IFRS Financial Statements
for the half-year ended June 30, 2020

TECHNIPFMC PLC
Company No. 09909709

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This Interim report should be read in conjunction with the 2019 U.K. Annual Report.

1. 2020 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1.1 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

		Six Months Ended June 30,	
(In millions, except per share data)	**Note**	**2020**	**2019**
Revenue:			
Service revenue from customer contracts	3	$ 4,623.5	$ 4,612.1
Product revenue from customer contracts	3	1,590.6	1,633.9
Lease revenue	3	76.7	116.4
Total revenue		6,290.8	6,362.4
Costs and expenses:			
Cost of service revenue		4,007.5	3,612.1
Cost of product revenue		1,267.5	1,463.6
Cost of lease revenue		62.2	69.6
Selling, general and administrative expense		529.5	621.8
Research and development expense		73.4	69.2
Impairment, restructuring and other expenses	6	3,266.7	25.7
Merger transaction and integration costs		—	25.0
Separation costs		27.1	—
Total costs and expenses		9,233.9	5,887.0
Other expense, net		(56.0)	(127.1)
Income (loss) from equity affiliates		41.5	(2.5)
Profit (loss) before net interest expense and income taxes		(2,957.6)	345.8
Financial income		34.0	61.5
Financial expense		(200.4)	(314.7)
Profit (loss) before income taxes		(3,124.0)	92.6
Provision for income taxes	13	47.6	1.1
Net profit (loss)		(3,171.6)	91.5
Net profit attributable to non-controlling interests		(14.0)	(15.6)
Net profit (loss) attributable to TechnipFMC plc		$ (3,185.6)	$ 75.9
Earnings (loss) per share attributable to TechnipFMC plc			
Basic	5	$ (7.11)	$ 0.17
Diluted	5	$ (7.11)	$ 0.17
Weighted average shares outstanding			
Basic	5	447.9	447.7
Diluted	5	447.9	451.9
Cash dividends declared per share		$ 0.13	$ 0.26

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

1.2 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(In millions)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net profit (loss)	$ (3,171.6)	$ 91.5
Exchange differences on translating entities operating in foreign currency	(200.4)	(1.4)
Net gains (losses) on hedging instruments, net of income tax	(57.4)	23.5
Other comprehensive income (loss) to be reclassified to statement of income in subsequent years, net of tax	(257.8)	22.1
Net remeasurement gains (losses) on defined benefit plans, net of tax	(136.7)	1.7
Other comprehensive income (loss) not being reclassified to statement of income in subsequent years, net of tax	(136.7)	1.7
Other comprehensive income (loss), net of income tax	(394.5)	23.8
Comprehensive income (loss), net of tax	(3,566.1)	115.3
Comprehensive income attributable to non-controlling interest	(6.1)	(16.9)
Comprehensive income (loss) attributable to TechnipFMC plc	$ (3,572.2)	$ 98.4

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

1.3 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(In millions, except par value data)	Note	June 30, 2020	December 31, 2019
Assets			
Investments in equity affiliates		$ 335.1	$ 300.4
Property, plant and equipment, net		2,837.3	3,155.4
Right-of-use assets		810.3	864.9
Goodwill	7	2,612.9	5,654.6
Intangible assets, net		1,026.9	1,086.6
Deferred income taxes		224.1	267.0
Derivative financial instruments	14	77.2	39.5
Other assets		264.6	299.2
Total non-current assets		8,188.4	11,667.6
Cash and cash equivalents		4,809.4	5,190.1
Trade receivables, net		2,325.9	2,281.4
Contract assets	3	1,413.5	1,519.1
Inventories		1,385.7	1,423.9
Derivative financial instruments	14	201.9	101.9
Income taxes receivable		268.8	285.7
Advances paid to suppliers		280.0	242.9
Other current assets		838.0	862.6
Total current assets		11,523.2	11,907.6
Total assets		$ 19,711.6	$ 23,575.2
Liabilities and equity			
Ordinary shares	10	$ 449.3	$ 447.1
Retained earnings, net income and other reserves	10	4,886.6	8,104.9
Accumulated other comprehensive loss		(1,323.9)	(937.4)
Total TechnipFMC plc shareholders' equity		4,012.0	7,614.6
Non-controlling interest		75.6	69.9
Total equity		4,087.6	7,684.5
Long-term debt, less current portion	9	1,635.7	2,013.2
Lease liabilities		688.0	681.7
Deferred income taxes		101.3	184.0
Accrued pension and other post-retirement benefits, less current portion	11	510.2	386.8
Derivative financial instruments	14	67.2	52.7
Non-current provisions	8	37.7	47.7
Other liabilities	8	309.6	433.9
Total non-current liabilities		3,349.7	3,800.0
Short-term debt and current portion of long-term debt	9	2,871.5	2,462.2
Lease liabilities		236.3	275.1
Accounts payable, trade		2,476.9	2,660.7
Contract liabilities	3	4,679.9	4,571.4
Accrued payroll		353.9	411.7
Derivative financial instruments	14	308.5	141.3
Income taxes payable		68.3	73.6
Current provisions	8	366.9	510.0
Other current liabilities	8	912.1	984.7
Total current liabilities		12,274.3	12,090.7
Total liabilities		15,624.0	15,890.7
Total equity and liabilities		$ 19,711.6	$ 23,575.2

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

1.4 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

		Six Months Ended June 30,	
(In millions)	**Note**	**2020**	**2019**
Cash provided by operating activities			
Net profit (loss)		$ (3,171.6)	$ 91.5
Adjustments to reconcile net profit (loss) to cash provided by operating activities			
Depreciation		317.5	342.5
Amortization		61.0	60.7
Impairments	6	3,139.7	1.2
Employee benefit plan and share-based compensation costs		56.1	60.1
Deferred income tax benefit, net		(37.5)	(50.7)
Unrealized loss on derivative instruments and foreign exchange		(6.9)	43.8
Income (loss) from equity affiliates, net of dividends received		(36.6)	6.5
Other		113.7	230.5
Changes in operating assets and liabilities, net of effects of acquisitions			
Trade receivables, net and contract assets		(108.6)	(85.2)
Inventories, net		(66.3)	(145.0)
Accounts payable, trade		(41.5)	(99.6)
Contract liabilities		155.7	271.6
Income taxes receivable, net		4.7	(159.6)
Other assets and liabilities, net		(310.6)	(206.8)
Cash provided by operating activities		68.8	361.5
Cash required by investing activities			
Capital expenditures		(177.7)	(270.5)
Payment to acquire debt securities		—	(59.7)
Proceeds from sale of debt securities		—	18.9
Cash received from divestiture		2.5	—
Proceeds from sale of assets		25.4	1.3
Proceeds from repayment of advances to joint venture		12.5	22.5
Cash required by investing activities		(137.3)	(287.5)
Cash required by financing activities			
Net increase (decrease) in short-term debt	9	21.6	(17.9)
Net decrease in commercial paper	9	(112.9)	(479.5)
Proceeds from issuance of long-term debt	9	163.6	96.2
Payments for the principal portion of lease liabilities		(134.8)	(162.9)
Purchase of treasury shares	10	—	(90.1)
Dividends paid	10	(59.2)	(116.6)
Settlements of mandatorily redeemable financial liability	14	(135.3)	(220.6)
Other		(6.4)	—
Cash required by financing activities		(263.4)	(991.4)
Effect of changes in foreign exchange rates on cash and cash equivalents		(48.8)	1.9
Decrease in cash and cash equivalents		(380.7)	(915.5)
Cash and cash equivalents, beginning of period		5,190.1	5,542.2
Cash and cash equivalents, end of period		$ 4,809.4	$ 4,626.7

