate ("EURIBOR").

Depending on the credit rating of TechnipFMC, the applicable margin for revolving loans varies (i) in the case of Adjusted LIBOR and EURIBOR loans, from 0.820% to 1.300% and (ii) in the case of base rate loans, from 0.000% to 0.300%. The "base rate" is the highest of (a) the prime rate announced by JPMorgan, (b) the greater of the Federal Funds Rate and the Overnight Bank Funding Rate plus 0.5% or (c) one-month Adjusted LIBOR plus 1.0%.

The facility agreement contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type, including financial covenants requiring that our total capitalization ratio not exceed 60% at the end of any financial quarter. The facility agreement also contains covenants restricting our ability and our subsidiaries' ability to incur additional liens and indebtedness, enter into asset sales or make certain investments.

As of December 31, 2018, we were in compliance with all restrictive covenants under our revolving credit facility.

Bilateral credit facilities - We have access to four bilateral credit facilities in the aggregate of €320.0 million. The bilateral credit facilities consist of:

- two credit facilities of €80.0 million each expiring in May 2019;
- a credit facility of €60.0 million expiring in June 2019; and
- a credit facility of €100.0 million expiring in May 2021.

Each bilateral credit facility contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type.

Commercial paper - Under our commercial paper program, we have the ability to access $1.5 billion and €1.0 billion of short-term financing through our commercial paper dealers, subject to the limit of unused capacity of our facility agreement. Commercial paper borrowings are issued at market interest rates. As of December 31, 2018, our commercial paper borrowings had a weighted average interest rate of 3.07% on the U.S. dollar denominated borrowings and (0.24)% on the Euro denominated borrowings.

Synthetic bonds - On January 25, 2016, we issued €375.0 million principal amount of 0.875% convertible bonds with a maturity date of January 25, 2021 and a redemption at par of the bonds which have not been converted. On March 3, 2016, we issued additional convertible bonds for a principal amount of €75.0 million issued on the same terms, fully fungible with and assimilated to the bonds issued on January 25, 2016. The issuance of these non-dilutive cash-settled convertible bonds ("Synthetic Bonds"), which are linked to our ordinary shares were backed simultaneously by the purchase of cash-settled equity call options in order to hedge our economic exposure to the potential exercise of the conversion rights embedded in the Synthetic Bonds. As the Synthetic Bonds will only be cash settled, they will not result in the issuance of new ordinary shares or the delivery of existing ordinary shares upon conversion. Interest on the Synthetic Bonds is payable semi-annually in arrears on January 25 and July 25 of each year, beginning July 26, 2016. Net proceeds from the Synthetic Bonds were used for general corporate purposes and to finance the purchase of the call options. The Synthetic Bonds are our unsecured obligations. The Synthetic Bonds will rank equally in right of payment with all of our existing and future unsubordinated debt.

The Synthetic Bonds issued on January 25, 2016 were issued at par. The Synthetic Bonds issued on March 3, 2016 were issued at a premium of 112.43802% resulting from an adjustment over the 3-day trading period following the issuance resulting in a share reference price of €48.8355.

A 40.0% conversion premium was applied to the share reference price of €40.7940. The share reference price was computed using the average of the daily volume weighted average price of our ordinary shares on the Euronext Paris market over the 10 consecutive trading days from January 21 to February 3, 2016. The initial conversion price of the bonds was then fixed at €57.1116.

The Synthetic Bonds each have a nominal value of €100.0 thousand with a conversion ratio of 3,359.7183 and a conversion price of €29.7644. Any bondholder may, at its sole option, request the conversion in cash of all or part of the bonds it owns, beginning November 15, 2020 to the 38th business day before the maturity date.

Senior Notes - On February 28, 2017, we commenced offers to exchange any and all outstanding notes issued by FMC Technologies for up to $800.0 million aggregate principal amount of new notes issued by TechnipFMC and cash. In conjunction with the offers to exchange, FMC Technologies solicited consents to adopt certain proposed amendments to each of the indentures governing the previously issued notes to eliminate certain covenants, restrictive provisions and events of defaults from such indentures.

On March 29, 2017, we settled the offers to exchange and consent solicitations (the "Exchange Offers") for (i) any and all 2.00% senior notes due October 1, 2017 (the "2017 FMC Notes") issued by FMC Technologies for up to an aggregate principal amount of $300.0 million of new 2.00% senior notes due October 1, 2017 (the "2017 Senior Notes') issued by TechnipFMC and cash, and (ii) any and all 3.45% senior notes due October 1, 2022 (the "2022 FMC Notes") issued by FMC Technologies for up to an aggregate principal amount of $500.0 million in new 3.45% senior notes due October 1, 2022 (the "2022 Senior Notes") issued by TechnipFMC with registration rights and cash. Pursuant to the Exchange Offers, we issued approximately $215.4 million in aggregate principal amount of 2017 Senior Notes and $459.8 million in aggregate principal amount of 2022 Senior Notes (collectively the "Senior Notes"). Interest on the 2017 Senior Notes is payable on October 1, 2017. Interest on the 2022 Senior Notes is payable semi-annually in arrears on April 1 and October 1 of each year, beginning October 1, 2017.

On April 3, 2018, we commenced offers to exchange, up to $459.8 million in aggregate principal amount of new 3.45% Senior Notes due 2022, Series B), which have been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), for any and all of our outstanding restricted 3.45% Senior Notes due 2022, Series A (the "Outstanding Notes"), which we previously issued in a private transaction that was not subject to the registration requirements of the Securities Act (the "Initial Offering"). We refer to the Exchange Notes and the Outstanding Notes collectively as the "Notes."

The terms of the Senior Notes are governed by the indenture, dated as of March 29, 2017 between TechnipFMC and U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented by the First Supplemental Indenture between TechnipFMC and the Trustee (the "First Supplemental Indenture") relating to the issuance of the 2017 Notes and the Second Supplemental Indenture between TechnipFMC and the Trustee (the "Second Supplemental Indenture") relating to the issuance of the 2022 Notes.

At maturity, all outstanding amounts under the 2017 Senior Notes were repaid.

At any time prior to July 1, 2022, in the case of the 2022 Notes, we may redeem some or all of the Senior Notes at the redemption prices specified in the First Supplemental Indenture and Second Supplemental Indenture, respectively. At any time on or after July 1, 2022, we may redeem the 2022 Notes at the redemption price equal to 100% of the principal amount of the 2022 Notes redeemed. The Senior Notes are our senior unsecured obligations. The Senior Notes will rank equally in right of payment with all of our existing and future unsubordinated debt, and will rank senior in right of payment to all of our future subordinated debt.

Private Placement Notes - On July 27, 2010, we completed the private placement of €200.0 million aggregate principal amount of 5.0% notes due July 2020 (the “2020 Notes”). Interest on the 2020 Notes is payable annually in arrears on July 27 of each year, beginning July 27, 2011. Net proceeds of the 2020 Notes were used to partially finance the 2004-2011 bond issue, which was repaid at its maturity date on May 26, 2011. The 2020 Notes contain contains usual and customary covenants and events of default for notes of this type. In the event of a change of control resulting in a downgrade in the rating of the notes below BBB-, the 2020 Notes may be redeemed early by any bondholder, at its sole discretion. The 2020 Notes are our unsecured obligations. The 2020 Notes will rank equally in right of payment with all of our existing and future unsubordinated debt.

In June 2012, we completed the private placement of €325.0 million aggregate principal amount of notes. The notes were issued in three tranches with €150.0 million bearing interest at 3.40% and due June 2022 (the “Tranche A 2022 Notes”), €75.0 million bearing interest of 4.0% and due June 2027 (the “Tranche B 2027 Notes”) and €100.0 million bearing interest of 4.0% and due June 2032 (the “Tranche C 2032 Notes” and, collectively with the “Tranche A 2022 Notes and the “Tranche B 2027 Notes”, the “2012 Private Placement Notes”). Interest on the Tranche A 2022 Notes and the Tranche C 2032 Notes is payable annually in arrears on June 14 of each year beginning June 14, 2013. Interest on the Tranche B 2027 Notes is payable annually in arrears on June 15 of each year, beginning June 15, 2013. Net proceeds of the 2012 Private Placement Notes were used for general corporate purposes. The 2012 Private Placement Notes contain usual and customary covenants and events of default for notes of this type. In the event of a change of control resulting in a downgrade in the rating of the notes below BBB-, the 2012 Private Placement Notes may be redeemed early by any bondholder, at its sole discretion. The 2012 Private Placement Notes are our unsecured obligations. The 2012 Private Placement Notes will rank equally in right of payment with all of our existing and future unsubordinated debt.

In October 2013, we completed the private placement of €355.0 million aggregate principal amount of senior notes. The notes were issued in three tranches with €100.0 million bearing interest at 3.75% and due October 2033 (the “Tranche A 2033 Notes”), €130.0 million bearing interest of 3.15% and due October 2023 (the “Tranche B 2023 Notes”) and €125.0 million bearing interest of 3.15% and due October 2023 (the “Tranche C 2023 Notes” and, collectively with the “Tranche A 2033 Notes” and the “Tranche B 2023 Notes”, the “2013 Private Placement Notes”). Interest on the Tranche A 2033 Notes is payable annually in arrears on October 7 each year, beginning October 7, 2014. Interest on the Tranche B 2023 Notes is payable annually in arrears on October 16 of each year beginning October 16, 2014. Interest on the Tranche C 2023 Notes is payable annually in arrears on October 18 of each year, beginning October 18, 2014. Net proceeds of the 2013 Private Placement Notes were used for general corporate purposes. The 2013 Private Placement Notes contain usual and customary covenants and events of default for notes of this type. In the event of a change of control resulting in a downgrade in the rating of the notes below BBB-, the 2013 Private Placement Notes may be redeemed early by any bondholder, at its sole discretion. The 2013 Private Placement Notes are our unsecured obligations. The 2013 Private Placement Notes will rank equally in right of payment with all of our existing and future unsubordinated debt.

Term loan - In December 2016, we entered into a £160.0 million term loan agreement to finance the Deep Explorer, a diving support vessel (“DSV”), maturing December 2028. Under the loan agreement, interest accrues at an annual rate of 2.813%. This loan agreement contains usual and customary covenants and events of default for loans of this type.

Foreign committed credit - We have committed credit lines at many of our international subsidiaries for immaterial amounts. We utilize these facilities for asset financing and to provide a more efficient daily source of liquidity. The effective interest rates depend upon the local national market.

Analysis by type of interest rate after yield management is described in Note 29.

20.2 Secured financial debts excluding finance leases

Secured debts are as follows:

	As of December 31, 2018			As of December 31, 2017		
(In millions)	**Guarantee**	**Without Guarantee**	**Total**	**Guarantee**	**Without Guarantee**	**Total**
Bank overdrafts, current facilities and other	$ —	$ 3.9	$ 3.9	$ —	$ 3.4	$ 3.4
Short-term portion of long-term debt	0.8	1,978.8	1,979.6	28.8	1,495.5	1,524.3
Total short-term debt and current portion of long-term	$ 0.8	$ 1,982.7	$ 1,983.5	$ 28.8	$ 1,498.9	$ 1,527.7
Total long-term debt, less current portion and finance leases	193.1	2,015.1	2,208.2	204.0	2,123.4	2,327.4
Total debt excluding finance leases	$ 193.9	$ 3,997.8	$ 4,191.7	$ 232.8	$ 3,622.3	$ 3,855.1

NOTE 21. PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFIT PLANS

21.1 Description of TechnipFMC's current benefit plans

We have funded and unfunded defined benefit pension plans which provide defined benefits based on years of service and final average salary.

We are required to recognize the funded status of defined benefit post-retirement plans as an asset or liability in the consolidated statement of financial position and recognize changes in that funded status in comprehensive income in the year in which the changes occur. Further, we are required to measure the plan's assets and its obligations that determine its funded status as of the date of the consolidated statement of financial position. We have applied this guidance to our domestic pension and other post-retirement benefit plans as well as for many of our non-U.S. plans, including those in the United Kingdom, Norway, Germany, France and Canada.

In the case of funded plans, we ensure that the investment positions are managed to achieve long-term investments that are in line with the obligations under the pension schemes. Our objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

We actively monitor how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. We have not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Our pension investment strategy emphasizes maximizing returns consistent with balancing risk. Excluding our international plans with insurance-based investments, 99% of our total pension plan assets represent the U.S. qualified plan, the U.K. plan and the Netherlands plan. These plans are primarily invested in equity securities to maximize the long-term returns of the plans.

On December 31, 2017, we amended the retirement plans (the "Plans") to freeze benefit accruals for all participants of the Plans as of December 31, 2017. After that date, participants in the Plans will no longer accrue any further benefits and participants' benefits under the Plans will be determined based on credited service and eligible earnings as of December 31, 2017.

Foreign-based employees are eligible to participate in TechnipFMC-sponsored or government-sponsored benefit plans to which we contribute. Several of the foreign defined benefit pension plans sponsored by us provide for employee contributions; the remaining plans are noncontributory. The most significant of these plans are in the Netherlands, France, Norway and the United Kingdom.

We have other post-retirement benefit plans covering substantially all of our U.S. employees who were hired prior to January 1, 2003. The post-retirement health care plans are contributory; the post-retirement life insurance plans are noncontributory.

We expect to contribute approximately $2.7 million to our international pension plans, representing primarily the Netherlands qualified pension plans and U.K. qualified pension plans. We do not expect to make any contributions to our U.S. Qualified Pension Plan and our U.S. Non-Qualified Defined Benefit Pension Plan in 2019. All of the contributions are expected to be in the form of cash.

The following table summarizes expected benefit payments from our various pension and post-retirement benefit plans through 2028. Actual benefit payments may differ from expected benefit payments.