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

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

(In millions)	Ordinary Shares	Ordinary Shares Held in Treasury and Employee Benefit Trust	Retained Earnings, Net Income and Other Reserves	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Shareholders' Equity
Balance as of December 31, 2019	$ 447.1	$ —	$ 8,104.9	$ (937.4)	$ 69.9	$ 7,684.5
Net profit (loss)	—	—	(3,185.6)	—	14.0	(3,171.6)
Other comprehensive loss	—	—	—	(386.6)	(7.9)	(394.5)
Cash dividends declared (Note 10)	—	—	(59.2)	—	—	(59.2)
Issuance of ordinary shares	2.2	—	(7.6)	—	—	(5.4)
Share-based compensation (Note 10)	—	—	38.4	—	—	38.4
Other	—	—	(4.3)	0.1	(0.4)	(4.6)
Balance as of June 30, 2020	$ 449.3	$ —	$ 4,886.6	$ (1,323.9)	$ 75.6	$ 4,087.6
Balance as of December 31, 2018	$ 450.5	$ (2.4)	$ 10,788.0	$ (916.3)	$ 69.8	$ 10,389.6
Cumulative effect of initial application of IFRS 16	—	—	1.8	—	—	1.8
Net profit	—	—	75.9	—	15.6	91.5
Other comprehensive income	—	—	—	22.5	1.3	23.8
Cash dividends declared (Note 10)	—	—	(116.6)	—	—	(116.6)
Cancellation treasury shares	(4.0)	—	(86.1)	—	—	(90.1)
Net sales of ordinary shares for employee benefit trust	—	2.4	—	—	—	2.4
Share-based compensation (Note 10)	—	—	41.5	—	—	41.5
Other	—	—	11.0	—	(2.4)	8.6
Balance as of June 30, 2019	$ 446.5	$ —	$ 10,715.5	$ (893.8)	$ 84.3	$ 10,352.5

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

1.6 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The interim condensed consolidated financial statements are expressed in millions of U.S. dollars and all values are rounded to the nearest thousand, unless specified otherwise. The interim financial statements for the half-year ended June 30, 2020 were approved by the Board of Directors and signed on its behalf by Douglas J. Pferdehirt, Director and Chief Executive Officer, on August 14, 2020.

NOTE 1. ACCOUNTING PRINCIPLES

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

The Company's operation may be affected by variation from normal weather patterns, such as cooler or warmer summers and winters. Adverse weather conditions, such as hurricanes or extreme winter conditions, may interrupt or curtail our operations, or our customers’ operations, cause supply disruptions or loss of productivity and may result in a loss of revenue or damage to our equipment and facilities. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not "highly seasonal" in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34").

Details of its activities during the half-year period are provided in the Interim Management Report. TechnipFMC plc is a public limited company by shares, incorporated and domiciled in England and Wales (United Kingdom) and listed on the New York Stock Exchange 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 Planned separation transaction

On August 26, 2019, we announced that our Board of Directors had unanimously approved a plan to separate our Onshore/Offshore segment and Loading Systems and process automation businesses into an independent, publicly traded company (“Technip Energies”). In connection with the planned transaction, we renamed our Onshore/Offshore segment to Technip Energies during the first half of 2020. Due to the COVID-19 pandemic, the significant decline in commodity prices, and the heightened volatility in global equity markets, on March 15, 2020, we announced the postponement of the completion of the transaction until the markets sufficiently recover. The transaction will be subject to general market conditions, regulatory approvals, consultation of employee representatives, where applicable, and final approval from our Board of Directors. We have incurred $27.1 million of separation costs associated with the planned transaction during the six months ended June 30, 2020.

1.2 Basis of preparation

The interim condensed consolidated financial statements (the "interim financial statements") for the six-month period ended June 30, 2020 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 of the IFRS framework as issued by the International Accounting Standards Board and as adopted by the European Union.

These interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended December 31, 2019 were approved by the Board of Directors on March 13, 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The accounting policies applied in the interim financial statements for the six-month period ended June 30, 2020 are in conformity with those we applied and detailed in the U.K. Annual Report as of December 31, 2019 except for the estimation of income tax (See Note 13 for further details).

Reclassifications – Certain prior-year amounts have been reclassified to conform to the current year’s presentation.

1.3 Going concern

As required by IAS 1 "Presentation of Financial Statements" ("IAS 1") in determining the basis of preparation for the interim financial statements, we have considered the Company’s business activities, together with the factors likely

to affect its future development, performance and position in order to assess whether the Company may adopt the going concern basis in preparing its interim financial statements.

The current and plausible future impact of COVID-19 on the Company's activities and performance has been considered by the Company in preparing its going concern assessment. Whilst the situation is uncertain and evolving, the Company has modelled potential severe but plausible impacts on revenues, profits and cash flows in its assessment. In preparing its assessment, management has considered the actual impact that COVID-19 has had on the business since the beginning of the outbreak and the related decline in revenues.

We reduced our expectations for capital expenditures in the current year by more than 30% to approximately $300.0 million. Projected capital expenditures for 2020 do not include any contingent capital that may be needed to respond to a contract award.

We announced a series of cost reduction initiatives that will result in annualized savings of more than $350 million that extend to all business segments and support functions. We anticipate achieving the targeted savings run-rate by the end of the year.

Additionally, we announced revisions to compensation through the end of the year which include a 30% reduction to the Chairman and Chief Executive Officer's salary; a 30% reduction in the Board of Directors' retainer; and a 20% reduction to the Executive Leadership team's salaries.

In April 2020, our Board of Directors announced its decision to lower the annual dividend by 75% to $0.13 per share. We paid a dividend of $0.13 per share earlier this year, and this fulfills the annual dividend distribution for 2020. The revised dividend policy will reduce the annual cash outflow by $175 million when compared to the previous year's distribution. We intend to pay our 2021 dividend in quarterly installments beginning in April 2021.

The Company meets its working capital requirements through a combination of total liquidity of cash plus available non-utilized capacity under our revolving credit facility, commercial paper, Euro Facility, and CCFF Program with the Bank of England. For the purposes of the going concern assessment, the Company has only taken into account the available capacity under existing committed facilities. As of June 30, 2020, the Company has approximately $6.8 billion in total liquidity of cash (including $2.8 billion of cash held by joint ventures) plus available non-utilized capacity under our revolving credit facilities. Though CCFF Program facility provides additional liquidity headroom, the Company does not place a reliance on CCFF Program financing to maximize its liquidity. Therefore, CCFF Program and any outstanding borrowings under this program will not significantly affect the Company's going concern assessment. The Liquidity risk section in Note 15 of the interim financial statements includes a summary of the Company's financial position, cash flows, liquidity position and borrowing facilities.

The Company continues to maintain sufficient liquidity and meets its covenants under the revolving credit facilities as of June 30, 2020. See Note 9 for further details. As part of our cash flow modelling, we tested the possibility of the debt covenants being breached through the end of 2021. Under all the scenarios modelled, after taking mitigating actions as needed, our forecasts did not indicate breach on any of the future dates through the end of 2021.

Most of our cash is managed centrally and flowed through centralized bank accounts controlled and maintained by TechnipFMC globally and in many operating jurisdictions to best meet the liquidity needs of our global operations. We expect to meet the continuing funding requirements of our global operations with cash generated by such operations and our existing revolving credit facility. We expect cash flow from our operating activities to be positive for the full 2020 year.

Following its assessment, the Company has formed a judgement that there are no material uncertainties that cast doubt on the Company's going concern status and that it is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the interim financial statements.

1.4 Changes in accounting policies

a) Standards, amendments and interpretations effective in 2020

The Company has applied the following standards and amendments for the first time in its interim financial statements for the six-month ended June 30, 2020:

– Definition of a Business - Amendments to IFRS 3 "Business Combinations" ("IFRS 3");

- Definition of Material - Amendments to IAS 1 and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (“IAS 8”);

- Interest rate benchmark reform - Amendments to IFRS 9 “Financial instruments” (“IFRS 9”), IAS 39 “Financial Instruments: Recognition and Measurement” (“IAS 39”) and IFRS 7 "‘Financial Instruments: Disclosures" ("IFRS 7");

- Revised Conceptual Framework for Financial Reporting.

The new standards and amendments did not have any impact on the Company's accounting policies and did not require retrospective adjustments.

b) Standards, amendments and interpretations to existing standards that are issued, not yet effective and have not been early adopted as of June 30, 2020

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Company. The assessment of the impact of these new standards and interpretations is set out below.

IFRS 17 “Insurance Contracts”

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 “Insurance Contracts” (“IFRS 17”) will change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The new standard will be effective for annual periods beginning on or after January 1, 2023 with early application permitted. We are currently evaluating the impact of this standard on our consolidated financial statements and do not expect that the adoption of the standard will have a significant impact on our consolidated financial statements.

Amendments to IAS 1 "Presentation of financial statements" on classification of liabilities

These narrow-scope amendments to IAS 1, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability. The new amendments will be effective for annual periods beginning on or after January 1, 2022 with early application permitted. We are currently evaluating the impact of this amendment on our consolidated financial statements and do not expect that the adoption of the amendment will have a significant impact on our consolidated financial statements.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

The new amendments will be effective for annual periods beginning on or after January 1, 2022 with early application permitted. We are currently evaluating the impact of these amendments on our consolidated financial statements and do not expect that the adoption of these amendments will have a significant impact on our consolidated financial statements.

c) Use of critical accounting estimates, judgments and assumptions

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

Refer to our U.K. Annual Report for the year ended December 31, 2019 for a discussion of our critical accounting estimates, judgments and assumptions. During the six months ended June 30, 2020, there were no changes to our identified critical accounting estimates, judgments and assumptions.

Revenue Recognition

Adjustments to estimates of contract revenue, total contract cost, or extent of progress toward completion are often required as work progresses under the contract and as experience is gained, even though the scope of work required under the contract may not change. The nature of accounting for long-term contracts is such that refinements of the estimating process for changing conditions and new developments are continuous and characteristic of the process. Consequently, the amount of revenue recognized over time is sensitive to changes in 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 loss for the six months ended June 30, 2020 was positively impacted by approximately $174.9 million, as a result of changes in contract estimates related to projects that were in progress at June 30, 2020. During the six months ended June 30, 2020, we recognized changes in our estimates that had an impact on our margin in the amounts of $174.6 million, $4.5 million, and $(4.2) million in our Technip Energies, Subsea, and Surface Technologies segments, respectively. The changes in contract estimates are attributed to better-than-expected performance in the execution of our projects.

Our operating profit was positively impacted by approximately $432.3 million for the six months ended June 30, 2019, comprising of $256.9 million and $175.4 million in our Technip Energies and Subsea segments, respectively. The changes in contract estimates were attributed to better than expected performance in the execution of our projects.

NOTE 2. SCOPE OF CONSOLIDATION

Half-Year ended June 30, 2020 - Significant business combinations and other changes

TechnipFMC did not have any significant acquisitions during the six months ended June 30, 2020.

Year ended December 31, 2019 - Significant business combinations and other changes

On December 30, 2019, we completed the acquisition of the remaining 50% interest in Technip Odebrecht PLSV CV ("TOP CV"). TOP CV was formed as a joint venture between Technip SA and Ocyan SA to provide pipeline installation ships to Petroleo Brasileiro SA ("Petrobras") for their work in oil and gas fields offshore Brazil with results reported in our Subsea segment using the equity method of accounting. Subsequent to this transaction the investment became a fully consolidated entity. In connection with the acquisition, we acquired $391.0 million in assets, including two vessels valued at $335.2 million. In addition, we assumed $239.9 million of liabilities, including a $203.1 million term loan.

The impact on consolidated revenues and Net profit (loss) by the business combination does not differ significantly, had the acquisition been completed as of January 1, 2019, therefore no pro forma financials are disclosed.

NOTE 3. REVENUE

The majority of our revenue is from long-term contracts associated with designing and manufacturing products and systems and providing services to customers involved in exploration and production of crude oil and natural gas.

Disaggregation of Revenue

Revenues are disaggregated by geographic location and contract types.

The following tables present products and services revenue by geography for each reportable segment for the six months ended June 30, 2020 and 2019:

	Reportable Segments					
	Six Months Ended					
	June 30, 2020			June 30, 2019		
(In millions)	Subsea	Technip Energies	Surface Technologies	Subsea	Technip Energies	Surface Technologies
Europe, Russia, Central Asia	$ 849.6	$ 1,253.1	$ 98.6	$ 859.2	$ 1,292.8	$ 115.8
America	944.4	595.5	231.6	730.4	357.3	395.6
Asia Pacific	323.1	548.6	62.3	277.4	577.4	89.1
Africa	382.8	411.9	28.3	519.6	171.5	26.2
Middle East	101.9	276.9	105.5	270.8	441.1	121.8
Total products and services revenue	$ 2,601.8	$ 3,086.0	$ 526.3	$ 2,657.4	$ 2,840.1	$ 748.5

The following tables represent revenue by contract type for each reportable segment for the six months ended June 30, 2020 and 2019:

	Reportable Segments					
	Six Months Ended					
	June 30, 2020			June 30, 2019		
(In millions)	Subsea	Technip Energies	Surface Technologies	Subsea	Technip Energies	Surface Technologies
Services	$ 1,481.7	$ 3,054.7	$ 87.1	$ 1,627.3	$ 2,840.1	$ 144.7
Products	1,120.1	31.3	439.2	1,030.1	—	603.8
Total products and services revenue	2,601.8	3,086.0	526.3	2,657.4	2,840.1	748.5
Lease[(a)]	29.8	—	46.9	48.1	—	68.3
Total revenue	$ 2,631.6	$ 3,086.0	$ 573.2	$ 2,705.5	$ 2,840.1	$ 816.8

(a) Represents revenue not subject to IFRS15.

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 condensed consolidated statement of financial position.

Contract Assets - Contract Assets include unbilled amounts typically resulting from sales under long-term contracts when revenue is recognized over time and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Costs and estimated earnings in excess of billings on uncompleted contracts are generally classified as current.

Contract Liabilities - We sometimes receive advances or deposits from our customers, before revenue is recognized, resulting in contract liabilities.

The following table provides information about net contract assets (liabilities) as of June 30, 2020 and December 31, 2019:

(In millions)	June 30, 2020	December 31, 2019	$ change	% change
Contract assets	$ 1,413.5	$ 1,519.1	$ (105.6)	(7.0)
Contract (liabilities)	(4,679.9)	(4,571.4)	(108.5)	(2.4)
Net contract assets (liabilities)	$ (3,266.4)	$ (3,052.3)	$ (214.1)	(7.0)

The decrease in our contract assets from December 31, 2019 to June 30, 2020 was primarily due to the timing of milestones.

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

In order to determine revenue recognized in the period from contract liabilities, we first allocate revenue to the individual contract liability balance outstanding at the beginning of the period until the revenue exceeds that balance. Revenue recognized for the six months ended June 30, 2020 and 2019 that were included in the contract liabilities balance at December 31, 2019 and 2018 was $874.4 million and $2,014.3 million, respectively.

In addition, revenue recognized for the six months ended June 30, 2020 and 2019 from our performance obligations satisfied in previous periods had a favorable impact of $158.9 million and a favorable impact of $493.4 million, respectively. This primarily relates to changes in the estimated costs to complete certain projects.

Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations

Remaining unsatisfied performance obligations (“RUPO” or “order backlog”) represent the transaction price for products and services for which we have a material right but work has not been performed. Transaction price of the order backlog includes the base transaction price, variable consideration and changes in transaction price. The order backlog table does not include contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed. The transaction price of order backlog related to unfilled, confirmed customer orders is estimated at each reporting date. As of June 30, 2020, the aggregate amount of the transaction price allocated to order backlog was $20,603.8 million. The Company expects to recognize revenue on approximately 27.8% of the order backlog through 2020 and 72.2% thereafter.

The following table details the consolidated order backlog for each business segment as of June 30, 2020:

(In millions)	2020	2021	Thereafter
Subsea	$ 2,211.7	$ 2,912.0	$ 1,961.6
Technip Energies	3,291.8	5,541.9	4,298.9
Surface Technologies	220.2	161.0	4.7
Total order backlog	$ 5,723.7	$ 8,614.9	$ 6,265.2

NOTE 4. SEGMENT INFORMATION

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

We report the results of operations in the following segments:

– *Subsea* - manufactures and designs products and systems, performs engineering, procurement and project management and provides services used by oil and gas companies involved in offshore exploration and production of crude oil and natural gas.

– *Technip Energies* - designs and builds onshore facilities related to the production, treatment, transformation and transportation of oil and gas; and designs, manufactures and installs fixed and floating platforms for the production and processing of oil and gas reserves.

– *Surface Technologies* - designs and manufactures systems and provides services used by oil and gas companies involved in land and shallow water exploration and production of crude oil and natural gas; designs, manufactures and supplies technologically advanced high-pressure valves and fittings for oilfield service companies; and also provides flowback and well testing services.

During the first half of 2020, in anticipation of our separation transaction, we renamed our Onshore/Offshore segment to Technip Energies, which includes our Loading Systems business that was previously reported in the Surface Technologies segment and our process automation business, Cybernetix, that was previously reported in the Subsea segment. The comparative information includes $38.4 million and $2.2 million of segment revenue attributable to Loading Systems and Cybernetix businesses, respectively. Prior year information has not been restated due to these businesses not being material.