(In millions)	**Expected benefit payments**
2019	$ 69.7
2020	68.0
2021	73.7
2022	69.4
2023	69.0
2024-2028	383.1
Total	$ 732.9

21.2 Net benefit expense recognised in the statement of income

The net benefit expense recognised in the statement of income is as follows:

(In millions)	**2018**	**2017**
Current service cost	$ 21.1	$ 31.3
Financial cost	46.2	47.3
Interest income	(38.1)	(35.4)
Net actuarial gain (loss) recognised on long-term benefits	(0.5)	0.1
Special events (curtailment/settlement)	(0.7)	(71.7)
Administration costs and taxes	7.1	6.4
Net benefit expense as recorded in the statement of income	$ 35.1	$ (22.0)

21.3 Defined benefit asset (liability) recognised in the statement of financial position

The liability as recorded in the statement of financial position is as follows:

(In millions)	Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Obligation
As of January 1, 2017	$ 399.6	$ 229.4	$ 170.2
Acquisition/divestiture/Business combination (1)	1,155.2	902.2	253.0
Expense as recorded in the statement of income	13.4	35.4	(22.0)
Total current service cost	(40.4)	—	(40.4)
Net financial costs	47.3	35.4	11.9
Actuarial losses of the year	0.1	—	0.1
Administrative costs and taxes	6.4	—	6.4
Actuarial loss recognised in other comprehensive income	45.7	93.6	(47.9)
Actuarial loss on Defined Benefit Obligation	45.7	93.6	(47.9)
- Experience	*5.4*	—	*5.4*
- Financial assumptions	*35.4*	—	*35.4*
- Demographic assumptions	*(2.3)*	—	*(2.3)*
Actuarial gain (loss) on plan assets	—	93.6	(93.6)
Change in Irrecoverable Surplus other than Interest	7.2	—	7.2
Contributions and benefits paid	(70.7)	(31.6)	(39.1)
Contributions by employer	—	19.1	(19.1)
Contributions by employee	1.4	1.4	—
Benefits paid by employer	(20.0)	—	(20.0)
Benefits paid from plan assets	(52.1)	(52.1)	—
Exchange difference and other	70.9	48.5	22.4
Settlements	(7.0)	(7.0)	—
Other	(6.4)	(7.4)	1.0
As of December 31, 2017	$ 1,600.7	$ 1,263.1	$ 337.6
Acquisition/divestiture	—	—	—
Expense as recorded in the statement of income	73.2	38.1	35.1
Total current service cost	20.4	—	20.4
Net financial costs	46.2	38.1	8.1
Actuarial gains of the year	(0.5)	—	(0.5)
Administrative costs and taxes	7.1	—	7.1
Actuarial loss recognised in other comprehensive income	(92.8)	(118.1)	25.3
Actuarial loss on Defined Benefit Obligation	(92.8)	(118.1)	25.3
- Experience	7.2	—	7.2
- Financial assumptions	(100.0)	—	(100.0)
- Demographic assumptions	(3.2)	—	(3.2)
Actuarial gain (loss) on plan assets	—	(118.1)	118.1
Change in Irrecoverable Surplus other than Interest	3.2	—	3.2
Contributions and benefits paid	(86.9)	(39.3)	(47.6)
Contributions by employer	—	18.5	(18.5)
Contributions by employee	1.2	1.2	—
Benefits paid by employer	(29.1)	—	(29.1)
Benefits paid from plan assets	(59.0)	(59.0)	—
Exchange difference and other	(25.9)	(20.9)	(5.0)
Settlements	(87.6)	(87.6)	—
Other	13.6	0.1	13.5
As of December 31, 2018	$ 1,394.3	$ 1,035.4	$ 358.9

(1) Impact of the merger of FMC Technologies and Technip

In 2018 and 2017, the discounted defined benefit obligation included $1,199.5 million and $1,382.6 million for funded plans and $196.2 million and $208.9 million for unfunded plan assets, respectively.

Below are the details of the principal categories of plan assets by country in terms of percentage of their total fair value:

2018

(In %)	Bonds	Shares	Real	Cash	Other	Total
Eurozone	—%	—%	—%	—%	100%	100%
United Kingdom	10%	81%	—%	9%	—%	100%

2017

(In %)	Bonds	Shares	Real	Cash	Other	Total
Eurozone	—%	—%	—%	—%	100%	100%
United Kingdom	15%	81%	—%	1%	3%	100%

21.4 Actuarial assumptions

	December 31, 2018			
	Discount Rate	Future Salary Increase (above Inflation Rate)	Healthcare Cost Increase Rate	Inflation Rate
Eurozone	From 1.30% to 1.90%	From 1.57% to 3.70%	NA	1.73%
United Kingdom	From 2.60% to 2.70%	4.2%	NA	2.5%
United States of America	3.6%	NA	NA	NA

	December 31, 2017			
	Discount Rate	Future Salary Increase (above Inflation Rate)	Healthcare Cost Increase Rate	Inflation Rate
Eurozone	From 1.30% to 1.90%	From 1.60% to 3.70%	3.00%	1.72%
United Kingdom	From 2.60% to 2.70%	4.20%	NA	2.46%
United States of America	3.60%	NA	NA	NA

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

The discount rates as of December 31, 2018 of the Eurozone, United Kingdom and the United States zones are determined by holding the benefit flows of services expected from the plans and by using a curve of yield built from a wide basket of bonds of companies of high quality (noted AA). Finally, in the countries where the market bonds of companies of high quality is insufficiently deep, the discount rates are measured in reference to governmental rates.

The references used to determine the discount rates in December 31, 2018 remain unchanged compared to 2017. A 0.25% decrease in the discount rate would increase the defined benefit obligation by approximately 3.6%. A 0.25% increase in the inflation rate would decrease the defined benefit obligation by approximately 3.6%.

21.5 Other plans

Savings plans - The TechnipFMC Retirement Savings Plan (“Qualified Plan”), a qualified salary reduction plan under Section 401(k) of the Internal Revenue Code, is a defined contribution plan. Additionally, we have a non-qualified deferred compensation plan, the Non-Qualified Plan, which allows certain highly compensated employees the option to defer the receipt of a portion of their salary. We match a portion of the participants’ deferrals to both plans. Both plans relate to FMC Technologies, Inc.

Participants in the Non-Qualified Plan earn a return based on hypothetical investments in the same options as our 401(k) plan, including TehnipFMC plc stock. Changes in the market value of these participant investments are reflected in other income (expense), net. The deferred compensation obligation is measured based on the actuarial present value of the benefits owed to the employee. As of December 31, 2018 and 2017, our liability for the Non-Qualified Plan was 31.5 million and 35.6 million, respectively, and was recorded in other non-current liabilities. We hedge the financial impact of changes in the participants’ hypothetical investments by purchasing the investments that the participants have chosen. With the exception of TechnipFMC plc stock, which is maintained at its cost basis, changes in the fair value of these investments are recognised as an offset to other income (expense), net. As of December 31, 2018 and 2017, we had investments for the Non-Qualified Plan totaling $21.4 million and $25.1 million at fair market value, respectively. As of December 31, 2018 and 2017, TechnipFMC stock held in trust of $2.4 million and $4.8 million at its cost basis, respectively.

We recognised expense of $31.8 million and $20.3 million for matching contributions to these plans in 2018 and 2017, respectively. Additionally, we recognised expense of $14.3 million and $12.5 million for non-elective contributions in 2018 and 2017, respectively.

NOTE 22. PROVISIONS (CURRENT AND NON-CURRENT)

The principles used to evaluate the amounts and types of provisions for liabilities and charges are described in Note 1.

Movements in provisions as at December 31, 2018 were as follows:

(In millions)	As of December 31, 2017	Increase	Used Reversals	Unused Reversals	Foreign Exchange Adjustments	Other	As of December 31, 2018
Tax	$ 1.5	$ 0.6	$ —	$ —	$ —	$ (1.4)	$ 0.7
Litigation	4.4	0.2	—	(0.9)	(0.2)	2.3	5.8
Provisions for claims	9.9	0.2	—	(3.0)	(0.7)	—	6.4
Other non-current provisions	58.5	20.2	(40.1)	(7.4)	(1.9)	0.5	29.8
Total non-current provisions	$ 74.3	$ 21.2	$ (40.1)	$ (11.3)	$ (2.8)	$ 1.4	$ 42.7
Contingencies related to contracts	$ 214.9	$ 62.7	$ (25.9)	$ (114.6)	$ (4.0)	$ 15.7	$ 148.8
Tax	15.1	13.6	—	(2.7)	(2.1)	6.1	30.0
Litigation (1)	57.9	292.0	(16.9)	(0.4)	(6.7)	62.3	388.2
Provisions for claims	19.5	—	(3.4)	—	(0.9)	—	15.2
Other current provisions	404.8	194.0	(151.3)	(101.6)	(20.6)	(81.2)	244.1
Total current provisions	$ 712.2	$ 562.3	$ (197.5)	$ (219.3)	$ (34.3)	$ 2.9	$ 826.3
Total provisions	$ 786.5	$ 583.5	$ (237.6)	$ (230.6)	$ (37.1)	$ 4.3	$ 869.0

(1) A provision of is $280.0 million was recorded in 2018 regarding U.S. Department of Justice related to investigation of offshore platform projects awarded between 2003 and 2007, performed in Brazil by a joint venture company in which Technip S.A. was a minority participant, and also certain other projects performed by Technip S.A. subsidiaries in Brazil between 2002 and 2013. Refer to Note 25 for detailed description.

Movements in provisions as at December 31, 2017 were as follows:

(In millions)	As of December 31, 2016	Increase	Used Reversals	Unused Reversals	Foreign Exchange Adjustments	Other	As of December 31, 2017
Tax	$ 1.5	$ —	$ —	$ —	$ —	$ —	$ 1.5
Litigation	2.4	1.0	(0.2)	—	0.3	0.9	4.4
Provisions for claims	24.1	0.1	(17.0)	—	2.7	—	9.9
Other non-current provisions	103.2	15.9	(49.4)	(2.3)	7.7	(16.6)	58.5
Total non-current provisions	$ 131.2	$ 17.0	$ (66.6)	$ (2.3)	$ 10.7	$ (15.7)	$ 74.3
Contingencies related to contracts	370.1	52.9	(69.6)	(167.7)	6.2	23.0	214.9
Tax	34.9	5.4	(7.3)	(17.1)	(0.8)	—	15.1
Litigation	31.0	41.1	(8.0)	(5.3)	(0.7)	(0.2)	57.9
Provisions for claims	25.7	12.3	(22.1)	—	3.6	—	19.5
Other current provisions	223.0	313.1	(72.7)	(62.1)	—	3.5	404.8
Total current provisions	$ 684.7	$ 424.8	$ (179.7)	$ (252.2)	$ 8.3	$ 26.3	$ 712.2
Total provisions	$ 815.9	$ 441.8	$ (246.3)	$ (254.5)	$ 19.0	$ 10.6	$ 786.5

NOTE 23. OTHER LIABILITIES (CURRENT AND NON-CURRENT)

Other current liabilities consisted of the following:

(In millions)	December 31, 2018	2017
Redeemable financial liability	$ 173.0	$ 69.7
Current financial liabilities at FVTPL, total	173.0	69.7
Accruals on completed contracts	234.4	321.3
Other taxes payable	215.0	204.4
Social security liability	112.3	124.1
Other	212.2	256.5
Other current liabilities, total	773.9	906.3
Total other current liabilities	$ 946.9	$ 976.0

Other non-current liabilities consisted of the following:

(In millions)	December 31, 2018	2017
Redeemable financial liabilities	$ 276.3	$ 242.3
Non-current financial liabilities at FVTPL, total	276.3	242.3
Obligations on non-qualified employee retirement plans	31.5	35.6
Payables on property, plant and equipment	23.1	13.7
Subsidies	5.4	6.4
Other	173.9	71.2
Other non-current liabilities, total	$ 233.9	$ 126.9
Total other non-current liabilities	$ 510.2	$ 369.2

A mandatorily redeemable financial liability was recognised in 2016 to account for the fair value of the non-controlling interests in the equity of legal onshore/offshore contract entities which own and account for the design, engineering and construction of the Yamal LNG plant. This financial liability is periodically revaluated to its fair value, in order to reflect current expectations about the obligation. We recognised a loss of $322.3 million and $293.7 million in 2018 and 2017, respectively. Changes in the fair value of the financial liability are recorded as interest expense on the consolidated statements of income. Pursuant to payments of $225.8 million and $156.5 million during the year in 2018 and 2017, respectively, the amount Yamal LNG redeemable financial liability as at December 31 was $408.5 million and $312.0 million in 2018 and 2017, respectively.

In 2018, an additional redeemable financial liability was recognised to account for an acquisition of Island Offshore. The amount of Island Offshore redeemable financial liability was $40.8 million as at December 31, 2018.

NOTE 24. ACCOUNTS PAYABLE, TRADE

Trade payables amounted to $2,610.8 million as of December 31, 2018 as compared to $3,959.1 million as of December 31, 2017. Trade payables maturities are linked to the operating cycle of contracts and mature within 12 months.

NOTE 25. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments associated with leases

We lease office space, manufacturing facilities and various types of manufacturing and data processing equipment. Leases of real estate generally provide for payment of property taxes, insurance and repairs by us. Substantially all of our leases are classified as operating leases. Rent expense under operating leases amounted to $353.9 million and $359.2 million in 2018 and 2017, respectively.

At December 31, 2018, future minimum rental payments under noncancellable operating leases were:

(In millions)		
2019	$	313.4
2020		269.7
2021		180.1
2022		123.6
2023		102.1
Thereafter		485.6
Total	$	1,474.5
Less income from sub-leases		25.6
Net minimum operating lease payments	$	1,448.9

At December 31, 2017, future minimum rental payments under noncancellable operating leases were:

(In millions)		
2018	$	337.4
2019		280.4
2020		256.4
2021		171.7
2022		124.5
Thereafter		577.1
Total	$	1,747.5
Less income from sub-leases		6.3
Net minimum operating lease payments	$	1,741.2

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.

	December 31,	
(In millions)	**2018**	**2017**
Financial guarantees [1]	$ 750.4	$ 933.3
Performance guarantees [2]	4,047.6	3,670.3
Maximum potential undiscounted payments	$ 4,798.0	$ 4,603.6

(1) Financial guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on changes in an underlying agreement that is related to an asset, a liability, or an equity security of the guaranteed party. These tend to be drawn down only if there is a failure to fulfill our financial obligations.

(2) Performance guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on another entity's failure to perform under a nonfinancial obligating agreement. Events that trigger payment are performance-related, such as failure to ship a product or provide a service.

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 are cooperating with the DOJ's investigations and, with regard to FMC Technologies, a related investigation by the U.S. Securities and Exchange Commission.

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 are cooperating with the DOJ in its investigation into potential violations of the FCPA in connection with these projects. We have contacted the Brazilian authorities (Federal Prosecution Service (MPF), the Comptroller General of Brazil (CGU) and the Attorney General of Brazil (AGU)) and are cooperating with their investigation concerning the projects in Brazil and have also contacted French authorities (the Parquet National Financier (PNF)) and are cooperating with their investigation about these existing matters.

We have been informed that these authorities in Brazil, the U.S. and France have been coordinating their investigations, which could result in a global resolution. These matters have progressed to a point where a probable estimate of the aggregate settlement amount with all authorities is $280.0 million for which we have taken a provision in the fourth quarter and year ended December 31, 2018. See Note 22.

These matters involve negotiations with law enforcement authorities in three separate jurisdictions, and there is no certainty that a global settlement will be reached or that the settlement will not exceed current accruals. These authorities have a broad range of civil and criminal sanctions under anticorruption laws and regulations, which they may seek to impose against corporations and individuals in appropriate circumstances including, but not limited to, fines, penalties and modifications to business practices and compliance programs. These authorities have entered into agreements with, and obtained a range of sanctions against, numerous public corporations and individuals arising from allegations of improper payments whereby civil and/or criminal penalties were imposed. Recent civil and criminal settlements have included fines, deferred prosecution agreements, guilty pleas and other sanctions, including the requirement that the relevant corporation retain a monitor to oversee its compliance with anticorruption laws. Any of these remedial measures, if applicable to us, as well as potential customer reaction to such remedial measures, could have a material adverse impact on our business, results of operations and financial condition.

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 December 31, 2018 and 2017, and that the ultimate resolution of such matters will not materially affect our consolidated financial position, results of operations, or cash flows.