Segment operating profit (loss) is defined as total segment revenue less segment operating expenses. Income (loss) from equity method investments is included in calculation the segment operating profit. The following items have been excluded in calculating segment operating profit (loss): corporate staff expense, foreign exchange gains (losses), net interest income (expense) associated with corporate debt facilities, income taxes, and other revenue and other expense, net.

Segment revenue and segment operating profit (loss) were as follows:

	Six Months Ended June 30,	
(In millions)	**2020**	**2019**
Segment revenue		
Subsea	$ 2,631.6	$ 2,705.5
Technip Energies	3,086.0	2,840.1
Surface Technologies	573.2	816.8
Total revenue	$ 6,290.8	$ 6,362.4
Segment operating profit (loss)		
Subsea	$ (2,890.2)	$ 129.7
Technip Energies	372.7	431.0
Surface Technologies	(292.9)	48.7
Total segment operating profit (loss)	$ (2,810.4)	$ 609.4
Corporate items		
Impairment, restructuring and other expenses	(5.5)	(10.3)
Separation costs	(27.1)	—
Merger transaction costs	—	(25.0)
Legal expenses	—	(55.2)
Other corporate expense [a]	(59.9)	(132.2)
Corporate expense	(92.5)	(222.7)
Net interest expense	(166.4)	(253.2)
Foreign exchange losses	(54.7)	(40.9)
Total corporate items	(313.6)	(516.8)
Profit (loss) before income taxes [b]	$ (3,124.0)	$ 92.6

(a) Other corporate expenses primarily include corporate staff expenses, stock-based compensation expenses, and other employee benefits.
(b) Includes amounts attributable to non-controlling interests.

Segment assets were as follows:

(In millions)	**June 30, 2020**	**December 31, 2019**
Segment assets		
Subsea	$ 7,270.6	$ 10,837.3
Technip Energies	4,717.3	4,446.7
Surface Technologies	1,674.6	2,249.8
Total segment assets	13,662.5	17,533.8
Corporate [a]	6,049.1	6,041.4
Total assets	$ 19,711.6	$ 23,575.2

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

NOTE 5. EARNINGS (LOSS) PER SHARE

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

	Six Months Ended June 30,	
(In millions of US dollars, except per share data)	2020	2019
Net profit (loss) attributable to TechnipFMC plc	$ (3,185.6)	$ 75.9
Weighted average number of shares outstanding	447.9	447.7
Dilutive effect of restricted stock units	—	1.8
Dilutive effect of stock options	—	—
Dilutive effect of performance shares	—	2.4
Total shares and dilutive securities	447.9	451.9
Basic earnings (loss) per share attributable to TechnipFMC plc	$ (7.11)	$ 0.17
Diluted earnings (loss) per share attributable to TechnipFMC plc	$ (7.11)	$ 0.17

For the six months ended June 30, 2020, we incurred a net loss; therefore, the impact of any incremental shares from our share-based compensation awards would be anti-dilutive. For the six months ended June 30, 2020, 3.4 million shares were anti-dilutive due to net loss position.

Weighted average shares of the following share-based compensation awards were excluded from the calculation of diluted weighted average number of shares where the assumed proceeds exceed the average market price from the calculation of diluted weighted average number of shares, because their effect would be anti-dilutive:

	Six Months Ended June 30,	
(In millions shares)	2020	2019
Share option awards	4.7	4.6
Restricted share units	1.8	0.1
Performance shares	2.1	0.1
Total	8.6	4.8

NOTE 6. IMPAIRMENT, RESTRUCTURING AND OTHER EXPENSES

Impairment, restructuring and other expenses were as follows:

	Six Months Ended June 30,	
(In millions)	2020	2019
Subsea	$ 2,925.9	$ 6.8
Technip Energies	42.7	5.9
Surface Technologies	292.6	2.7
Corporate and other	5.5	10.3
Total impairment, restructuring and other expenses	$ 3,266.7	$ 25.7

Goodwill and property, plant and equipment impairments

During the six months ended June 30, 2020, triggering events were identified which led to impairments of certain property, plant and equipment, including goodwill. These charges included goodwill impairment charges of $2,800.2 million and $197.5 million in our Subsea and Surface Technologies operating segments, respectively, recorded during the six months ended June 30, 2020. See Note 7 for further details.

For property, plant and equipment, a conclusion was made that the market uncertainty was a triggering event for certain asset groups that serve short-cycle businesses in our Subsea and Surface Technologies segments. Assessing these asset groups for recoverability required the use of unobservable inputs that involves significant judgment. Such judgments include expected future asset utilization while taking into account reduced future capital spending by certain customers in response to market conditions. As a result of this assessment, during the six months ended June 30, 2020, impairment charges for Subsea of $65.2 million consisting mostly of installation and service equipment, and $76.8 million for Surface Technologies, consisting mainly of North America-based fracturing and wellhead assets, were recorded. As of June 30, 2020, these impaired assets were recorded at their recoverable amount of $323.7 million. We measured the recoverable amount by estimating the amount and timing of net future cash flows, which are Level 3 unobservable inputs, and discounting them using a risk-adjusted rate of interest of 10.8%.

Restructuring and other expenses

In addition, during the six months ended June 30, 2020, we recorded restructuring and other charges of $127.0 million. Restructuring and other charges primarily consisted of severance and other employee related costs and COVID-19 related expenses across all segments. Restructuring and other charges were as follows:

	Six Months Ended June 30, 2020	
(In millions)	**Restructuring and other charges**	**COVID-19 expenses**
Subsea	$ 29.0	$ 31.4
Technip Energies	14.0	28.7
Surface Technologies	13.1	5.3
Corporate and other	5.5	—
Total	$ 61.6	$ 65.4

COVID-19 related expenses represent unplanned, one-off, incremental and non-recoverable costs incurred solely as a result of COVID-19 pandemic situation, which would not have been incurred otherwise. COVID-19 related expenses primarily included (a) employee payroll and travel, operational disruptions associated with quarantining, personnel travel restrictions to job sites and shutdown of manufacturing plants and sites; (b) supply chain and related expediting costs of accelerated shipments for previously ordered and undelivered products; (c) costs associated with implementing additional information technology to support remote working environments; and (d) facilities-related expenses to ensure safe working environments.

Prolonged uncertainty in energy markets could lead to further future reductions in capital spending from our customer base. In turn, this may lead to changes in our strategy. We will continue to take actions designed to mitigate the adverse effects of the rapidly changing market environment and expect to continue to adjust our cost structure to market conditions. If market conditions continue to deteriorate, we may record additional restructuring charges and additional impairments of our property, plant and equipment and equity method investments.

NOTE 7. GOODWILL

The movements in carrying amount of goodwill by reportable segment were as follows:

(In millions)	**Subsea**	**Technip Energies**	**Surface Technologies** [b]	**Total**
December 31, 2019	$ 2,866.8	$ 2,423.6	$ 364.2	$ 5,654.6
Transfers [a]	(21.2)	46.1	(24.9)	—
Impairment	(2,800.2)	—	(197.5)	(2,997.7)
Translation	(45.4)	1.0	0.4	(44.0)
June 30, 2020	$ —	$ 2,470.7	$ 142.2	2,612.9

(a) Beginning in the first half of 2020, Technip Energies includes our Loading Systems business that was previously reported in the Surface Technologies segment and our process automation business, Cybernetix, that was previously reported in the Subsea segment. See Note 4 for further details.

(b) Surface Technologies includes Surface Americas and Surface International operating segments. While the CODM receives separate reports for each of the Surface region, the Surface Americas and Surface International operating segments have been aggregated into one reportable segment Surface Technologies as they have similar characteristics.

During the first half of 2020, triggering events were identified which led to performing interim goodwill impairment testing in our Subsea, Surface Americas and Surface International operating segments as of June 30, 2020. These events included the COVID-19 pandemic breakout, commodity price declines, and a significant decrease in our market capitalization as well as those of our peers and customers.