NOTE 26. FINANCIAL INSTRUMENTS

26.1 Financial assets and liabilities by category

TechnipFMC holds the following financial assets and liabilities:

	December 31, 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	276.3	—	—
Short-term debt and current portion of long-term debt	1,983.5	—	1,983.5	—
Accounts payable, trade	2,610.8	—	2,610.8	—
Derivative financial instruments	183.2	20.0	—	163.2
Other financial liabilities	173.0	173.0	—	—
Total liabilities	$ 7,772.8	$ 469.3	$ 7,140.3	$ 163.2

	December 31, 2017					
	Analysis by Category of Financial Instruments					
(In millions)	Carrying Amount	At Fair Value through Profit or Loss	Loans and Receivables	Available-for-Sale Financial Assets	Liabilities at Amortised Cost	Derivative Instruments
Available-for-sale financial assets (non quoted)	$ 12.4	$ 12.4	$ —	$ —	$ —	$ —
Other financial assets	289.6	—	289.6	—	—	—
Available-for-sale financial assets	37.5	—	—	37.5		
Derivative financial instruments	173.2	—	—	—	—	173.2
Trade receivables, net	2,103.6	—	2,103.6	—	—	—
Other current assets	1,196.0	—	1,196.0	—	—	—
Cash and cash equivalents	6,737.4	6,737.4	—	—	—	—
Total assets	$ 10,549.7	$ 6,749.8	$ 3,589.2	$ 37.5	$ —	$ 173.2
Long-term debt, less current portion	2,656.1	—	—	—	$ 2,656.1	—
Other non-current liabilities	369.2	69.7	—	—	299.5	—
Short-term debt and current portion of long-term debt	1,527.7	—	—	—	1,527.7	—
Accounts payable, trade	3,959.1	—	—	—	3,959.1	—
Derivative financial instruments	137.1	—	—	—	—	137.1
Other current liabilities	1,468.2	242.3	—	—	1,225.9	—
Total liabilities	$ 10,117.4	$ 312.0	$ —	$ —	$ 9,668.3	$ 137.1

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.

	December 31, 2018			
(In millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Nonqualified plan:				
Traded securities [1]	$ 40.6	$ —	$ —	$ 40.6
Money market fund	—	1.6	—	1.6
Stable value fund [2]	—	0.5	—	0.5
Derivative financial instruments:				
Synthetic bonds - call option premium	—	9.2	—	9.2
Foreign exchange contracts	—	104.8	—	104.8
Assets	$ 40.6	$ 116.1	$ —	$ 156.7
Redeemable financial liability	—	—	449.3	449.3
Derivative financial instruments:				
Synthetic bonds - embedded derivatives	—	9.2	—	9.2
Foreign exchange contracts	—	174.0	—	174.0
Liabilities	$ —	$ 183.2	$ 449.3	$ 632.5

	December 31, 2017			
(In millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Nonqualified plan:				
Traded securities [1]	$ 26.2	$ —	$ —	$ 26.2
Money market fund	—	2.4	—	2.4
Stable value fund [2]	0.6	—	—	0.6
Available-for-sale securities	27.6	9.9	—	37.5
Derivative financial instruments:				
Synthetic bonds - call option premium	—	62.2	—	62.2
Foreign exchange contracts	—	111.0	—	111.0
Assets	$ 54.4	$ 185.5	$ —	$ 239.9
Redeemable financial liability	—	—	312.0	312.0
Derivative financial instruments:				
Synthetic bonds - embedded derivatives	—	62.2	—	62.2
Foreign exchange contracts	—	74.9	—	74.9
Liabilities	$ —	$ 137.1	$ 312.0	$ 449.1

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

(2) 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.

During the financial year 2018 and 2017, 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 23 for further information related to this liability. The key assumption used in applying the income approach is the selected discount rates and the expected dividends to be distributed in the future to the noncontrolling interest holders. Expected dividends to be distributed is based on the noncontrolling interests' share of the expected profitability of the underlying contract, the selected discount rate, and the overall timing of completion of the project. A decrease of one percentage point in the discount rate would have increased the liability by $5.4 million as of December 31, 2018. 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.

(In millions)	2018	2017
Balance at January 1	$ 312.0	$ 174.8
Losses recognised in statement of income	322.3	293.7
Settlements of mandatorily redeemable financial liability	(225.8)	(156.5)
Acquisitions	40.8	—
Balance at December 31	$ 449.3	$ 312.0

Fair value of debt—The fair values (based on Level 2 inputs) of our debt, carried at amortised cost, are presented in Note 20 Debts.

26.2 Derivative financial instruments

For purposes of mitigating the effect of changes in exchange rates, we hold derivative financial instruments to hedge the risks of certain identifiable and anticipated transactions and recorded assets and liabilities in our consolidated statement of financial position. The types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in foreign currency exchange rates. Our policy is to hold derivatives only for the purpose of hedging risks associated with anticipated foreign currency purchases and sales created in the normal course of business and not for trading purposes where the objective is solely 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 other comprehensive income ("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.

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 anticipated purchase or sale commitments denominated in foreign currencies and recorded assets and liabilities in our consolidated statement of financial position. At December 31, 2018, we held the following material net positions:

	2018		2017	
	Net Notional Amount Bought (Sold)		Net Notional Amount Bought (Sold)	
(In millions)		**USD Equivalent**		**USD Equivalent**
Australian dollar	183.2	129.3	150.0	117.2
Brazilian real	752.3	194.2	783.1	236.7
British pound	52.4	67.0	142.0	191.9
Canadian dollar	(247.0)	(181.0)	(181.9)	(144.9)
Euro	725.9	831.1	354.9	425.6
Malaysian ringgit	397.0	96.1	—	—
Norwegian krone	2,264.7	260.6	(1,857.5)	(226.3)
Singapore dollar	108.2	79.4	116.2	87.0
Japanese yen	8,118.0	73.9	—	—
U.S. dollar	(1,051.8)	(1,051.8)	(647.6)	(647.6)

Foreign exchange rate instruments embedded in purchase and sale contracts—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. At December 31, 2018, our portfolio of these instruments included the following material net positions:

	2018		2017	
	Net Notional Amount Bought (Sold)		Net Notional Amount Bought (Sold)	
(In millions)		**USD Equivalent**		**USD Equivalent**
Norwegian krone	(104.3)	(12.0)	(290.1)	(35.3)
U.S. dollar	13.1	13.1	32.8	32.8

Fair value amounts for all outstanding derivative instruments have been determined using available market information and commonly accepted valuation methodologies. Accordingly, the estimates presented may not be indicative of the amounts that we would realize in a current market exchange and may not be indicative of the gains or losses we may ultimately incur when these contracts are settled.

The following table presents the location and fair value amounts of derivative instruments reported in the consolidated statement of financial position:

	December 31, 2018		December 31, 2017	
(In millions)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives designated as hedging instruments				
Foreign exchange contracts				
Current - Derivative financial instruments	$ 83.8	$ 127.7	$ 65.6	$ 51.0
Long-term - Derivative financial instruments	9.0	35.6	28.0	1.7
Total derivatives designated as hedging instruments	92.8	163.3	93.6	52.7
Derivatives not designated as hedging instruments				
Foreign exchange contracts				
Current - Derivative financial instruments	11.9	10.7	12.7	18.0
Long-term - Derivative financial instruments	0.1	0.1	4.7	4.2
Total derivatives not designated as hedging instruments	12.0	10.8	17.4	22.2
Long-term - Derivative financial instruments - Synthetic Bonds - Call Option Premium	9.2	—	62.2	—
Long-term - Derivative financial instruments - Synthetic Bonds - Embedded Derivatives	—	9.2	—	62.2
Total derivatives	$ 114.0	$ 183.3	$ 173.2	$ 137.1

We recognised losses of $2.5 million and gain of $25.3 million on cash flow hedges for the years ended December 31, 2018, and December 31, 2017, respectively, due to hedge ineffectiveness 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 income (loss) of $68.1 million and $3.6 million at December 31, 2018 and 2017, respectively. We expect to transfer approximately $11.7 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 table presents the location of gains (losses) on the consolidated statements of income related to derivative instruments designated as fair value hedges.

Location of fair value hedge gain (loss) recognised in profit (loss)	**Gain (Loss) recognised in profit (loss)**	
	Year Ended December 31,	
(In millions)	**2018**	**2017**
Other income (expense), net	$ (18.1)	$ 44.9

The following tables present the location of gains (losses) on the consolidated statements of income related to derivative instruments designated as cash flow hedges:

	Gain (Loss) recognised in OCI (Effective Portion)	
	Year Ended December 31,	
(In millions)	2018	2017
Foreign exchange contracts	$ (83.5)	$ 40.5

Location of cash flow hedge gain (loss) reclassified from accumulated OCI into profit (loss)	Gain (Loss) reclassified from accumulated OCI into profit (loss) (Effective portion)	
	Year Ended December 31,	
(In millions)	2018	2017
Foreign exchange contracts		
Revenue	$ (2.4)	$ (39.3)
Cost of sales	3.4	5.3
Selling, general and administrative expense	(0.1)	0.8
Other income (expense), net	1.0	(102.2)
Total	$ 1.9	$ (135.4)

Location of cash flow hedge gain (loss) recognised in profit (loss)	Gain (Loss) recognised in profit (loss) (Ineffective portion and amount excluded from effectiveness testing)	
	Year Ended December 31,	
(In millions)	2018	2017
Foreign exchange contracts		
Revenue	$ (2.2)	$ 9.5
Cost of sales	(4.8)	(9.0)
Selling, general and administrative expense	—	0.1
Other income (expense), net	(12.3)	23.0
Total	$ (19.3)	$ 23.6

The following table presents the location of gains (losses) on the consolidated statements of income related to derivative instruments not designated as hedging instruments:

Location of gain (loss) recognised in profit (loss)	Gain (Loss) recognised in profit (loss) on derivatives (Instruments not designated as hedging instruments)	
	Year Ended December 31,	
(In millions)	2018	2017
Foreign exchange contracts		
Revenue	$ (1.7)	$ 0.9
Cost of sales	0.2	(0.3)
Other income (expense), net	(11.4)	43.0
Total	$ (12.9)	$ 43.6

26.3 Offsetting financial assets and financial liabilities

We execute derivative contracts with counterparties that consent to a master netting agreement, which permits net settlement of the gross derivative assets against gross derivative liabilities. Each instrument is accounted for individually and assets and liabilities are not offset. As of December 31, 2018 and December 31, 2017, we had no collateralized derivative contracts.

The following tables present both gross information and net information of recognised derivative instruments:

	December 31, 2018			December 31, 2017		
(In millions)	Gross Amount Recognised	Gross Amounts Not Offset Permitted Under Master Netting Agreements	Net Amount	Gross Amount Recognised	Gross Amounts Not Offset Permitted Under Master Netting Agreements	Net Amount
Derivative assets	$ 114.0	$ (105.9)	$ 8.1	$ 173.2	$ (114.4)	$ 58.8
Derivative liabilities	$ 183.3	$ (105.9)	$ 77.4	$ 137.1	$ (114.4)	$ 22.7

NOTE 27. PAYROLL STAFF

As of December 31, 2018, TechnipFMC had 37,144 full-time employees.

NOTE 28. RELATED PARTIES DISCLOSURES

28.1 Transactions with related parties and equity affiliates

Receivables, payables, revenues and expenses which are included in our consolidated financial statements for all transactions with related parties, defined as entities related to our directors and main shareholders as well as the partners of our consolidated joint ventures, were as follows.

Trade receivables consisted of receivables due from following related parties:

	December 31,	
(In millions)	2018	2017
TP JGC Coral France SNC	$ 31.6	$ 42.5
Technip Odebrecht PLSV CV	10.9	13.8
Anadarko Petroleum Company	4.9	22.3
Others	14.3	19.8
Total trade receivables	$ 61.7	$ 98.4

TP JGC Coral France SNC 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:

	December 31,	
(In millions)	**2018**	**2017**
Dofcon Navegacao	$ 2.5	$ 12.3
Chiyoda	70.0	48.3
JGC Corporation	69.5	52.4
IFP Energies nouvelles	2.4	—
Anadarko Petroleum Company	0.7	—
Magma Global Limited	0.6	—
Others	2.9	8.8
Total trade payables	$ 148.6	$ 121.8

Dofcon Navegacao and Magma Global Limited are equity affiliates. JGC Corporation and Chiyoda are joint venture partners on our Yamal project. A member of our Board of Directors is an executive officer of IFP Energies nouvelles.

Additionally, we have note receivable balance of $130.0 million and $140.9 million as of December 31, 2018 and 2017, respectively. The note receivables balance includes $119.9 million and $114.9 million with Dofcon Brasil AS at December 31, 2018 and 2017, respectively. Dofcon Brasil AS is accounted for as an equity method affiliate. These are included in other noncurrent assets on our consolidated balance sheets.

Revenue consisted of amount from following related parties:

(In millions)	**2018**	**2017**
Anadarko Petroleum Company	$ 124.8	$ 111.3
TP JGC Coral France SNC	$ 118.2	$ 69.9
Others	$ 50.3	$ 56.9
Total revenue	$ 293.3	$ 238.1

Expenses consisted of amount to following related parties:

(In millions)	**2018**	**2017**
Chiyoda	$ 53.0	$ 44.1
JGC Corporation	81.2	46.8
IFP Energy nouvelles	4.4	—
Creowave OY	1.9	4.7
Arkema S.A.	2.6	—
Magma Global Limited	3.0	—
Others	8.6	45.8
Total expenses	$ 154.7	$ 141.4

28.2 Executive compensation

The below table sets forth the single figure of remuneration for the periods ended December 31, 2018 and 2017 for each of TechnipFMC's executive directors: the Chief Executive Officer and the Executive Chairman.

	Chief Executive Officer		Executive Chairman [3]	
(In US dollars)	**2018**	**2017**	**2018**	**2017**
Salary [1]	$ 1,230,000	$ 1,116,667	$ 1,061,194	$ 1,023,929
Taxable benefits [2]	122,231	114,603	110,492	125,403
Annual bonus	2,154,499	2,272,556	1,758,397	1,954,680
Long-term incentive awards[4]	9,705,207	9,057,851	—	5,820,342
Pension	190,796	125,003	29,983	28,563
Total remuneration	$ 13,402,733	$ 12,686,680	$ 2,960,066	$ 8,952,917

Base pay provides a fixed level of compensation to our executive directors that reflects their responsibilities, job characteristics and scope, performance, experience, and skill set and is reviewed annually and subject to adjustment based on individual performance, experience, business conditions, market factors, and comparable market data from TechnipFMC's peers.

1. Base pay for the Chief Executive Officer reflects his salary of $1,200,000 for the period January 1, 2018 to May 31, 2018, and $1,230,000 for the period 1 June 2018 to 31 December 2018. Base pay for the Executive Chairman reflects his salary for 2018. The salary for the Executive Chairman was unchanged from 2017. The difference shown is only attributable to the difference in the currency exchange rates.

2. The taxable benefits column line for 2018 for the Chief Executive Officer includes: (i) personal use of company automobile of $3,555; (ii) reimbursed cost of spousal travel for Company business functions of $13,142; (iii) financial planning of $18,000; (iv) security program of $40,013 and (v) Company provided apartment in Paris, France of $46,531 and club membership of $990. Taxable benefits for the Executive Chairman include: (i) reimbursed cost of spousal travel for Company business functions of $70,574; (ii) financial planning and personal tax assistance of $28,979; and (iii) expatriate medical coverage of $10,939.

3. The amounts reported as salary, taxable benefits, annual bonus, and pension related for the Executive Chairman were paid in Euros. These amounts were converted to U.S. dollars utilizing an average of the Euro to U.S. dollar exchange rates on the last day of each month during each reporting year (1.179104). Also includes $102,393 and $106,119 in 2017 and 2018 respectively, earned under the 2014 legacy Technip Cash Incentive Plan. The performance conditions under the plan were certified in 2016 prior to the Merger. However, the plan required continued employment through the payment dates of December 2017 and December 2018.

4. Amounts disclosed in the Long-term incentive awards column for the Chief Executive Officer represent the sum of the aggregate grant date fair value of options, time-based restricted stock units, and performance-based restricted stock units subject to either performance (ROIC) or market-based (TSR) vesting conditions. Determination of fair value was made in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. With respect to restricted stock units subject to performance-based (ROIC) vesting conditions and time-based restricted stock units, the aggregate grant date fair value of such awards was based on TechnipFMC's share price on the grant date of the awards and the assumption that target performance was probable to occur, as of the date of grant. With respect to restricted stock units subject to TSR market-based vesting conditions, the grant date fair value of such award was determined utilising a Monte Carlo simulation as disclosed in Note 19.

The maximum award value of performance-based stock subject to both performance conditions and market-based conditions are $11,155,726 and $12,450,470 for 2017 and 2018 grants for the Chief Executive Officer and $7,476,018 for the 2017 grant for the Executive Chairman.

NOTE 29. MARKET RELATED EXPOSURE

29.1 Liquidity risk

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

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

Net (debt) cash

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

The following table provides a reconciliation of our cash and cash equivalents to net (debt) cash, utilising details of classifications from our consolidated statement of financial position:

(In millions)	December 31, 2018	December 31, 2017
Cash and cash equivalents	$ 5,542.2	$ 6,737.4
Less: Short-term debt and current portion of long-term debt	1,983.5	1,527.7
Less: Long-term debt, less current portion	2,546.0	2,656.1
Net cash	$ 1,012.7	$ 2,553.6

Cash flows

Operating cash flows. During 2018, we used $182.3 million in cash flows from operating activities, which was a $422.4 million decrease compared to 2017. Our working capital balances can vary significantly depending on the payment and delivery terms on key contracts in our portfolio of projects. The year-over-year changes in operating cash flow were primarily due to the changes in trade receivables, net and contract assets and accounts payable, trade.

Investing cash flows. Investing activities used $460.2 million in 2018 primarily due to capital expenditures of $368.1 million and business acquisitions of $104.9 million.

Cash provided by investing activities in 2017 was $1.2 billion, primarily reflecting cash acquired through the Merger. Refer to Note 2 to the consolidated financial statements contained in this U.K. Annual Report for further information related to the Merger.

Financing cash flows. Financing activities used $444.8 million in 2018. The decrease of $611.1 million in cash required for financing activities was primarily due to repayments of long-term debt in 2017.

Credit facility

The following is a summary of our revolving credit facility at December 31, 2018:

(In millions)	Amount	Debt Outstanding	Commercial Paper Outstanding	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$ 2,500	$ —	$ 1,916.1	$ —	$ 583.9	January 2023

Under our commercial paper program, we have the ability to access up to $1.5 billion and €1.0 billion of financing through our commercial paper dealers. Our available capacity under our revolving credit facility is reduced by any outstanding commercial paper. We had $1,916.1 million and $1,450.4 million of commercial paper issued under our facility at December 31, 2018 and 2017, respectively.

As of December 31, 2018, we were in compliance with all restrictive covenants under our revolving credit facility.

The contractual, undiscounted repayment schedule of financial liabilities is as follows:

(In millions)	2019	2020	2021	2022	2023	2024 and beyond	Total
Debt	$ 1,983.5	$ 229.0	$ 700.7	$ 671.8	$ 292.0	$ 326.1	$ 4,203.1
Interest on debt	60.6	60.6	60.6	46.8	46.8	119.4	394.8
Accounts payable, trade	2,610.8	—	—	—	—	—	2,610.8
Derivative financial instruments	138.3	28.8	13.5	1.7	0.9	—	183.2
Redeemable financial liability	179.2	100.0	142.3	70.0	40.0	25.0	556.5
Finance lease liabilities	16.2	16.2	327.7	0.8	21.1	—	382.0
Total financial liabilities as of December 31, 2018	$ 4,988.6	$ 434.6	$ 1,244.8	$ 791.1	$ 400.8	$ 470.5	$ 8,330.4

(In millions)	2018	2019	2020	2021	2022	2023 and beyond	Total
Debt	$ 1,522.4	$ 38.0	$ 302.4	$ 631.5	$ 738.4	$ 784.7	$ 4,017.4
Interest on debt	62.6	62.6	62.6	48.3	48.3	125.1	409.5
Accounts payable, trade	3,959.1	—	—	—	—	—	3,959.1
Derivative financial instruments	69.0	5.7	0.1	62.2	0.2	—	137.2
Redeemable financial liability	225.8	179.2	100.0	100.0	70.0	65.0	740.0
Finance lease liabilities	11.6	12.0	12.0	324.6	0.8	21.1	382.1
Total financial liabilities as of December 31, 2017	$ 5,850.5	$ 297.5	$ 477.1	$ 1,166.6	$ 857.7	$ 995.9	$ 9,645.3

29.2 Foreign currency exchange rate risk

We conduct operations around the world in a number of different currencies. Many of our significant foreign subsidiaries have designated the local currency as their functional currency. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. We do not hedge this translation impact on earnings. A 10% increase or decrease in the average exchange rates of all foreign currencies at December 31, 2018, would have changed our revenue and profit (loss) before income taxes attributable to TechnipFMC by approximately $134.6 million and $5.7 million, respectively. A 10% increase or decrease in the average exchange rates of all foreign currencies at December 31, 2017, would have changed our revenue and income before income taxes attributable to TechnipFMC by approximately $903.4 million and $47.6 million, respectively.

When transactions are denominated in currencies other than our subsidiaries' respective functional currencies, we manage these exposures through the use of derivative instruments. We primarily use foreign currency forward contracts to hedge the foreign currency fluctuation associated with firmly committed and forecasted foreign currency denominated payments and receipts. The derivative instruments associated with these anticipated transactions are usually designated and qualify as cash flow hedges, and as such the gains and losses associated with these instruments are recorded in other comprehensive income until such time that the underlying transactions are 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 our foreign currency forward contracts hedging anticipated transactions that are accounted for as cash flow hedges, a 10% increase in the value of the U.S. dollar would have resulted in an additional loss of $50.7 million and $25.6 million in the net fair value of cash flow hedges reflected in our consolidated statement of financial position at December 31, 2018 and 2017, respectively.

29.3 Interest rate risk

We assess effectiveness of forward foreign currency contracts designated as cash flow hedges based on changes in fair value attributable to changes in spot rates. We exclude the impact attributable to changes in the difference between the spot rate and the forward rate for the assessment of hedge effectiveness and 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 unrealized valuation of our forward foreign currency contracts to relative changes in interest rates between countries in our results of operations. Based on our portfolio as of December 31, 2018, we have material positions with exposure to interest rates in the United States, Canada, Australia, Brazil, the United Kingdom, Singapore, the European Community and Norway.

Our interest-bearing loans and borrowings were split between fixed and floating rate as follows:

(In millions)	December 31, 2018	December 31, 2017
Fixed Rate	$ 4,468.6	$ 4,094.8
Floating Rate	60.9	89.0
Total debt	$ 4,529.5	$ 4,183.8

Sensitivity analysis as of December 31, 2018

TechnipFMC's floating rate debt amounted to $60.9 million compared to an aggregate total debt of $4,529.5 million. To ensure liquidity, cash is invested on a short-term basis. Financial products are subject to fluctuations in currency interest rates.

As of December 31, 2018, the net short-term cash position of TechnipFMC (cash and cash equivalents, less short-term financial debts) amounted to $3,558.7 million.

As of December 31, 2018, a 1% (100 basis points) increase in interest rates would lower the fair value of the fixed rate synthetic bonds, convertible bonds and private placements by $66.0 million before tax. A 1% (100 basis points) decrease in interest rates would raise the fair value by $70.6 million before tax.

A 1% (100 basis points) increase in interest rates would generate an additional profit of $35.6 million before tax in the net cash position. A 1% (100 basis points) decrease in interest rates would generate a loss of the same amount.

Sensitivity analysis as of December 31, 2017

TechnipFMC’s floating rate debt amounted to $89.0 million compared to an aggregate total debt of $4,183.8 million. To ensure liquidity, cash is invested on a short-term basis. Financial products are subject to fluctuations in currency interest rates.

As of December 31, 2017, the net short-term cash position of TechnipFMC (cash and cash equivalents, less short-term financial debts) amounted to $5,209.7 million.

As of December 31, 2017, a 1% (100 basis points) increase in interest rates would lower the fair value of the fixed rate synthetic bonds, convertible bonds and private placements by $80.0 million before tax. A 1% (100 basis points) decrease in interest rates would raise the fair value by $86.3 million before tax.

A 1% (100 basis points) increase in interest rates would generate an additional profit of $52.1 million before tax in the net cash position. A 1% (100 basis points) decrease in interest rates would generate a loss of the same amount.

29.4 Credit risk

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

By their nature, financial instruments involve risk, including credit risk, for non-performance by counterparties. Financial instruments that potentially subject us to credit risk primarily consist of trade receivables, contract assets, contractual cash flows from our debt instruments (primarily loans), cash equivalents and deposits with banks, as well as derivative contracts. We manage the credit risk on financial instruments by transacting only with what management believes are financially secure counterparties, requiring credit approvals and credit limits, and monitoring counterparties’ financial condition. Our maximum exposure to credit loss in the event of non-performance by the counterparty is limited to the amount drawn and outstanding on the financial instrument. We mitigate credit risk on derivative contracts by executing contracts only with counterparties that consent to a master netting agreement, which permits the net settlement of gross derivative assets against gross derivative liabilities.

We apply the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables, contract assets, issued loans and debt notes receivable.

TechnipFMC's trade receivables and contracts assets constitute a homogeneous portfolio, therefore, to measure the expected credit losses, trade receivables and contract assets have been grouped based on a selection of TechnipFMC's subsidiaries that cover a representative part of TechnipFMC's consolidated trade receivables and contract assets at each period end. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. We have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2018 or January 1, 2018, respectively, and the corresponding historical credit losses experienced within this period.

Credit risk exposure on our trade receivables and contract assets using a provision matrix are set out as follows:

	December 31, 2018					
	Days past due					
(In millions)	Current	Less than 3 months	3 to 12 months	Over 1 year	Total Trade Receivables	Contract Assets
Net carrying amount	$ 1,720.6	$ 349.1	$ 105.0	$ 293.1	$ 2,467.8	$ 1,295.0
Weighted average expected credit loss rate	—	—	—	—	0.14%	0.14%

	December 31, 2017					
	Days past due					
(In millions)	Current	Less than 3 months	3 to 12 months	Over 1 year	Total Trade Receivables	Contract Assets
Net carrying amount	$ 1,057.1	$ 319.4	$ 153.7	$ 72.3	$ 1,602.5	$ 1,637.4
Weighted average expected credit loss rate	—	—	—	—	0.12%	0.12%

NOTE 30. AUDITORS' REMUNERATION

Fees payable to TechnipFMC’s auditors and its associates are as follows:

(In millions)	2018	2017
Fees payable to TechnipFMC plc’s auditors for the audit of its annual financial statements	$ 9.1	$ 9.7
Fees payable to TechnipFMC plc’s auditors and its associates for the audit of its subsidiaries	3.9	3.9
Fees payable to TechnipFMC plc’s auditors for initial 404B internal control compliance audit	2.5	—
Fees payable to TechnipFMC plc’s auditors for legacy Technip SA PCAOB audits	—	2.9
Total fees payable for audit services	$ 15.5	$ 16.5
Audit related services	0.3	1.8
Legal and tax compliance services	0.5	0.6
Other services	0.9	—
Total fees payable for other services	$ 1.7	$ 2.4

NOTE 31. SUBSIDIARIES, JOINT VENTURE UNDERTAKINGS AND EQUITY AFFILIATES

TechnipFMC's subsidiaries, joint venture undertakings and equity affiliates at 31 December 2018 are listed below:

31.1 Directly owned subsidiaries of TechnipFMC as of December 31, 2018

Company Name	Address	Share Class	TechnipFMC interest held in %
BRAZIL			
Technip Cleplan Empreendimentos E Projetos Industriais Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 202 (parte) 20211-178 Rio de Janeiro	Equity interest	58.29[1]
CHINA			
Technip Chemical Engineering (Tianjin) Co., Ltd.	10th Floor - Yunhai Mansion 200031 Shanghai	Equity interest	100
FRANCE			
Technip Corporate Services SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	78[2]
Technip Eurocash SNC	89, avenue de la Grande Armée 75116 Paris	Equity interest	96[3]
Technip France SA	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	78[4]
Compagnie Française De Réalisations Industrielles, Cofri SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Cybernetix SAS	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Ordinary shares	100
Seal Engineering SAS	19, Avenue Feuchères 30000 Nîmes	Ordinary shares	100
Technip Ingenierie Defense SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Technip Offshore International SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	100
Technipnet SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
ITALY			
Technip Italy S.P.A.	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
TPL - Tecnologie Progetti Lavori S.P.A. In Liquidazione	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
MALAYSIA			
Technip Far East Sdn Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak Kuala Lumpur 50400	Ordinary shares	100
NETHERLANDS			
Technip Holding Benelux B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
NEW-CALEDONIA - FRENCH OVERSEAS TERRITORY			
Technip Nouvelle-Caledonie	27 bis Avenue du Maréchal Foch - Galerie CENTER FOCH - Centre-Ville B.P. 4460 98847 NOUMEA	Ordinary shares	100
PANAMA			
Technip Overseas S.A.	East 53rd Street Marbella, Humboldt Tower 2nd Floor Panama	Ordinary shares	100
RUSSIAN FEDERATION			
Technip Rus LLC	266 Litera O, Ligovsky Prospect 196084 St Petersburg	Ordinary shares	99.98
SPAIN			
Technip Iberia, S.A.	Building n° 8 - Floor 4th Plaça de la Pau s/n World Trade Center - Almeda Park - Cornellà de Llobregat 08940 Barcelone	Ordinary shares	99.99[5]
SWITZERLAND			
Engineering Re AG	Basteiplatz 7 8001 Zurich	Ordinary shares	100
UNITED KINGDOM			
TechnipFMC Holdings Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares A Ordinary shares B	88.12[6]
VENEZUELA			
Inversiones Dinsa, C.A.	Avenida Principal de La Urbina, calle 1 con calle 2 Centro Empresarial INECOM, piso 1, oficina 1-1 La Urbina, Minicipio Sucre 1070 Caracas	Ordinary shares	100
Technip Bolivar, C.A. en liquidation	523 Zona Industrial Matanzas, Planta De Bauxilum Puerto Ordaz Ciudad Bolivar	Ordinary shares	99.88[7]