The estimation of recoverable amounts of our Subsea, Surface Americas and Surface International operating segments was determined based on value-in-use calculations, consistent with the methods used as of December 31, 2019. For details see Note 11.2 of our U.K. Annual Report. The following table sets out the key assumptions for the operating segments where the impairment calculations were updated as of June 30, 2020:

	June 30, 2020	December 31, 2019
Year of cash flows before terminal value	4.0	4.0
Risk-adjusted post-tax discount rate	12.0% to 14.0%	12.5% to 15.0%
EBITDA multiples	N/A	6.0 - 8.5x

During the six months ended June 30, 2020, we recorded $2,800.2 million, $12.2 million and $185.2 million of goodwill impairment charges in our Subsea, Surface Americas and Surface International operating segments, respectively. During the year ended December 31, 2019, we recorded $1,347.7 million and $671.0 million of goodwill impairment charges in our Subsea and Surface Americas operating segments, respectively.

The sensitivity analysis has been performed for Surface International operating segment. Any change in the assumptions could result in a material change in the impairment charge.

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

Other current liabilities consisted of the following:

(In millions)	June 30, 2020	December 31, 2019
Redeemable financial liabilities	$ 134.8	$ 129.0
Current financial liabilities at Fair Value through Profit or Loss, total	134.8	129.0
Other taxes payable	196.4	240.4
Accruals on completed contracts	172.7	193.5
Social security liability	123.5	116.5
Payable on litigation settlement	46.3	62.9
Other	238.4	242.4
Other current liabilities	777.3	855.7
Total other current liabilities	$ 912.1	$ 984.7

Other non-current liabilities consisted of the following:

(In millions)	June 30, 2020	December 31, 2019
Redeemable financial liabilities	$ 127.3	$ 181.0
Non-current financial liabilities at Fair Value through Profit or Loss, total	127.3	181.0
Payable on litigation settlement	46.3	62.9
Uncertain tax positions	57.2	60.6
Obligations on non-qualified employee retirement plans	35.5	36.6
Payable on property, plant and equipment	22.2	12.2
Subsidies	4.2	4.4
Other	16.9	76.2
Other non-current liabilities	182.3	252.9
Total other non-current liabilities	$ 309.6	$ 433.9

Current and non-current provisions consisted of the following:

(In millions)	June 30, 2020	December 31, 2019
Contingencies related to contracts	$ 60.4	$ 116.7
Tax	22.0	23.8
Litigation	146.8	160.1
Restructuring obligations	54.4	33.1
Provisions for claims	0.7	0.3
Other current provisions	82.6	176.0
Total current provisions	366.9	510.0
Tax	0.6	0.7
Litigation	5.9	7.6
Restructuring obligations	11.7	15.6
Provisions for claims	10.0	8.7
Other non-current provisions	9.5	15.1
Total non-current provisions	37.7	47.7
Total provisions	$ 404.6	$ 557.7

NOTE 9. DEBT

Long-term and short-term debt consisted of the following:

	June 30, 2020		December 31, 2019	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Commercial paper	$ 1,851.1	$ 1,852.3	$ 1,967.0	$ 1,966.9
Synthetic bonds due 2021	496.1	498.6	491.7	513.1
3.45% Senior Notes due 2022	500.0	479.9	500.0	499.2
3.40% 2012 Private placement notes due 2022	167.9	174.5	168.4	180.6
3.15% 2013 Private placement notes due 2023	145.1	151.3	145.4	156.8
3.15% 2013 Private placement notes due 2023	139.8	146.0	140.2	150.5
4.50% 2020 Private placement notes due 2025	163.6	163.6	—	—
4.00% 2012 Private placement notes due 2027	83.9	92.0	84.2	96.4
4.00% 2012 Private placement notes due 2032	108.4	126.2	108.6	127.8
3.75% 2013 Private placement notes due 2033	108.9	124.9	109.2	123.8
5.00% 2010 Private placement notes due 2020	223.9	249.5	224.4	230.0
Bank borrowings	477.1	477.1	513.3	513.4
Other	41.4	41.4	23.0	23.0
Total debt	4,507.2	4,577.3	4,475.4	4,581.5
Less: current borrowings [(a)]	2,871.3	2,900.6	2,462.2	2,467.9
Long-term debt	$ 1,635.9	$ 1,676.7	$ 2,013.2	$ 2,113.6

(a) As of June 30, 2020 and December 31, 2019, current borrowings consisted primarily of bank borrowings and notes with current maturities of 12 months.

Significant funding and liquidity activities

During the six months ended June 30, 2020, we completed the following transactions in order to enhance our total liquidity position:

– Issued €150 million aggregate principal amount of new 4.500% notes due June 30, 2025. On July 31, 2020, we entered into a subscription agreement with respect to the issuance and sale of an additional €50.5 million aggregate principal amount of the Euro Denominated Notes, which closed on August 4, 2020 and is subject to the satisfaction of customary conditions precedent. In the event of the spin-off of our Technip Energies business segment followed, within three months of the effective date of the spin-off, by a downgrade by a nationally recognized rating agency of the corporate rating of TechnipFMC from an investment grade to a non-investment grade rating or a withdrawal of any such rating, the interest rate applicable to the Euro Denominated Notes will be increased to 5.75%;

– Entered into a new, six-month €500 million senior unsecured revolving credit facility agreement, which may be extended for two additional three-month periods (the "Euro Facility"); and

– Entered into the Bank of England's COVID Corporate Financing Facility program (the "CCFF Program"), which allows us to issue up to £600 million of unsecured commercial paper notes.

Credit facilities and debt

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, and TechnipFMC plc (the "Borrowers") with JPMorgan Chase Bank, National Association ("JPMorgan"), as agent and an arranger, SG Americas Securities LLC as an arranger, and the lenders party thereto.

The Facility Agreement provides for the establishment of a multicurrency, revolving credit facility, which includes a $1.5 billion letter of credit subfacility. Subject to certain conditions, the Borrowers may request the aggregate commitments under the Facility Agreement be increased by an additional $500.0 million. On November 26, 2018, we entered into an agreement 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 our credit rating, 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 0.50% or (c) one-month Adjusted LIBOR plus 1.00%. As of June 30, 2020, there were no outstanding borrowings under our revolving credit facility.

Euro Facility – On May 19, 2020, we entered into the Euro Facility with HSBC France, as agent, and the lenders party thereto, which provides for the establishment of a six-month revolving credit facility denominated in Euros with total commitments of €500 million, which may be extended by us for two additional three-month periods. Borrowings under the Euro Facility bear interest at the Euro interbank offered rate for a period equal in length to the interest period of a given loan (which may be three or six months), plus an applicable margin. As of June 30, 2020, there were no outstanding borrowings under facility agreement and Euro Facility.

On June 12, 2020, we entered into Amendment No.1 to the Facility Agreement and into an Amendment and Restatement Agreement to our Euro Facility. The amendments, which are effective through the respective expirations of the Facility Agreement and Euro Facility, permit us to include the gross book value of $3.2 billion of goodwill (fully impaired under U.S. GAAP in the quarter ended March 31, 2020) in the calculation of consolidated net worth, which is used in the calculation of our quarterly compliance with the total capitalization ratio under the Euro Facility.

The Facility Agreement and Euro Facility contain 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 and Euro Facility also contain covenants restricting our ability and our subsidiaries' ability to incur additional liens and indebtedness, enter into asset sales, or make certain investments.

As of June 30, 2020, we were in compliance with all restrictive covenants under our credit facilities.

CCFF Program - On May 19, 2020, we entered into a dealer agreement (the "Dealer Agreement") with Bank of America Merrill Lynch International DAC (the "Dealer") and an Issuing and Paying Agency Agreement (the "Agency Agreement", and together with the Dealer Agreement, the "Agreements") with Bank of America, National Association, London Branch, relating to the European commercial paper program established under the CCFF Program as a source of additional liquidity.

The Agreements provide the terms under which we may issue, and the Dealer will arrange for, the sale of short-term, unsecured commercial paper notes (the "Notes") to reduce existing debt or decrease overall borrowing costs. The Notes contain customary representations, warranties, covenants, defaults, and indemnification provisions, and will be sold at such discounts from their face amounts as shall be agreed between us and the Dealer. The Notes will be fully payable at maturity, and the maturities of the Notes will vary but may not exceed 364 days. The principal amount of outstanding Notes may not exceed £600 million. The Agency Agreement provides for the terms of issuance and payment of the Notes. As of June 30, 2020, our commercial paper borrowings under the CCFF Program had a weighted average interest rate of 0.43%. As of June 30, 2020, we had $392.7 million of Notes outstanding and recorded as short-term borrowings. Subsequent to June 30, 2020, we issued an additional $348.6 million of Notes.

Bilateral credit facility - We have access to a €100.0 million bilateral credit facility expiring in May 2021. The bilateral credit facility contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type.

As of June 30, 2020, there were no outstanding borrowings under our bilateral credit facility.

Commercial paper - Under our commercial paper program, we have the ability to access $1.5 billion and €1.0 billion of short-term financing through our commercial paper dealers, subject to the limit of unused capacity of our revolving facility agreement. Commercial paper borrowings are issued at market interest rates. As of June 30, 2020, our commercial paper borrowings had a weighted average interest rate of 2.05% on the U.S. dollar denominated borrowings and 0.06% on the Euro denominated borrowings.

As of June 30, 2020, we had $1,459.5 million of outstanding commercial paper borrowings under this program.

Synthetic bonds - Our synthetic bonds due January 2021 are classified as short-term debt in the condensed consolidated statement of financial position as of June 30, 2020.

Bank borrowings - In December 2016, we entered into a £160.0 million term loan agreement to finance the Deep Explorer, a diving support vessel ("DSV"), maturing December 2028. Under the loan agreement, interest accrues at an annual rate of 2.813%. This loan agreement contains usual and customary covenants and events of default for loans of this type.

On December 30, 2019, we completed the acquisition of the remaining 50% interest in TOP CV. In connection with the acquisition, we assumed liabilities that included a $203.1 million term loan, of which $174.0 million is outstanding and due September 30, 2020. The debt is fully collateralized against our two vessels, Coral do Atlantico and Deep Star.

In January 2019, we executed a sale-leaseback transaction to finance the purchase of a deepwater DSV, Deep Discoverer (the "Vessel") for the full transaction price of $116.8 million. The sale-leaseback agreement was entered into with a French joint-stock company owned by Credit Industrial et Commercial which was formed for the sole purpose to purchase and act as the lessor of the Vessel. It is a structured entity, which is fully consolidated in our condensed consolidated financial statements. The transaction was funded through debt of $96.2 million which is primarily long-term, expiring on January 8, 2031.

Foreign committed credit - We have committed credit lines at many of our international subsidiaries for immaterial amounts. We utilize these facilities for asset financing and to provide a more efficient daily source of liquidity. The effective interest rates depend upon the local national market.

NOTE 10. STOCKHOLDERS' EQUITY

Dividends and share repurchases

Cash dividends of $0.13 per ordinary share paid during the six months ended June 30, 2020 for dividends declared on February 25, 2020 were $59.2 million. Cash dividends of $0.13 per ordinary share paid during the six months ended June 30, 2019 for dividends declared on February 19, 2019 and April 24, 2019 were $116.6 million. We made a dividend payment of $0.13 per share in April 2020, which fulfills our annual dividend under our revised dividend policy announced on April 21, 2020.

As an English public limited company, we are required under U.K. law to have available "distributable reserves" to conduct share repurchases or pay dividends to shareholders subject to CCFF Program funding terms. Distributable reserves are a statutory requirement and are not linked to a GAAP reported amount (e.g., retained earnings). The declaration and payment of dividends require the authorization of our Board of Directors, provided that such dividends on issued share capital may be paid only out of our "distributable reserves" in our statutory statement of financial position. Therefore, we are not permitted to pay dividends out of share capital, which includes share premium. On November 27, 2019, we redeemed 50,000 redeemable shares of £1 each and cancelled one deferred ordinary share of £1 in the capital of the Company.

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. In December 2018, our Board of Directors authorized an extension of our share repurchase program for $300.0 million for the purchase of ordinary shares. There were no ordinary shares repurchased during the six months ended June 30, 2020 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.

Share-based compensation

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

We recognize compensation expense and the corresponding tax benefits for awards under the Plan. Share-based compensation expense for non-vested share options and time-based and performance-based restricted stock units was $38.4 million and $41.5 million for the six months ended June 30, 2020 and 2019, respectively.

NOTE 11. PENSIONS

The significant fluctuations in the current interest rate environment and significant declines in equity markets precipitated by the COVID-19 pandemic negatively affected the values of our pension benefit obligations and pension plan assets during the six months ended June 30, 2020.

We updated the estimation of actuarial assumptions for a discount and inflation rates and remeasured the fair value of plan assets for our U.K. and U.S. retirement plans. Accordingly, the defined benefits obligations for our U.K. and U.S. retirement plans were revised as of June 30, 2020 using the projected unit credit actuarial valuation method consistent with the method and other assumptions used as of December 31, 2019. For details see Note 20.4 of our 2019 U.K. Annual Report. The following table sets out the key assumptions for the U.K. and U.S. retirement plans where the projected benefit obligations were updated as of June 30, 2020:

	June 30, 2020		December 31, 2019	
	Discount Rate	**Inflation Rate**	**Discount Rate**	**Inflation Rate**
United Kingdom	1.8 %	2.9 %	2.0 %	2.4 %
United States of America	2.7 %	NA	3.6 %	NA

The fair value of plan assets was remeasured as of June 30, 2020. While the equity markets and the valuation of other assets have recovered moderately by June 30, 2020, the fair values of our pension plan assets remain lower than pre-pandemic levels. If pension plan asset values do not continue to recover to pre-pandemic levels or deteriorate again as a result of uncertainty regarding the timing and pace of economic recovery from the COVID-19 pandemic, we may incur increased pension expense in future periods. For details of the principal categories of plan assets by country in terms of percentage of their total fair value see Note 20.3 of our 2019 U.K. Annual Report.

The effect of revisions as of June 30, 2020 was an increase in Accumulated Other Comprehensive Loss of $135.8 million with a corresponding increase in non-current Accrued Pension and Other Post-retirement Benefits obligations.

NOTE 12. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities associated with guarantees - In the ordinary course of business, we enter into standby letters of credit, performance bonds, surety bonds and other guarantees with financial institutions for the benefit of our customers, vendors and other parties. The majority of these financial instruments expire within five years. Management does not expect any of these financial instruments to result in losses that, if incurred, would have a material adverse effect in our consolidated financial position, results of operations or cash flows.

Guarantees consisted of the following:

(In millions)	June 30, 2020	December 31, 2019
Financial guarantees [(a)]	$ 944.4	$ 945.5
Performance guarantees [(b)]	4,988.4	4,916.0
Maximum potential undiscounted payments	$ 5,932.8	$ 5,861.5

(a) Financial guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on changes in an underlying agreement that is related to an asset, a liability, or an equity security of the guaranteed party. These tend to be drawn down only if there is a failure to fulfill our financial obligations.

(b) Performance guarantees represent contracts that contingently require a guarantor to make payments to a guaranteed party based on another entity's failure to perform under a nonfinancial obligating agreement. Events that trigger payment are performance-related, such as failure to ship a product or provide a service.

We believe the ultimate resolution of our known contingencies will not materially adversely affect our consolidated financial position, results of operations, or cash flows.

Contingent liabilities associated with legal and tax matters - We are involved in various pending or potential legal and tax actions or disputes in the ordinary course of our business. These actions and disputes can involve our agents, suppliers, clients, and venture partners, and can include claims related to payment of fees, service quality, and ownership arrangements including certain put or call options. We are unable to predict the ultimate outcome of these actions because of their inherent uncertainty. However, we believe that the most probable, ultimate resolution of these matters will not have a material adverse effect in our consolidated financial position, results of operations or cash flows.

On March 28, 2016, FMC Technologies received an inquiry from the U.S. Department of Justice (“DOJ”) related to the DOJ's investigation of whether certain services Unaoil S.A.M. provided to its clients, including FMC Technologies, violated the U.S. Foreign Corrupt Practices Act (“FCPA”). On March 29, 2016, Technip S.A. also received an inquiry from the DOJ related to Unaoil. We cooperated with the DOJ's investigations and, with regard to FMC Technologies, a related investigation by the SEC.

In late 2016, Technip S.A. was contacted by the DOJ regarding its investigation of offshore platform projects awarded between 2003 and 2007, performed in Brazil by a joint venture company in which Technip S.A. was a minority participant, and we have also raised with DOJ certain other projects performed by Technip S.A. subsidiaries in Brazil between 2002 and 2013. The DOJ has also inquired about projects in Ghana and Equatorial Guinea that were awarded to Technip S.A. subsidiaries in 2008 and 2009, respectively. We cooperated with the DOJ in its investigation into potential violations of the FCPA in connection with these projects. We contacted and cooperated with the Brazilian authorities (Federal Prosecution Service (“MPF”), the Comptroller General of Brazil (“CGU”) and the Attorney General of Brazil (“AGU”)) with their investigation concerning the projects in Brazil and have also contacted and are cooperating with French authorities (the Parquet National Financier (“PNF”)) with their investigation about these existing matters.