1 Subsidiary fully and indirectly owned by TechnipFMC plc.

2 Subsidiary fully and indirectly owned by TechnipFMC plc.

3 Subsidiary fully and indirectly owned by TechnipFMC plc.

4 Subsidiary fully and indirectly owned by TechnipFMC plc.

5 Subsidiary fully and indirectly owned by TechnipFMC plc.

6 Subsidiary fully and indirectly owned by TechnipFMC plc.

7 Subsidiary fully and indirectly owned by TechnipFMC plc.

31.2 Indirectly owned subsidiaries of TechnipFMC as of December 31, 2018

Company Name	Address	Share Class	TechnipFMC interest held in %
ALGERIA			
FMC Technologies Algeria SARL	Rue Shakespeare BT 08/10 Commune d'El Mouradia Algiers	Ordinary Shares	100
ANGOLA			
Angoflex Industrial Limitada	Rua Rei Katyavala, N.°43-45, Edifício Avenca Plaza, 12°. Andar 5364 Luanda	Ordinary Shares	70
Technip Angola-Engenharia, Limitada	Rua Rei Katyavala, N.°43-45, Edificio Avenca Plaza, 8°. Andar 5364 Luanda	Ordinary Shares	60
ARGENTINA			
FMC Technologies Argentina S.R.L.	c/o Allende & Brea Maipú 1300, 10th Floor Buenos Aires C1006ACT	Equity interest	100
AUSTRALIA			
FMC Technologies Australia Limited	1120 Hay St, West Perth WA 6005	Ordinary shares	100
Genesis Oil & Gas Consultants (Pty) Ltd	1120 Hay St, West Perth WA 6005	Ordinary shares	100
Technip Oceania Pty Ltd	1120 Hay St, West Perth WA 6005	Ordinary shares	100
BAHAMAS			
AMC Angola Offshore Ltd	c/o Trident Corporate Services Limited Provident House East Hill Street, Nassau	Ordinary shares	100
BELARUS			
Technip Bel	Pobediteley avenue, 17, room 1009 220004 Minsk	Ordinary shares	100
BRAZIL			
Cybernetix Produtos E Serviços Do Brasil Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 402 20211-178 Rio de Janeiro	Equity interest	100
Flexibras Tubos Flexiveis Ltda	Avenida Jurema Barroso, 35 29010-380 Vitoria	Equity interest	100
FMC Technologies do Brasil Ltda	Rodovia Presidente Dutra 2660 Pavuna - RJ - Brazil CEP 21535-900	Equity interest	100
Forsys Subsea Engenharia e Serviços Offshore Ltda.	Rua Dom Marcos Barbosa, nº 2, salas 403 e 404 20211-178 Rio de Janeiro	Equity interest	100
Genesis Oil & Gas Brasil Engenharia Ltda.	Rua Paulo Emídio Barbosa, 485, quadra 4 (parte), Cidade Universitária cidade e estado do Rio de Janeiro, CEP: 21941-615	Equity interest	100
GLBL Brasil Oleodutos E Serviços Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 602 20211-178 Rio de Janeiro	Equity interest	100
Technip Operadora Portuaria S/A	Praça Lopes Trovão, s/nº Parte 23900-000 - Centro - Angra dos Reis	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
TPAR - Terminal Portuario De Angra Dos Reis S/A	Praça Lopes Trovão, s/nº 23900-490 - Centro - Angra dos Reis	Ordinary shares	100
Technip Brasil - Engenharia, Instalacoes E Apoio Maritimo Ltda.	Rua Dom Marcos Barbosa, nº 2, salas 202 (parte), 203, 302, 303, 304, 503 e 603 20211-178 Rio de Janeiro	Equity interest	100
Technip Serviços Offshore, Engenharia e Navegação Ltda.	Rua Dom Marcos Barbosa, nº 2, salas 204, 403, 404, 504 e 604 (parte) 20211-178 Rio de Janeiro	Equity interest	100
BRUNEI DARUSSALAM			
Technip Engineering (B) Sendirian Berhad	B6, Second Floor, Block B Shakirin Complex, Kampong Kiulap BE1518 Bandar Seri Begawan	Ordinary shares	93.10
CAMEROON			
FMC Technologies Cameroon SARL	Face Collège De La Salle B.P. 2159 Douala	Equity interest	100
CANADA			
FMC Technologies Canada Ltd.	c/o McInnes Cooper 5th Floor, 10 Fort William Place P.O. Box 5939, St John's, NL A1C 5X4 Newfoundland and Labrador	Ordinary shares	100
Technip Canada Limited	c/o McInnes Cooper 5th Floor, 10 Fort William Place P.O. Box 5939, St John's, NL A1C 5X4 Newfoundland and Labrador	Ordinary shares	100
CHILE			
FMC Technologies Chile Limitada	Callao 2910, Office 704 Las Condes, Santiago	Equity interest	100
CHINA			
FMC Technologies Energy (Hong Kong) Limited	Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai Hong Kong	Ordinary shares	100
FMC Technologies Energy Holdings (Shanghai) Ltd.	Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai Hong Kong	Ordinary shares	100
FMC Technologies (Shanghai) Co., Ltd	Suite 1106-8, 11/F., Tai Yau Building, No. 181 Johnston Road, Wanchai Hong Kong	Equity interest	100
FMC Technologies (Shenzhen) Co., Ltd.	Room H, 12/F, Times Plaza, 1 Taizi Road, Shekou, Nanshan District 518607 Shenzhen	Equity interest	100
Shanghai Technip Trading Company	10th Floor - Yunhai Mansion 200031 Shanghai	Equity interest	100
Technip Engineering Consultant (Shanghai) Co., Ltd	10th Floor - Yunhai Mansion 200031 Shanghai	Equity interest	100

Company Name	Address	Share Class	TechnipFMC interest held in %
CYPRUS			
Subtec Marine Services Limited	3 Chrysantho Mylona, P.C.3030 Limassol	Ordinary shares	100
EGYPT			
FMC Technologies Egypt LLC	1 Road 293 New Maadi Cairo	Ordinary shares	100
FRANCE			
Angoflex SAS	ZAC Danton 92400 Courbevoie	Ordinary shares	100
Clecel SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Consorcio Intep SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Equity interest	90
Cyxplus SAS	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Ordinary shares	100
Flexi France SAS	Rue Jean Huré 76580 Le Trait	Ordinary shares	100
FMC Technologies Overseas, SAS	Route des Clérimois 89100 Sens	Ordinary shares	100
FMC Technologies SAS	Route des Clérimois 89100 Sens	Ordinary shares	100
Middle East Projects International (Technip Mepi)	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Safrel SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
SCI les Bessons	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Equity interest	100
Technip Normandie SAS	14 rue Linus Carl Pauling PAT La Vatine 76130 Mont-Saint-Aignan	Ordinary shares	100
Technip N-Power SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	100
GABON			
FMC Technologies Gabon S.A.R.L.	Route du Nouveau Port, Boite Postale 579 Port Gentil	Equity interest	90
GERMANY			
F.A. Sening GmbH	Regentstraße 1 25474 Ellerbek	Ordinary shares	100
Smith Meter GmbH	Regentstraße 1 25474 Ellerbek	Ordinary shares	100
Technip Zimmer GmbH	Friesstrasse 20 60388 Frankfurt am Main	Ordinary shares	100
Technip Offshore Wind Germany - GmbH	Friesstrasse 20 60388 Frankfurt am Main	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
GHANA			
FMC Technologies (Ghana) Limited	Commercial Port Gate 2 Takoradi P.O. Box CT 42, Cantonments, Accra	Ordinary shares	100
GNPC-Technip Engineering Services Limited	6th Floor, One Airport Square 00233 Accra	Ordinary shares	70
GUYANA			
TECHNIPFMC GUYANA INC.	c/o Cameron & Shepherd 2 Avenue of the Republic, Georgetown	Ordinary shares	100
INDIA			
FMC Technologies India Private Limited	Plot No.27(Part) Survey No. 124, Road No 12, Commerzone, Raheja IT Park, Opp. Institute of Preventive Medicine, Industrial Park, IDA Nacharam, Hyderabad, Telangana 500 076	Ordinary shares	100
Technip Global Business Services Private Limited	9th Floor, World Trade Tower (WTT) Tower-B C-1, Sector 16, Noida - 201301, U.P 201301 Noida	Ordinary shares	100
Technip India Limited	B-22, Okhla Phase, 1 Industrial Area 110020 New Delhi	Ordinary shares	100
INDONESIA			
PT FMC Technologies Subsea Indonesia	Metropolitan Tower Lantai 15 Unit B, JL RA Kartini TB Simatupang Kav 14 RT/RW 010/04, Cilandak Barat, Cilandak, Jakarta Selatan 12430	Ordinary shares	95
PT FMC Santana Petroleum Equipment Indonesia	Jalan Cakung Cilincing Raya KM 2.5 Semper, Jakarta 14130	Ordinary shares	60
IRAQ			
F.M.C Petroleum Services Ltd.	Erbil - English Village - N°161	Ordinary shares	100
Advanced Oil Services LLC	Al Mansour - District 609 - Alley 23, Building 70 - Office 15, Baghdad	Equity interest	100
ISLE OF MAN			
Subtec Asia Ltd	Burleigh Manor, Peel Road Douglas IM1 5EP	Ordinary shares	100
ITALY			
Consorzio Technip Italy Procurement Services - TIPS	68, Viale Castello della Magliana 00148 Rome	Equity interest	100
FMC Technologies S.r.l. a socio unico	6, Via Giardinetto 43044 Collechio Parma	Equity interest	100
Technip Italy Direzione Lavori S.P.A.	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
TP - HQC S.R.L.	68, Viale Castello della Magliana 00148 Rome	Equity interest	51
JERSEY			
CSO Oil & Gas Technology (West Africa) Ltd	2nd Floor, Sir Walter Raleigh House 48-50 The Esplanade, St Helier Jersey JE4 8NX	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
KAZAKHSTAN			
FMC Technologies Kazakhstan LLP	43/5 building, industrial zone 3 Birlik residential area, 130006 Kyzyltobe village, Munaily district Mangistau Region	Equity interest	100
LUXEMBOURG			
FMC Technologies Global Rental Tools S.a r.l	8-10 avenue de la Gare 1610 Luxembourg	Ordinary shares	100
FMC Technologies Tool Holdings S.ar.l	8-10 avenue de la Gare 1610 Luxembourg	Ordinary shares	100
MALAYSIA			
FMC Petroleum Equipment (Malaysia) Sdn. Bhd.	Suite 7E, Level 7, Menara Ansar, 65 Jalan Trus Johor Bahru 80000 Johor	Ordinary shares	100
FMC Technologies Global Supply Sdn. Bhd.	11 Jalan NIP 1/1A Taman Industri Nusajaya 1 Gelang Patah Johor 81550	Ordinary shares	100
Genesis Oil & Gas Consultants Malaysia Sdn. Bhd.	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	100
Kanfa South East Asia Sdn Bhd in Malaysia	Suite 13.03, 13th Floor Menara Tan & Tan 207, Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	100
Asiaflex Products Sdn. Bhd.	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	69.85
Flexiasia Sdn Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	55
MAURITIUS			
Coflexip Stena Offshore (Mauritius) Ltd.	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
GIL Mauritius Holdings Ltd	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
Global Construction Mauritius Services Ltd	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
Global Vessels Mauritius, Ltd.	33, Edith Cavell Street 11324 Port Louis	Ordinary shares	100
MEXICO			
FMC Technologies de México S.A. de C.V.	FMC Technologies de Mexico, S.A. de C.V. Laurel Lote 41, Manzana 19, Col. Bruno Pagliai Veracruz, Veracruz C.P. 91697	Ordinary shares	100
FMC Technologies Servicios Corporativos, S.A.de C.V.	FMC Technologies de Mexico, S.A. de C.V. Laurel Lote 41, Manzana 19, Col. Bruno Pagliai Veracruz, Veracruz C.P. 91697	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
Global Industries Mexico Holdings S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Industries Offshore Services, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Industries Services, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Offshore Mexico, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
Global Vessels Mexico, S. de R.L. de C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	99
Technip De Mexico S. De R.L. De C.V.	Vasco de Quiroga 3000 Edificio Calakmul piso 6 Colonia Santa Fe CP 01210 México, D.F. México	Ordinary shares	100
MOZAMBIQUE			
Technip Mozambique Lda	Avenida Vladimir Lenine 1123 - 7º andar Edifício Topázio Maputo	Ordinary Shares	100
FMC Technologies Mozambique Lda	Distrito Urbano 1, Av. Zedquias Manganhela no 257, 5 Andar (5th floor), Maputo Cidade	Ordinary Shares	100
MYANMAR			
Technip Myanmar Co. Ltd	No. 18 G/F, Ground Floor Tha Pyay Nyo Street ,Shin Saw Pu Quarter Sanchaung Township 11201	Ordinary shares	100
NETHERLANDS			
FMC Separation Systems B.V.	Delta 101 Amsterdam 6825 MN Arnhem	Ordinary shares	100
FMC Technologies B.V.	Zuidplein 126, WTC, Tower H, 15é Amsterdam 1077XV	Ordinary shares	100
FMC Technologies Global B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	100
FMC Technologies Brazil Finance B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	100
FMC Technologies International Services B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	100
FMC Technologies Surface Wellhead B.V.	Industrieweg 31 7761 PV Schoonebeek	Ordinary shares	100
TSLP B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
Technip Benelux B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
Technip EPG B.V.	Barbizonlaan 50 Capelle aan den Ijssel 2908 ME	Ordinary shares	100
Technip Offshore Contracting B.V.	Luna ArenA, Herikerbergweg 238 P.O. Box 23393 - 1100 DW Amsterdam Zuidoost 1101 CM	Ordinary shares	100
Technip Offshore N.V.	Luna ArenA, Herikerbergweg 238 P.O. Box 23393 - 1100 DW Amsterdam Zuidoost 1101 CM	Ordinary shares	100
Technip Oil & Gas B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
Technip Ships (Netherlands) B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
TechnipFMC International Holdings B.V.	Zuidplein 126, WTC, Tower H, 15th Fl. Amsterdam 1077XV	Ordinary shares Preferred shares	100 100
NIGERIA			
TechnipFMC Nigeria Limited	22A Gerrard Road Ikoyi Lagos	Ordinary shares	100
Technip Offshore (Nigeria) Ltd	Ivie House, No 4/6 Ajose Adeogun Street Victoria Island Ebani House (Marina Side), 62 Marina PO Box 2442 Marina Lagos	Ordinary shares	100
Global Pipelines Plus Nigeria Ltd.	c/o Templars 4th Floor, The Octagon, 13A AK Marinho Drive Victoria Island, Lagos	Ordinary shares	99.99
Neptune Maritime Nigeria Ltd.	Neptune Base, Rumuolumeni PMB 017 (Trans Amadi) Port Harcourt	Ordinary shares	66.91
NORWAY			
Agat Technology AS	Lagerveien 23 4033, Stavanger	Ordinary shares	52
Anchor Contracting AS	Bryggegata 9 0250 Oslo	Ordinary shares	51
FMC Kongsberg Subsea AS	Kirkegårdsveien 45 3616 Kongsberg	Ordinary shares	100
FMC Technologies Norway AS	Kirkegårdsveien 45 3616 Kongsberg	Ordinary shares	100
Floating Storage Concept AS	Vollsveien 17A 1327 Lysaker	Ordinary shares	51
Inocean AB	Gårdatorget 1 SE-412 50 Gothenburg	Ordinary shares	51
Inocean AS	Bryggegata 3 0250 Oslo	Ordinary shares	51
Inocean Engineering AS	Bryggegata 9 0250 Oslo	Ordinary shares	51
Kanfa AS	Nye Vakas vei 80 1395 Hvalstad	Ordinary shares	100
Marine Offshore AS	Vollsveien 17A 1327 Lysaker	Ordinary shares	51