On June 25, 2019, we announced a global resolution to pay a total of $301.3 million to the DOJ, the SEC, the MPF, and the CGU/AGU to resolve these anti-corruption investigations. We will not be required to have a monitor and will, instead, provide reports on our anti-corruption program to the Brazilian and U.S. authorities for two and three years, respectively.

As part of this resolution, we entered into a three-year Deferred Prosecution Agreement (“DPA”) with the DOJ related to charges of conspiracy to violate the FCPA related to conduct in Brazil and with Unaoil. In addition, Technip USA, Inc., a U.S. subsidiary, pled guilty to one count of conspiracy to violate the FCPA related to conduct in Brazil. We will also provide the DOJ reports on our anti-corruption program during the term of the DPA.

In Brazil, our subsidiaries Technip Brasil - Engenharia, Instalações E Apoio Marítimo Ltda. and Flexibrás Tubos Flexíveis Ltda. entered into leniency agreements with both the MPF and the CGU/AGU. We have committed, as part of those agreements, to make certain enhancements to their compliance programs in Brazil during a two-year self-reporting period, which aligns with our commitment to cooperation and transparency with the compliance community in Brazil and globally.

In September 2019, the SEC approved our previously disclosed agreement in principle with the SEC Staff and issued an Administrative Order, pursuant to which we paid the SEC $5.1 million, which was included in the global resolution of $301.3 million.

To date, the investigation by PNF related to historical projects in Equatorial Guinea and Ghana has not reached resolution. We remain committed to finding a resolution with the PNF and will maintain a $70.0 million provision related to this investigation. As we continue to progress our discussions with PNF towards resolution, the amount of a settlement could exceed this provision.

There is no certainty that a settlement with PNF will be reached or that the settlement will not exceed current accruals. The PNF has a broad range of potential sanctions under anticorruption laws and regulations that it may seek to impose in appropriate circumstances including, but not limited to, fines, penalties, and modifications to business practices and compliance programs. Any of these measures, if applicable to us, as well as potential customer reaction to such measures, could have a material adverse impact on our business, results of operations, and financial condition. If we cannot reach a resolution with the PNF, we could be subject to criminal proceedings in France, the outcome of which cannot be predicted.

Legal proceedings - A purported shareholder class action filed in 2017 and amended in January 2018 and captioned Prause v.TechnipFMC, et al., No. 4:17-cv-02368 (S.D. Texas) is pending in the U.S. District Court for the Southern District of Texas against the Company and certain current and former officers and employees of the Company. The suit alleged violations of the federal securities laws in connection with the Company's restatement of our first quarter 2017 financial results and a material weakness in our internal control over financial reporting announced on July 24, 2017. On January 18, 2019, the District Court dismissed claims under Section 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Section 15 of the Securities Act of 1933, as amended (“Securities Act”). A remaining claim for alleged violation of Section 11 of the Securities Act in connection with the reporting of certain financial results in the Company’s Form S-4 Registration Statement filed in 2016 is pending and seeks unspecified damages. The Company is vigorously contesting the litigation and cannot predict its duration or outcome.

Contingent liabilities associated with liquidated damages - Some of our contracts contain provisions that require us to pay liquidated damages if we are responsible for the failure to meet specified contractual milestone dates and the applicable customer asserts a conforming claim under these provisions. These contracts define the conditions under which our customers may make claims against us for liquidated damages. Based upon the evaluation of our performance and other commercial and legal analysis, management believes we have appropriately recognized probable liquidated damages at June 30, 2020 and December 31, 2019, and that the ultimate resolution of such matters will not materially affect our consolidated financial position, results of operations, or cash flows.

NOTE 13. INCOME TAXES

Our provision for income taxes for the six months ended June 30, 2020 and 2019 reflected effective tax rates of (1.5)% and 1.1%, respectively. The year-over-year increase in the effective tax rate was primarily due to the impact of nondeductible goodwill impairments, offset in part by a favorable change in forecasted earnings mix. Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to higher tax rates than in the United Kingdom.

NOTE 14. FINANCIAL INSTRUMENTS

14.1 Financial assets and liabilities by category

TechnipFMC holds the following financial assets and liabilities by category:

	June 30, 2020			
	Analysis by Category of Financial Instruments			
(In millions)	Carrying amount	At Fair Value through Profit or Loss	Assets/ Liabilities at amortized cost	At Fair Value through OCI
Trade receivables, net	$ 2,325.9	$ —	$ 2,325.9	$ —
Other financial assets	352.8	40.9	311.9	—
Derivative financial instruments	279.1	17.1	—	262.0
Cash and cash equivalents	4,809.4	4,809.4	—	—
Total financial assets	$ 7,767.2	$ 4,867.4	$ 2,637.8	$ 262.0
Long-term debt, less current portion	$ 1,635.7	$ —	$ 1,635.7	$ —
Non-current lease liabilities	688.0	—	688.0	—
Other non-current financial liabilities	127.3	127.3	—	—
Short-term debt and current portion of long-term debt	2,871.5	—	2,871.5	—
Accounts payable, trade	2,476.9	—	2,476.9	—
Derivative financial instruments	375.7	10.4	—	365.3
Current lease liabilities	236.3	—	236.3	—
Other current financial liabilities	134.8	134.8	—	—
Total financial liabilities	$ 8,546.2	$ 272.5	$ 7,908.4	$ 365.3

	December 31, 2019			
	Analysis by Category of Financial Instruments			
(In millions)	Carrying amount	At Fair Value through Profit or Loss	Assets/ Liabilities at amortized cost	At Fair Value through OCI
Trade receivables, net	$ 2,281.4	$ —	$ 2,281.4	$ —
Other financial assets	390.9	58.4	332.5	—
Derivative financial instruments	141.4	12.3	—	129.1
Cash and cash equivalents	5,190.1	5,190.1	—	—
Total financial assets	$ 8,003.8	$ 5,260.8	$ 2,613.9	$ 129.1
Long-term debt, less current portion	$ 2,013.2	$ —	$ 2,013.2	$ —
Non-current lease liabilities	681.7	—	681.7	—
Other non-current financial liabilities	181.0	181.0	—	—
Short-term debt and current portion of long-term debt	2,462.2	—	2,462.2	—
Accounts payable, trade	2,660.7	—	2,660.7	—
Derivative financial instruments	194.0	21.0	—	173.0
Current lease liabilities	275.1	—	275.1	—
Other financial liabilities	129.0	129.0	—	—
Total financial liabilities	$ 8,596.9	$ 331.0	$ 8,092.9	$ 173.0

The following explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, we have classified our financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	June 30, 2020			
(In millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Nonqualified plan:				
Traded securities [(a)]	$ 37.6	$ —	$ —	$ 37.6
Money market fund	—	1.8	—	1.8
Derivative financial instruments:				
Synthetic bonds - call option premium	—	0.1	—	0.1
Foreign exchange contracts	—	279.0	—	279.0
Financial assets	$ 37.6	$ 280.9	$ —	$ 318.5
Redeemable financial liability	$ —	$ —	$ 262.1	$ 262.1
Derivative financial instruments:				
Synthetic bonds - embedded derivatives	—	0.1	—	0.1
Foreign exchange contracts	—	375.6	—	375.6
Financial liabilities	$ —	$ 375.7	$ 262.1	$ 637.8

	December 31, 2019			
(In millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments:				
Nonqualified plan:				
Traded securities [(a)]	$ 54.8	$ —	$ —	$ 54.8
Money market fund	—	1.5	—	1.5
Derivative financial instruments:				
Synthetic bonds - call option premium	—	4.3	—	4.3
Foreign exchange contracts	—	137.1	—	137.1
Financial assets	$ 54.8	$ 142.9	$ —	$ 197.7
Redeemable financial liability	$ —	$ —	$ 310.0	$ 310.0
Derivative financial instruments:				
Synthetic bonds - embedded derivatives	—	4.3	—	4.3
Foreign exchange contracts	—	189.7	—	189.7
Financial liabilities	$ —	$ 194.0	$ 310.0	$ 504.0

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

Certain investments that are measured at fair value using net asset value per share (or its equivalent) have been excluded in the fair value hierarchy. The value of these investments was $1.5 million and $2.1 million as of June 30, 2020 and December 31, 2019, respectively.