Company Name	Address	Share Class	TechnipFMC interest held in %
Technip - FMC IEPCI DA	1366 Lysaker 0219 Baerum	Equity interest	100
Genesis Oil And Gas Consultants Norway AS	Verksgata 1A 4013 Stavanger	Ordinary shares	100
Kanfa Ingenium Process AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
Technip Chartering Norge AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
Technip Norge AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
Technip-Coflexip Norge AS	Philip Pedersens vei 7 1366 Lysaker	Ordinary shares	100
TIOS AS	Lagerveien 23 4033 Stavanger	Ordinary shares	51
TIOS Crewing AS	Lagerveien 23 4033 Stavanger	Ordinary shares	51
POLAND			
FMC Technologies Sp.z.o.o.	al. Gen. Tadeusza Bora-Komorowskiego 25b Buma Quattro Complex Buidling B 31476 Krakow	Ordinary shares	100
Inocean Poland Sp Z.o.o	ul. Dubois 20 71-610 Szczecin	Ordinary shares	51
Technip Polska Sp. Z o.o.	Ul. Promyka 13/4 01-604 Warsaw	Ordinary shares	100
PORTUGAL			
Angoltech, SGPS, LDA.	Rua Castilho, 39-15°, São Mamede 1250-068 Lisboa	Ordinary shares	100
Lusotechnip Engenharia, Sociedade Unipessoal Lda.	Centro Empresarial Torres de Lisboa, Rua Tomás da Fonseca, Torre E, Piso 9 1600-209 Lisboa	Ordinary shares	100
RUSSIAN FEDERATION			
FMC Eurasia LLC	st. B. Yakimanka, 31, office 401, 119180 Moscow	Ordinary shares	100
Rus Technip LLC	Prechistenka, str. 40/2, building 1, office XXVII, 4th floor, 119034 Moscow	Ordinary shares	51
JSC FMC Overseas	h.11, 3rd Samotechniy pereylok, 127473 Moscow	Ordinary shares	100
SAUDI ARABIA			
FMC Technologies Saudi Arabia Limited	PO Box 3076 2nd Industrial City Dammam 34326, Eastern Province	Ordinary shares	100
Technip Saudi Arabia Limited	Dhahran Center Building - 5th Floor, Suite #501 31952 Al-Khobar	Ordinary shares	76
TPL Arabia	Dhahran Center Building - 5th Floor, Suite #501 31952 Al-Khobar	Ordinary shares	90
SINGAPORE			
Coflexip Singapore Pte Ltd	149 Gul Circle 629605 Singapore	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
FMC Technologies Global Services Pte. Ltd.	149 Gul Circle 629605 Singapore	Ordinary shares	100
FMC Technologies Singapore Pte. Ltd.	149 Gul Circle 629605 Singapore	Ordinary shares	100
Technip Singapore Pte Ltd	149 Gul Circle 629605 Singapore	Ordinary shares	100
TP-NPV Singapore Pte Ltd	149 Gul Circle 629605 Singapore	Ordinary shares	100
SOUTH AFRICA			
FMC Technologies (Pty.) Ltd.	Koper Street Brackenfell 7560	Ordinary shares	100
Technip South Africa (Pty.) Ltd	34 Monkor Road - Randpark Ridge Randburg 2194	Ordinary shares	100
SPAIN			
Global Industries Offshore Spain, S.L.	Arturo Soria 263B 28003 Madrid	Ordinary shares	100
SWITZERLAND			
FMC Technologies GMbH	Bahnofstrasse 10 6300 Zug	Ordinary shares	100
FMC Kongsberg International GmbH	Bahnofstrasse 10 6300 Zurich	Ordinary shares	100
Technipetrol AG	Industriestrasse 13c CH-6304 Zug	Ordinary shares	100
THAILAND			
Global Industries Offshore (Thailand), Ltd.	18th Floor, Sathorn Thani, Building 2 No. 95/92, North Sathorn Road 10500 Kwaeng Silom, Khet Bangkok	Ordinary shares	100
Technip Engineering (Thailand) Co. Ltd	20th Floor - Suntowers Building A 123 Vibhavadee - Rangsit Road Chatuchak, Bangkok 10900	Ordinary shares	74
TUNISIA			
FMC Technologies Service SARL	Immeuble Junior, Second Floor Apartment N° 3 Rue Lac Tanganyika , Les Berges du Lac 1053 Tunis	Ordinary shares	100
UNITED ARAB EMIRATES			
Multi Phase Meters FZE	Office LB14414, Jebel Ali Free Zone P.O. Box 262274 Dubai	Ordinary shares	100
Technip Middle East FZCO	Office LB 15310, Jebel Ali Free Zone P.O. Box 17864 Dubai	Ordinary shares	100
UNITED KINGDOM			
AABB Limited	70 Great Bridgewater Street Manchester M15ES	48,880 Ordinary (equity) of 1p each 4,937,630 Ordinary deferred of 10p each	100 100

Company Name	Address	Share Class	TechnipFMC interest held in %
Coflexip (UK) Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Cybernetix S.R.I.S. Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Forsys Subsea Limited	One St Paul's Churchyard London EC4M 8AP	Share A Share B	100 100
Genesis Oil & Gas Consultants Ltd	One St Paul's Churchyard London EC4M 8AP	Share A Share B	100 100
Genesis Oil And Gas Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Control Systems International (UK) Limited	One St. Paul's Churchyard, London, EC4M 8AP	Ordinary shares	100
Crosby Services International Ltd.	70 Great Bridgewater Street Manchester M15ES	Ordinary shares	100
FMC Kongsberg Services Limited	70 Great Bridgewater Street Manchester M15ES	Ordinary shares	100
FMC Technologies Global Business Services Ltd.	3-5 Melville Street Edinburgh EH3 7PE	Ordinary shares	100
FMC Technologies Limited	70 Great Bridgewater Street Manchester M15ES	Ordinary shares	100
FMC Technologies Pension Plan Ltd	One St. Paul's Churchyard, London, EC4M 8AP	Ordinary shares	100
FMC KOS West Africa Limited	70 Great Bridgewater Street Manchester M15ES	Ordinary shares	100
Spoolbase UK Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Subsea I & C Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Subsea Maritime Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Subsea Offshore Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Schilling Robotics Limited	70 Great Bridgewater Street Manchester M15ES	Ordinary shares	100
Technip E&C Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Technip Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Technip Maritime UK Limited	One St Paul's Churchyard London EC4M 8AP	Redeemable ordinary shares Ordinary shares	100 100
Technip Offshore Holdings Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Technip Offshore Manning Services Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Technip Offshore Wind Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
Technip PMC Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
Technip Ships One Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary ships	100
Technip-Coflexip UK Holdings Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC DSV3 Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC (Europe) Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC Finance ULC	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC International Finance Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC International UK Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC Island Offshore Subsea UK Ltd	Pavilion 2, Aspect 32 Prospect Road, Arnhall Business Park, Westhill AB32 6FE Aberdeenshire	Ordinary shares	51
Technip UK Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
TechnipFMC Umbilicals Ltd	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
West Africa Subsea Services Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares	100
UNITED STATES			
Badger Licensing LLC	Corporation Service Company 251 Little Falls Drive Wilmington, DE 19808	Membership Interest	100
Control Systems International, Inc.	c/o CT Corporation Company, Inc. 3800 North Central Avenue, Suite 460 Topeka, Kansas 66603	Ordinary shares	100
Direct Drive Systems, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
Deepwater Technologies Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	75
FMC Subsea Service, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Technologies Energy LLC	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership interest	100
FMC Technologies Measurement Solutions, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Technologies Overseas Ltd.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMC Technologies Separation Systems, Inc.	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201	Ordinary shares	100

Company Name	Address	Share Class	TechnipFMC interest held in %
FMC Technologies, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
FMX, LLC	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201	Membership interest	100
FMC Technologies Surface Integrated Services, Inc.	c/o The Corporation Company 7700 E Arapahoe Road, Suite 220 Centennial, Colorado 80112-1268	Ordinary shares	100
Schilling Robotics, LLC	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership interest	100
Subtec Middle East Ltd	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
Technip Energy & Chemicals International, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
Badger Technologies, LLC	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Membership interest	100
Technip Process Technology, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
Badger Technology Holdings, LLC	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Membership interest	100
Forsys Subsea, LLC	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201	Membership interest	100
Technip E&C, Inc.	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201	Ordinary shares	100
Technip S&W Abu Dhabi, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
Technip Stone & Webster Process Technology, Inc	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
Technip USA, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
TechnipFMC Umbilicals, Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
TechnipFMC US Holdings Inc.	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Ordinary shares	100
TechnipFMC US LLC 1	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership Interest	100

Company Name	Address	Share Class	TechnipFMC interest held in %
TechnipFMC US LLC 2	c/o The Corporation Trust Company 1209 Orange Street Wilmington, Delaware 19801	Membership Interest	100
Technip S&W International, Inc.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Ordinary shares	100
The Red Adair Company, L.L.C.	c/o CT Corporation System 3867 Plaza Tower Baton Rouge, Louisiana, 70816	Membership interest	100
VENEZUELA			
Technip Velam, S.A.	Av. Principal con Calle 1 y Calle 2 Centro Empresarial Inecom Piso 1 - La Urbina 1060 Caracas	Ordinary shares	100
FMC Wellhead de Venezuela, S.A.	Av. 62 # 147-35, Zona Industrial, Maracaibo, Zulia State, 4001	Ordinary shares	100
VIETNAM			
FMC Technologies (Vietnam) Co., Ltd.	No. 29, Le Duan Street Ben Nghe Ward, District 1 Ho Chi Minh City	Equity interest	100
Technip Vietnam Co., Ltd.	7F, Centec Tower Building 72-74 Nguyen Thi Minh Khai Street and 143-145B Hai Ba Trung Street, Ward 6, District 3, Ho Chi Minh City	Equity interest	100

31.3 Joint ventures of TechnipFMC as of December 31, 2018

Company Name	Address	Share Class	TechnipFMC interest held in %
FRANCE			
South Tambey LNG	5 place de la Pyramide 92088 La Défense Cedex	Equity interest	50
TP JGC Coral France SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Equity interest	50
Yamal Services SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	50
Yamgaz SNC	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Equity interest	50
MOZAMBIQUE			
ENHL- TechnipFMC Mozambique, LDA	Avenida Vladimir Lenine 1123 - 7º andar Edifício Topázio Maputo	Ordinary shares	51
TP JGC Coral Mozambique	Avenida Vladimir Lenine 1123 - 7º andar Edifício Topázio Maputo	Ordinary shares	50
NETHERLANDS			
Etileno XXI Holding B.V.	Kleine Houtweg 33 Haarlem 2012 CB	Ordinary shares	50
Technip Odebrecht PLSV B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	50
Technip Odebrecht PLSV C.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	50
NIGERIA			
B7JV(Nigeria) Limited	3rd Floor, WAEC Office Complex, 10, Zambezi Crescent, Maitama, Abuja, PCT Maitama PCP	Ordinary shares	33.33
NORWAY			
Dofcon Brasil AS	Thormohlens Gate 53 C 5006 Bergen	Ordinary shares	50
Technip-DeepOcean PRS JV DA	Killingøy 5515 Haugesund	No capital	50
PORTUGAL			
TSKJ - Serviços De Engenharia, Lda.	Avenida Arriaga, numero trinta Terceiro andar - H Freguesia da Sé, Concelho do Funchal 9000-064 Funchal	Ordinary shares	25
SAUDI ARABIA			
Global Al Rushaid Offshore Ltd	P O Box No 31685 31952 Al Khobar	Ordinary shares	50
UNITED ARAB EMIRATES			
Technip Heerema Middle East FZCO	Office LB 17331 Jebel Ali Free Zone - Dubaï	Ordinary shares	50

Company Name	Address	Share Class	TechnipFMC interest held in %
Yemgas FZCO	Office LB 15312 Jebel Ali Free Zone - Dubai	Ordinary shares	33.33
UNITED KINGDOM			
B7JV(UK) Limited	Hill Park Court Springfield Drive, Leatherhead, Surrey, KT22 7NL	Ordinary shares	33.33
UNITED STATES			
FMC Technologies Offshore, LLC	c/o The Corporation Trust Center 1209 Orange Street Wilmington, Delaware 19801 USA	Ownership based on Contributions	50
Spars International Inc.	c/o CT Corporation System 1999 Bryan Street, Suite 900 Dallas, Texas 75201 USA	Class A Common Stock	50

31.4 Associated undertakings of TechnipFMC as of December 31, 2018

Company Name	Address	Share Class	TechnipFMC interest held in %
BAHRAIN			
TTSJV W.L.L.	Manama 323	Ordinary shares	36
BOSNIA AND HERZEGOVINA			
Petrolinvest, D.D. Sarajevo	Tvornicka 3 71000 Sarajevo	Ordinary shares	33
BRAZIL			
FSTP Brasil Ltda.	Rua da Candelária, 65, sala 1615 20091-906 Rio de Janeiro	Ordinary shares	25
CHINA			
HQC - TP Co. Ltd	n° 7 Yinghuayuan Dongjie, Chaoyang District Pechino	Equity interest	49
COLOMBIA			
Tipiel, S.A.	Calle 38 # 8-62 Piso 3 Santafe De Bogota D.C.	Ordinary shares	45.10
FINLAND			
Creowave Oy	Yrttipellontie 10 H 90230 Oulu	Ordinary shares	24.9
FRANCE			
Oceanide	Port de Brégaillon 83502 La Seyne sur Mer	Ordinary shares	23.10
Serimax Holdings SAS	346 rue de la Belle Etoile 95700 Roissy en France	Ordinary shares	20
GHANA			
Technip Ghana Limited	6th Floor, One Airport Square 00233 Accra	Ordinary shares	49
INDONESIA			
PT Technip Engineering Indonesia	Metropolitan Tower, 15th Floor, JL. R. A. Kartini Kav. 14 (T.B Simatupang), Cilandak Jakarta Selatan 12430	Ordinary shares	48.51
PT Technip Indonesia	Metropolitan Tower, 15th Floor, JL. R. A. Kartini Kav. 14 (T.B Simatupang), Cilandak Jakarta Selatan 12430	Ordinary shares	49
MALAYSIA			
FMC Wellhead Equipment Sdn. Bhd.	Suite 7E, Level 7, Menara Ansar, 65 Jalan Trus Johor Bahru 80000 Johor	Ordinary shares	49
Technip Consultant (M) Sdn. Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	25
Technip Geoproduction (M) Sdn. Bhd.	Suite 13.03, 13th Floor 207 Jalan Tun Razak 50400 Kuala Lumpur	Ordinary shares	31

Company Name	Address	Share Class	TechnipFMC interest held in %
NETHERLANDS			
Etileno XXI Services B.V.	Prins Bernhardplein 200 Amsterdam 1097 JB	Ordinary shares	40
NORWAY			
Inocean Marotec AS	Bryggegata 9 0250 Oslo	Ordinary shares	46
RUSSIA			
LNG Nova Engineering LLC	Room 1,2 Premises XXXV, ul. Akademika Pilyugina 22 Moscow 117393	Ordinary shares	34.90
SINGAPORE			
FSTP Pte Ltd	50 Gul Road 629351 Singapore	Ordinary shares	25
THAILAND			
Technip (Thailand) Ltd	20th Floor - Suntowers Building A 123 Vibhavadee - Rangsit Road Chatuchak, Bangkok 10900	Ordinary shares	49
UNITED ARAB EMIRATES			
CTEP Free Zone Company	Jebel Ali Free Zone - Office 10007 P.O. Box 261645 Dubaï	Ordinary shares	40
UNITED KINGDOM			
Magma Global Limited	Magma House, Trafalgar Wharf, Hamilton Road, Portsmouth, PO6 4PX	Ordinary shares	25

NOTE 32. SUBSEQUENT EVENTS

None.

COMPANY FINANCIAL STATEMENTS
TECHNIPFMC PLC
AS OF DECEMBER 31, 2018
Company No. 09909709

1. COMPANY STATEMENT OF FINANCIAL POSITION

(In millions)	Note	December 31, 2018	December 31, 2017
Assets			
Investments in subsidiaries	3	$ 16,584.8	$ 15,308.9
Property, plant and equipment, net		0.3	0.5
Intangible assets, net		1.4	1.4
Loan receivables – related parties	4	1,585.9	2,425.0
Other non-current financial assets		18.1	27.6
Deferred income taxes	5	22.8	18.2
Total non-current assets		18,213.3	17,781.6
Cash and cash equivalents		3.5	22.1
Trade and other receivables, net	6	171.9	193.5
Derivative financial instruments		9.2	62.2
Income taxes receivable	7	123.6	58.7
Other current assets		22.7	17.1
Total current assets		330.9	353.6
Total assets		$ 18,544.2	$ 18,135.2
Equity and Liabilities			
Ordinary shares	8	$ 450.5	$ 465.1
Retained earnings, net income and other reserves		8,317.7	10,774.5
Total stockholders' equity		8,768.2	11,239.6
Long-term debt	9	1,968.5	2,026.8
Loan payables – related parties	10	5,417.3	2,800.0
Deferred income taxes	5	0.6	3.4
Derivative financial instruments		9.2	48.4
Non-current provisions		82.9	12.8
Total non-current liabilities		7,478.5	4,891.4
Trade and other payables	11	2,220.6	1,941.9
Income taxes payable	7	76.9	62.3
Total current liabilities		2,297.5	2,004.2
Total liabilities		9,776.0	6,895.6
Total equity and liabilities		$ 18,544.2	$ 18,135.2
At January 1		$ 10,774.5	$ 417.4
Loss for the year		(1,678.9)	(118.0)
Other changes in retained earnings		(777.9)	10,475.1
Retained earnings		$ 8,317.7	$ 10,774.5

The accompanying notes are an integral part of the consolidated financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf by

Douglas J. Pferdehirt
Director and Chief Executive Officer
March 15, 2019

2. COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In millions)	Ordinary Shares	Share Premium	Merger Reserve	Retained Earnings, Net Income and Other reserves	Total Stockholders' Equity
Balance as of December 31, 2016	$ 114.7	$ 2,694.7	$ —	$ 417.4	$ 3,226.8
Net (loss)	—	—	—	(118.0)	(118.0)
Other comprehensive income/(loss)	—	—	—	349.3	349.3
Treasury shares elimination due to the Merger of FMC and TechnipFMC plc	—	—	—	21.2	21.2
Issuance of ordinary shares due to the Merger of FMC and TechnipFMC plc (Note 8)	351.9	(2,694.7)	10,177.5	—	7,834.7
Capital reorganization (Note 8)	—	10,177.5	(10,177.5)	—	—
Capital reduction (Note 8)	—	(10,177.5)	—	10,177.5	—
Dividends (Note 8)	—	—	—	(60.6)	(60.6)
Issuance of ordinary shares (Note 8)	0.6	—	—	—	0.6
Cancellation of Treasury Shares (Note 8)	(2.1)	—	—	(56.7)	(58.8)
Share-based compensation (Note 8)	—	—	—	44.4	44.4
Balance as of December 31, 2017	$ 465.1	$ —	$ —	$ 10,774.5	$ 11,239.6
Cumulative effect of initial application of IFRS 9	—	—	—	(9.1)	(9.1)
Net loss	—	—	—	(1,678.9)	(1,678.9)
Other comprehensive income/(loss)	—	—	—	(151.8)	(151.8)
Dividends (Note 8)	—	—	—	(238.1)	(238.1)
Issuance of ordinary shares (Note 8)	0.2	—	—	—	0.2
Cancellation of Treasury Shares (Note 8)	(14.8)	—	—	(428.0)	(442.8)
Share-based compensation (Note 8)	—	—	—	49.1	49.1
Balance as of December 31, 2018	$ 450.5	$ —	$ —	$ 8,317.7	$ 8,768.2

The accompanying notes are an integral part of the consolidated financial statements.

3. NOTES TO THE COMPANY FINANCIAL STATEMENTS

NOTE 1 – GENERAL CORPORATE INFORMATION

TechnipFMC plc (the “Company” or “TechnipFMC”) is a global leader in subsea, onshore/offshore, and surface projects. TechnipFMC is a public limited company limited by shares. The company is incorporated under the laws of England and Wales. The Company’s registered address is One St. Paul's Churchyard, London, EC4M 8AP.

On June 14, 2016, FMC Technologies, Inc. (“FMC Technologies”) and Technip S.A. (“Technip”) entered into a definitive merger agreement (the “Merger”) providing for the merger among FMC Technologies, FMC Technologies SIS Limited, a private limited company, and a wholly-owned subsidiary of FMC Technologies and Technip. FMC Technologies SIS Limited was formed and incorporated under the United Kingdom Companies Act of 2006 and under the laws of England and Wales on December 9, 2015, and for the purposes of participating in the all-share merger.

On August 4, 2016, the legal name of FMC Technologies SIS Limited was changed to TechnipFMC Limited, and on January 11, 2017, was subsequently re-registered as TechnipFMC.

On January 16, 2017, the cross-border Merger was completed. Pursuant to the terms of the Merger, Technip merged with and into TechnipFMC, with TechnipFMC continuing as the surviving company (the “Technip Merger”), and each ordinary share of Technip (the “Technip Shares”), other than Technip Shares owned by Technip or its wholly-owned subsidiaries, were exchanged for 2.0 ordinary shares of TechnipFMC, subject to the terms of the Merger. Immediately following the Technip Merger, a wholly-owned indirect subsidiary of TechnipFMC (“Merger Sub”) merged with and into FMC Technologies, with FMC Technologies continuing as the surviving company and as a wholly-owned indirect subsidiary of TechnipFMC, and each share of ordinary share of FMC Technologies (the “FMCTI Shares”), other than FMCTI Shares owned by FMC Technologies, TechnipFMC, Merger Sub or their wholly-owned subsidiaries, were exchanged for 1.0 ordinary share of TechnipFMC, subject to the terms of the Merger.

As noted above, the Company obtained control of the entire share capital of Technip via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share for share exchange resulted in a change of legal ownership, in substance these financial statements reflect the continuation of Technip (now as a branch), headed by TechnipFMC. The December 31, 2016 equity position reflects the share capital structure of Technip. The statement of changes in equity presents the legal change in ownership of the Company, including the share capital of TechnipFMC and the merger reserve arising as a result of the share for share exchange transaction in 2017.

NOTE 2 – ACCOUNTING PRINCIPLES

2.1 Basis of preparation

The financial statements for the year ended December 31, 2018 have been prepared in accordance with United Kingdom Accounting Standards - in particular Financial Reporting Standard 101 “Reduced Disclosure Framework” (“FRS 101”) - and with the Companies Act 2006 (“The Act”). FRS 101 sets out a reduced disclosure framework for a qualifying entity as defined in the Standards which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards (“IFRS”).

The Company is a qualifying entity for the purposes of FRS 101. The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted IFRS in full. The only such exemptions that the directors considered to be significant are:

- No detailed disclosures in relation to financial instruments;
- No cash flow statement;
- No disclosure of related party transactions with subsidiaries;
- No statement regarding the potential impact of forthcoming changes in financial reporting standards;
- No disclosure of “key management compensation” for key management other than the Directors;
- No disclosures relating to the Company’s policy on capital management; and
- No disclosure of requirements of paragraph 45b and 46-52 of IFRS 2 Share based charges.

The assets and liabilities of Technip have been recognised at their respective historic carrying values in the accounts of Technip, rather than uplifted to fair value, on the basis that, in substance, the Merger represents a capital reorganization of Technip and TechnipFMC and therefore represents a continuation of Technip. Accordingly, the comparative information presented in the Company Statement of Financial Position and the Company Statement of Changes in Stockholders’ Equity is that of Technip. Prior to the Merger, Technip had a Euro functional currency. The comparative information for the year ended December 31, 2016, and information up to the date of the Merger, has been retranslated into the U.S. Dollar presentational currency in accordance with IAS 21, “The Effects of Changes in Foreign Exchange Rates”. From the date of the Merger, TechnipFMC's functional currency was determined to be U.S. Dollars as this is the primary economic environment in which the post-merger entity operates.

The financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities, which are measured at fair value. Accounting policies have been consistently applied throughout the reporting period. The financial statements of the Company for the year ended December 31, 2018 are presented in U.S. dollars, the presentation and functional currency of the Company, and all values are rounded to the nearest million included to one decimal place.

The directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented a profit and loss account for the Company.

2.2 Changes in accounting policies and disclosures

a) Standards, amendments and interpretations effective in 2018

IFRS 9, “Financial Instruments” (“IFRS 9”)

The Company applied IFRS 9 on January 1, 2018. The nature of this standard is described in Note 1 of TechnipFMC consolidated financial statements. The Company did not restate the prior periods but recognized the difference between the previous carrying amount and the new carrying amount in the opening Retained Earnings, Net Income and Other Reserves as at January 1, 2018.

The effect of adopting IFRS 9 as at January 1, 2018 was a decrease in Retained Earnings of $9.1 million with a corresponding decrease in Trade Receivables and Loans to Related Parties, due to the adoption of expected credit loss approach.

There is no impact on classification of financial instruments from adoption of IFRS 9.

Amendments to IFRS 2 "Classification and measurement of share-based payment transactions"

The IASB issued amendments to IFRS 2 "Share-based payments" that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Company's accounting policy for cash-settled share-based payments is consistent with the approach clarified in the amendments. In regard to the share-based payment transactions with net settlement features for withholding tax obligations the Company utilises an IFRS 2 exception and classifies the whole award as equity-settled where the withholding does not exceed the minimum amount required by tax law. Any excess in the deduction and payment of the tax is treated as a cash-settled award. Therefore, these amendments do not have any impact on the Company's financial statements.

IFRIC Interpretation 22 "Foreign currency transactions and advance considerations"

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This interpretation does not have a significant impact on the Company's financial statements.

b) Standards, amendments and interpretations to existing standards that are issued, not yet effective and have not been early adopted as of December 31, 2018

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Company. These include IFRIC 23 "Uncertainty over income tax treatments" and IFRS 16 "Leases". The Company's assessment of the impact of these new standards and interpretations is discussed in Note 1 of TechnipFMC consolidated financial statements.

2.3 Summary of significant accounting policies

The significant accounting policies, which have been used in the preparation of the Company financial statements, are set out below. These policies have been consistently applied to all years presented.

a) Investments

Investments are measured initially at cost, including transaction costs, less any provision for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognized immediately in the income statement.

b) Trade receivables and loans issued to related parties

Recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Financial assets at amortised cost is the most relevant category to the Company. The Company measures trade receivables and loans issued to related parties at amortised cost when both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Loans receivable (debt instruments) are initially measured at their fair values plus transaction costs.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Impairment

In 2017, the impairment of trade receivables and loans issued was assessed based on the incurred loss model. Accordingly, individual receivables and loans issues which were uncollectible were written off by reducing the carrying amount directly. For other trade receivables a collective assessment has been made to determine whether there was objective evidence that an impairment had been incurred based on the aging of the receivables.

Starting from January 1, 2018 an allowance for expected credit losses ("ECL") is recognised for all financial assets not held at fair value through profit or loss. As opposed to the incurred loss approach, ECL is based on the difference between the carrying amount (as per the contractual cash flows of the instruments) and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows will include consideration of collaterals or other credit enhancements that are integral to the contractual terms.

In case of instruments for which there has not been a significant increase in credit risk since initial recognition, ECL is applied for default events that are possible within the next 12-months (a 12-month ECL). In case there has been a significant increase in credit risk since initial recognition, a ECL is applied over the remaining life of the exposure (lifetime ECL).

For trade receivables and loans, the Company has elected to apply a simplified approach and calculates an ECL based on loss rates from historical data. Under the simplified approach the Company develops loss-rate statistics on the basis of the amount written off over the life of the financial assets and adjusts these historical credit loss trends for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected losses.

c) Share-based employee compensation

The measurement of share-based compensation expense on restricted share awards is based on the market price at the grant date and the number of shares awarded. The Company used the Black-Scholes options pricing model to measure the fair value of share options granted on or after January 1, 2017, excluding from such valuation the service and non-market performance conditions (which are considered in the expected number of awards that will ultimately vest) but including market conditions. The share-based compensation expense for each award is recognized during the vesting period (i.e., the period in which the service and, where applicable, the performance conditions are fulfilled). The cumulative expense recognized for share-based employee compensation at each reporting date reflects the already expired portion of the vesting period and the Company's best estimate of the number of awards that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

d) Long term debt

Non-current financial debt includes bond loans and other borrowings. After initial recognition, loans and borrowings are measured at amortised cost using the effective interest rate method. Transaction costs, such as issuance fees and redemption premium on convertible bonds are included in the cost of debt on the liability side of the statement of financial position, as an adjustment to the nominal amount of the debt. The difference between the initial debt and redemption at maturity is amortized at the effective interest rate.

e) Foreign currency transactions

Foreign currency transactions are translated into the functional currency at the exchange rate applicable on the transaction date.

At the closing balance sheet date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the income statement, except exchange gains or losses on cash accounts eligible for future cash flow hedging and for hedging on net foreign currency investments.

Translation of financial statements of the Company's branch in foreign currency

The income statement of the Company's branch are translated into USD at the average exchange rate prevailing during the year. Statements of financial position are translated at the exchange rate at the closing date. Differences arising in the translation of financial statements of the branch are recorded in other comprehensive income as foreign currency translation reserve. The functional currency of the branch is the local currency (euro).

f) Derivative financial instruments and hedging

The Company uses derivative financial instruments, such as forward contracts, swaps and options to hedge its risks, in particular foreign exchange risks. Currently, every derivative financial instrument held by the Company is aimed at hedging future inflows or outflows against exchange rate fluctuations during the period of contract performance. Derivative instruments and in particular forward exchange transactions are aimed at hedging future cash inflows or outflows against exchange rate fluctuations in relation with awarded commercial contracts.

For further detail, please report to Note 26 of TechnipFMC consolidated financial statements.

g) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and in hand, as well as securities fulfilling the following criteria: an original maturity of usually less than three months, highly liquid, a fixed exchange value and an insignificant risk of loss of value. Securities are measured at their market value at year-end. Any change in fair value is recorded in the income statement.

h) Share capital and dividend distribution

Ordinary shares and redeemable shares are classified as equity. The redeemable shares may be redeemed by the Company for nil consideration at any time and are therefore recognised within equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

i) Taxation

Corporate tax is payable on taxable profits at amounts expected to be paid, or recovered, under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized to take account of timing differences between the treatment of transactions for financial reporting purposes and their treatment for tax purposes. A deferred tax asset is only recognized when it is regarded as more likely than not there will be a suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

2.4 Use of critical accounting estimates, judgments and assumptions

The preparation of the financial statements requires the use of critical accounting estimates, judgments and assumptions that may affect the assessment and disclosure of assets and liabilities at the date of the financial statements, as well as the income and the reported expenses regarding this financial year. Estimates may be revised if the circumstances and the assumptions on which they were based change, if new information becomes available, or as a result of greater experience. Consequently, the actual result from these operations may differ from these estimates.

a) **Judgments**

The main assessments and accounting assumptions made in the financial statements of the Company relate to determining whether the Company's investments are impaired. The Company assesses whether there are any indicators of impairment of investments at each reporting date. Investments are tested for impairment when there are indicators that the carrying amount may not be recoverable. Details of impairment recorded during the year and the carrying value of investments are contained in Note 3.

b) **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year relate to estimates on provision for expected credit losses on trade receivable and loans issued to related parties and are described below.

The assessment of the correlation between the historical observed loss rate statistic, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTE 3 – INVESTMENTS IN SUBSIDIARIES

The movement in investments account balances are described below:

(In millions)	2018	2017
Cost at January 1	$ 15,526.0	$ 4,014.0
Additions (1)	3,263.2	2,779.3
Capital increase (2)	—	153.2
Additions due to the merger of FMC Technologies and Technip	—	8,170.7
Disposals – write-off (3)	—	(144.6)
Net foreign exchange difference	(207.5)	553.4
Total Cost at December 31,	$ 18,581.7	$ 15,526.0
Impairment at January 1	$ 217.1	$ 150.2
Impairments (4)	1,789.8	152.8
Disposals – write-off (5)	—	(106.9)
Net foreign exchange difference	(10.0)	21.0
Total impairment at December 31,	$ 1,996.9	$ 217.1
Net book value at December 31,	$ 16,584.8	$ 15,308.9

(1) In 2018, additions mainly comprise TechnipFMC International Holdings BV for $2,255.1 million and FMC Technologies Global BV for $1,008.1 million whereas in 2017, additions mainly comprise FMC Technologies Global BV for $2,100.0 million and TechnipFMC Holdings Ltd for $675.0 million.

(2) In 2017, TechnipFMC French Branch recapitalised Technipnet SAS for an amount of $153.2 million.

(3) In 2018, TechnipFMC French Branch liquidated SPF-TKP, LNG and Technip Limited for nil whereas in 2017, Front End Re was liquidated for $140.9 million and Technip International AG for $3.7 million.

(4) Impairments relate to the carrying value of intermediate holding company investments. The methodology and assumptions used in reviewing the investments for impairment were the same as those used in the Goodwill review. See Note 11 of TechnipFMC consolidated financial statements for further details.

(5) Following liquidation of Front End Re and Technip International AG in 2017, the impairment of these investments was reversed for $103.3 million and $3.7 million, respectively. This disposal was of a non-core nature to the business of the Company.

The Company's direct subsidiaries as at December 31, 2018 are listed below. Ownership interests reflect holdings of ordinary shares. Details of other related undertakings are provided in Note 31 of TechnipFMC consolidated financial statements.

Company Name	Address	Share Class	The Company interest held in %
BRAZIL			
Technip Cleplan Empreendimentos E Projetos Industriais Ltda.	Rua Dom Marcos Barbosa, nº 2, sala 202 (parte) 20211-178 Rio de Janeiro	Equity interest	58.29
TSKJ Servicos De Engenharia, Lda.	Avenida Arriaga, numero trinta Terceiro andar - H Freguesia da Sé, Concelho do Funchal 9000-064 Funchal	Equity interest	25
CHINA			
Technip Chemical Engineering (Tianjin) Co., Ltd.	10th Floor - Yunhai Mansion 200031 Shanghai	Equity interest	100

Company Name	Address	Share Class	The Company interest held in %
COLUMBIA			
Tipiel, S.A.	Calle 38 # 8-62 Piso 3 Santafe de Bogota D.C.	Equity interest	7.2
FRANCE			
Technip Corporate Services SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	78
Technip Eurocash SNC	89, avenue de la Grande Armée 75116 Paris	Equity interest	96
Technip France SA	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	78
Compagnie Française De Réalisations Industrielles, Cofri SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Cybernetix SAS	Technopôle de Château-Gombert 13382 Marseille Cedex 13	Ordinary shares	100
Seal Engineering SAS	19, Avenue Feuchères 30000 Nîmes	Ordinary shares	100
Serimax Holdings SAS	95700 Roissy en France	Ordinary shares	20
Technip Ingenierie Defense SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
Technip Offshore International SAS	89, avenue de la Grande Armée 75116 Paris	Ordinary shares	100
Technipnet SAS	6-8 Allée de l'Arche - Faubourg de l'Arche - ZAC Danton 92400 Courbevoie	Ordinary shares	100
INDONESIA			
PT Technip Indonesia	Metropolitan Tower, 15th Florr, JL. R. A. Kartini Kav. 14 (T.B Simatupang), Cilandak Jakarta Selatan 12430	Equity interest	9
ITALY			
Technip Italy S.P.A.	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
ITALY			
TPL - Tecnologie Progetti Lavori S.P.A. In Liquidazione	68, Viale Castello della Magliana 00148 Rome	Ordinary shares	100
MALAYSIA			
Technip Far East Sdn Bhd	Suite 13.03, 13th Floor 207 Jalan Tun Razak Kuala Lumpur 50400	Ordinary shares	100
NETHERLANDS			
FMC Technologies Global B.V.	Zuidplein 126, Tower H, 15th Fl. 1077 XV Amsterdam	Ordinary shares	68.6
Technip Holding Benelux B.V.	Afrikaweg 30 Zoetermeer 2713 AW	Ordinary shares	100
TechnipFMC International Holdings B.V.	Zuidplein 126, WTC, Tower H, 15é Amsterdam 1077XV	Preferred shares and Ordinary shares	38.93

Company Name	Address	Share Class	The Company interest held in %
NEW-CALEDONIA - FRENCH OVERSEAS TERRITORY			
Technip Nouvelle-Caledonie	27 bis Avenue du Maréchal Foch - Galerie CENTER FOCH - Centre-Ville B.P. 4460 98847 NOUMEA	Ordinary shares	100
PANAMA			
Technip Overseas S.A.	East 53rd Street Marbella, Humboldt Tower 2nd Floor Panama	Ordinary shares	100
RUSSIAN FEDERATION			
Technip Rus LLC	266 Litera O, Ligovsky Prospect 196084 St Petersburg	Ordinary shares	99.98
SAUDI ARABIA			
Technip Saudi Arabia Limited	Dhahran Center Building - 5th Floor, Suite $501 31952 Al-Khobar	Ordinary shares	40
SERBIA			
Petrolinvest, dd Sarajevo	Tvornicka 3 71000 Sarajevo	Equity interest	33.01
SPAIN			
Technip Iberia, S.A.	Building n° 8 - Floor 4th Plaça de la Pau s/n World Trade Center - Almeda Park - Cornellà de Llobregat 08940 Barcelone	Ordinary shares	99.99
SWITZERLAND			
Engineering Re AG	Basteiplatz 7 8001 Zurich	Ordinary shares	100
UNITED KINGDOM			
TechnipFMC Holdings Limited	One St Paul's Churchyard London EC4M 8AP	Ordinary shares A Ordinary shares B	88.12
VENEZUELA			
Inversiones Dinsa, C.A.	Avenida Principal de La Urbina, calle 1 con calle 2 Centro Empresarial INECOM, piso 1, oficina 1-1 La Urbina, Minicipio Sucre 1070 Caracas	Ordinary shares	100
Technip Bolivar, C.A. en liquidation	523 Zona Industrial Matanzas, Planta De Bauxilum Puerto Ordaz Ciudad Bolivar	Ordinary shares	99.88

NOTE 4 – LOAN RECEIVABLES – RELATED PARTIES

	December 31,	
(In millions)	2018	2017
Loan receivables – related parties	$ 1,585.9	$ 2,425.0

In 2018, TechnipFMC Holdings Ltd repaid its loan for $700.0 million and Technip UK Ltd ("Technip UK") and Technip Umbilicals repaid part of their intercompany loans for $51.6 million.

The Company's loan receivables from related parties are unsecured and are stated net of impairment allowance of $4.7 million at December 31, 2018. As a result of applying IFRS 9, the Company did not restate the prior period.

Loan receivables from related parties primarily consist of loans to Technip Offshore International SAS ("TOI"), Technip UK and Asiaflex Products Sdn Bhd ("Asiaflex"). The terms and interest rates for significant loans are detailed below.

(i) Loans to TOI consist of two loans in the amount of $1,126.8 million and $118.3 million respectively with 5 year terms and interest rates of 4.16% and 2.10% respectively.
(ii) Loan to Technip UK is in the amount of $143.0 million with a 5 year term and interest rate of 2.05%.
(iii) Loan to Asiaflex is in the amount of $74.3 million with a 10 year term and interest rate of LIBOR 3M +1.1%.

NOTE 5 – DEFERRED INCOME TAX

The tax rate utilised to compute deferred taxes depends on the location of the underlying transaction. The transactions carried out by the UK head office are tax effected using the UK tax rate. The transactions carried out by the French permanent establishment are tax effected using the French tax rate.

The earnings of the UK head office are subject to the UK statutory rate of 19.0%. The profits or losses of the French permanent establishment are not taxable in the UK as the election under section 18A CTA 2009 has been validly made.

The net deferred tax assets and liabilities amounts to $22.2 million and $14.8 million as of December 31, 2018 and 2017, respectively. The deferred tax balance comprises:

	December 31,	
(In millions)	2018	2017
Deferred tax relating to pensions	$ 0.3	$ 0.2
Deferred tax relating to financial instruments	(2.8)	(4.8)
Short term timing differences	0.9	(0.6)
Tax loss carry forward	23.8	20.0
Total	$ 22.2	$ 14.8

The movement in the deferred tax asset is shown below:

	December 31,	
(In millions)	2018	2017
At January 1	$ 14.8	$ 1.1
Movement relating to pensions	0.3	(0.6)
Credit to Income Statement	7.1	14.3
At December 31	$ 22.2	$ 14.8

NOTE 6 – TRADE AND OTHER RECEIVABLES

	December 31,	
(In millions)	2018	2017
Trade receivables – related parties	$ 157.8	$ 164.2
Prepaid expenses	14.0	25.0
Advances paid to suppliers	0.1	4.3
Trade and other receivables	$ 171.9	$ 193.5

The Company’s trade receivables from related parties are stated net of impairment allowance of $0.4 million at December 31, 2018. As a result of applying IFRS 9, the Company did not restate the prior period.

NOTE 7 – INCOME TAX RECEIVABLE / INCOME TAX PAYABLE

The Company is a tax resident of both the United Kingdom and France.

The Company maintains a permanent establishment in France, which carries out the activities that were previously carried out by Technip. For tax purposes, this permanent establishment is the head of the French tax consolidated group. As such, the Company’s French branch is liable for tax at the French statutory rate of 34.43% on French consolidated income.

In turn, the Company’s French branch receives from the French affiliates members of the French tax consolidated group the income tax that these affiliates would have paid on a standalone basis if they had not been a member of the French tax consolidated group.

The current income tax credit booked by the Company’s French branch is the difference between the income tax due on the consolidated income to the French tax authorities and the income tax received from the affiliates members of the French tax consolidated group.

NOTE 8 – STOCKHOLDERS’ EQUITY

8.1 Changes in the Company’s ordinary shares

As of December 31, 2018, the Company's share capital was 50,000 non-voting redeemable shares, 1 deferred share, and 450,480,680 ordinary shares. As of December 31, 2017, TechnipFMC's share capital was 50,000 non-voting redeemable shares, 1 deferred share, and 465,112,769 ordinary shares. The movements in share capital were as follows:

(In millions of shares)	Ordinary Shares
December 31, 2016	119.2
Net capital increase due to the Merger of FMC Technologies and Technip	347.4
Stock awards	0.6
Treasury stock cancellations	(2.1)
December 31, 2017	465.1
Stock awards	0.2
Treasury stock cancellations	(14.8)
December 31, 2018	450.5

Under English law, the Company 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 organized under the laws of England and Wales, the Company may only make a distribution if the amount of its net assets is not less than the aggregate of its called-up share capital and non-distributable reserves and if, and to the extent that, the distribution does not reduce the amount of those assets to less that that aggregate.

Following the merger, the Company capitalised its reserves arising out of the merger by the allotment and issuance by the Company of a bonus share, which was paid up using such reserves, such that the amount of such reserves so applied, less the nominal value of the bonus share, applied as share premium and accrued to its share premium account. The Company implemented a court-approved reduction of its capital by way of a cancellation of the bonus share and share premium account which completed on June 29, 2017, in order to create distributable profits to support the payment of possible future dividends or future share repurchases. Its articles of association permit the Company by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend shall not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring payment of a dividend, the directors are required under English law to comply with their duties, including considering the Company's future financial requirements.

The additional information required in relation to shareholder's equity is given in Note 18 to TechnipFMC consolidated financial statements.

8.2 Dividends

Dividends declared and paid during the year ended December 31, 2018 and 2017 were $238.1 million and $60.6 million, respectively.

The additional information required in relation to dividends is given in Note 18 to TechnipFMC consolidated financial statements.

8.3 Share-based compensation

Refer to Note 19 of TechnipFMC consolidated financial statements for details of share-based payment schemes. Details of the directors' remuneration are provided in the Directors' Remuneration Report in the Company's Annual Report.

NOTE 9 – LONG-TERM DEBT

Long-term debt can be analyzed as follows:

	December 31, 2018		December 31, 2017	
(In millions)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Synthetic bonds due 2021	$ 488.8	$ 532.4	$ 499.2	$ 599.0
3.45% Senior Notes due 2022	459.9	450.4	459.9	458.0
5.00% Notes due 2020	228.4	244.0	238.9	264.2
3.40% Notes due 2022	171.6	186.9	179.8	199.2
3.15% Notes due 2023	148.1	161.3	155.0	166.6
3.15% Notes due 2023	142.9	153.3	149.6	161.1
4.00% Notes due 2027	85.8	95.8	89.9	99.9
4.00% Notes due 2032	110.5	120.2	115.4	137.5
3.75% Notes due 2033	111.1	126.1	116.0	122.7
Bank borrowings and other	21.4	21.4	23.1	23.1
Total debt	$ 1,968.5	$ 2,091.8	$ 2,026.8	$ 2,231.3

For details of long term debt included in the table above, please see Note 20 of TechnipFMC consolidated financial statements.

NOTE 10 – LOAN PAYABLES – RELATED PARTIES

Loan payables – related parties consists of the following:

	December 31,	
(In millions)	**2018**	**2017**
Loan payables - related parties	$ 5,417.3	$ 2,800.0

Loan payables to related parties are unsecured and consist of borrowings from TechnipFMC Holdings Ltd ("Holdings Ltd"), TechnipFMC US Holdings Inc ("US Holdings"), TechnipFMC International Ltd ("International Ltd"), TechnipFMC Finance ULC ("Finance ULC"), and TechnipFMC (Europe) Ltd ("Europe Ltd"). The terms and interest rates for significant loans are detailed below.

(i) Loans from Holdings Ltd primarily consist of two loans in the amount of $838.5 million and $545.8 million respectively with 5 year terms and interest rates of 4.68% and 2.69% respectively.
(ii) Loan from US Holdings is in the amount of $1,008.1 million with a 5 year term and interest rate of 4.83%.
(iii) Loan from International Ltd is in the amount of $2,076.1 million with a 5 year term and interest rate of 2.69%.
(iv) Loans from Finance ULC primarily consist of a loan in the amount of $389.4 million with a 5 year term and interest rate of 2.69%.
(v) Loan from Europe Ltd is in the amount of $350.0 million with a 5 year term and interest rate of 2.69%.

NOTE 11 – TRADE AND OTHER PAYABLES

Trade and other payables consists of the following:

	December 31,	
(In millions)	**2018**	**2017**
Overdraft with Technip Eurocash (Related party cash pooling)	$ 2,014.4	$ 1,779.0
Trade payables – related parties	192.0	124.0
Other current liabilities	14.2	38.9
Trade and other payables	$ 2,220.6	$ 1,941.9

TechnipFMC

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