We use the following hierarchy for determining and disclosing the fair value of financial instruments depending on the valuation methods:

– Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;

– Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and

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

The income approach was used 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 flows 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.

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

During the six months ended June 30, 2020 and 2019, 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 period, which is based on the fair value of the underlying investments using information reported by our investment adviser at period-end.

Investments at FVTPL—The fair value measurement of our investments at Fair Value through Profit or Loss ("FVTPL") is based on quoted prices that we have the ability to access in public markets.

Mandatorily redeemable financial liabilities

In 2016, we obtained voting control interests in legal Technip Energies contract entities which own and account for the design, engineering and construction of the Yamal LNG plant. As part of this transaction, we recognized the fair value of the mandatorily redeemable financial liability using a discounted cash flow model. 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 non-controlling interest holders. Expected dividends to be distributed is based on the non-controlling interests' share of the expected profitability of the underlying contract, the selected discount rate, and the overall timing of completion of the project. The fair value measurement is based upon significant unobservable inputs not observable in the market and is consequently classified as a Level 3 fair value measurement. As of June 30, 2020 and December 31, 2019, the fair value of Yamal LNG redeemable financial liability was $219.8 million and $268.8 million, respectively.

In 2018, we acquired a 51% share in Subsea AS that was subsequently renamed to TIOS AS ("TIOS"). On acquisition date a redeemable financial liability was recorded at fair value of a written put option. On acquisition date we determined the fair value of the put option over non-controlling interest as the present value of the expected redemption price of the written put option. As of June 30, 2020 and December 31, 2019, the fair value of TIOS redeemable financial liability was $42.3 million and $41.2 million, respectively.

Changes in the fair value of our Level 3 mandatorily redeemable financial liabilities is recorded as interest expense in the consolidated statements of income and is presented below.

	Six Months Ended June 30,	
(In millions)	**2020**	**2019**
Balance at beginning of period	$ 310.0	$ 449.3
Less: Expenses recognized in the statements of income	(87.4)	(225.8)
Less: Settlements of mandatorily redeemable financial liability	135.3	220.6
Balance at end of period	$ 262.1	$ 454.5

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

14.2 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 is 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 highly probable purchase or sale commitments denominated in foreign currencies and recorded assets and liabilities in our consolidated statement of financial position. As of June 30, 2020 and December 31, 2019, we held the following material net positions:

	June 30, 2020			
	Maturity			
(In millions except for rates)	**1-12 months**	**12-24 months**	**Beyond 24 months**	**Total**
Australian dollar				
Notional amount (LC)	(6.5)	(31.8)	8.6	(29.7)
Average forward rate (LC/USD)	1.46	1.46	1.46	1.46
USD equivalent	(4.5)	(21.7)	5.9	(20.3)
Brazilian real				
Notional amount (LC)	1,116.8	(82.7)	6,445.9	7,480.0
Average forward rate (LC/USD)	5.48	5.48	5.48	5.48
USD equivalent	203.9	(15.1)	1,177.1	1,365.9
British pound				
Notional amount (LC)	371.7	165.3	107.3	644.3
Average forward rate (LC/USD)	0.81	0.81	0.81	0.81
USD equivalent	456.2	202.8	131.7	790.7
Canadian dollar				
Notional amount (LC)	307.3	104.7	(501.9)	(89.9)
Average forward rate (LC/USD)	1.37	1.37	1.37	1.37
USD equivalent	224.6	76.6	(366.8)	(65.6)
Columbian peso				
Notional amount (LC)	389.6	104.8	50,743.7	51,238.1
Average forward rate (LC/USD)	3,758.91	3,758.91	3,758.91	3,758.91
USD equivalent	0.1	—	13.5	13.6
Euro				
Notional amount (LC)	915.9	258.1	741.8	1,915.8
Average forward rate (LC/USD)	0.89	0.89	0.89	0.89
USD equivalent	1,025.4	289.0	830.5	2,144.9
Hong Kong dollar				
Notional amount (LC)	720.9	230.8	(1,046.2)	(94.5)
Average forward rate (LC/USD)	7.75	7.75	7.75	7.75
USD equivalent	93.0	29.8	(135.0)	(12.2)
Indian rupee				

	June 30, 2020			
	Maturity			
(In millions except for rates)	1-12 months	12-24 months	Beyond 24 months	Total
Notional amount (LC)	1,020.7	1,052.1	(0.3)	2,072.5
Average forward rate (LC/USD)	75.53	75.53	75.53	75.53
USD equivalent	13.5	13.9	—	27.4
Japanese yen				
Notional amount (LC)	2,283.2	(125.6)	—	2,157.6
Average forward rate (LC/USD)	107.7	107.8	—	107.8
USD equivalent	21.2	(1.2)	—	20.0
Malaysian ringgit				
Notional amount (LC)	137.3	133.5	214.8	485.6
Average forward rate (LC/USD)	4.29	4.29	4.29	4.29
USD equivalent	32.0	31.1	50.1	113.2
Mexican peso				
Notional amount (LC)	(460.7)	—	—	(460.7)
Average forward rate (LC/USD)	23.17	—	—	23.17
USD equivalent	(19.9)	—	—	(19.9)
Norwegian krone				
Notional amount (LC)	597.9	974.8	223.5	1,796.2
Average forward rate (LC/USD)	9.74	9.74	9.74	9.74
USD equivalent	61.4	100.0	22.9	184.3
Singapore dollar				
Notional amount (LC)	98.7	8.0	—	106.7
Average forward rate (LC/USD)	1.40	1.40	—	1.40
USD equivalent	70.6	5.7	—	76.3
U.S. dollar	(2,006.5)	(184.8)	(146.1)	(2,337.4)

	December 31, 2019			
	Maturity			
(In millions except for rates)	1-12 months	12-24 months	Beyond 24 months	Total
Australian dollar				
Notional amount (LC)	154.5	(103.1)	—	51.4
Average forward rate (LC/USD)	1.42	1.42		1.42
USD equivalent	108.4	(72.4)	—	36.0
Brazilian real				
Notional amount (LC)	1,089.7	(101.1)	(190.0)	798.6
Average forward rate (LC/USD)	4.03	4.03	4.03	4.03
USD equivalent	270.3	(25.1)	(47.1)	198.1
British pound				
Notional amount (LC)	233.4	116.7	(235.3)	114.8
Average forward rate (LC/USD)	0.76	0.76	0.76	0.76
USD equivalent	307.8	154.1	(310.4)	151.5
Canadian dollar				
Notional amount (LC)	(89.6)	(0.3)	—	(89.9)
Average forward rate (LC/USD)	1.30	1.30		1.30
USD equivalent	(68.9)	(0.2)	—	(69.1)
Euro				
Notional amount (LC)	908.0	99.0	102.3	1,109.3
Average forward rate (LC/USD)	0.89	0.89	0.89	0.89

(In millions except for rates)	December 31, 2019			
	Maturity			
	1-12 months	12-24 months	Beyond 24 months	Total
USD equivalent	1,019.8	111.1	114.8	1,245.7
Hong Kong dollar				
Notional amount (LC)	—	(138.0)	—	(138.0)
Average forward rate (LC/USD)	—	7.79		7.79
USD equivalent	—	(17.7)	—	(17.7)
Indonesian rupiah				
Notional amount (LC)	—	240,584.6	—	240,584.6
Average forward rate (LC/USD)	—	13,901.0		13,901.0
USD equivalent	—	17.3	—	17.3
Japanese yen				
Notional amount (LC)	(50.1)	(130.5)	4,557.2	4,376.6
Average forward rate (LC/USD)	108.52	108.52	108.52	108.52
USD equivalent	(0.5)	(1.2)	42.0	40.3
Malaysian ringgit				
Notional amount (LC)	52.6	(0.2)	361.2	413.6
Average forward rate (LC/USD)	4.09	4.09	4.09	4.09
USD equivalent	12.9	—	88.3	101.2
Mexican peso				
Notional amount (LC)	(300.0)	—	—	(300.0)
Average forward rate (LC/USD)	18.90	—	—	18.90
USD equivalent	(15.9)	—	—	(15.9)
Norwegian krone				
Notional amount (LC)	834.0	1,573.9	275.1	2,683.0
Average forward rate (LC/USD)	8.78	8.78	8.78	8.78
USD equivalent	94.9	179.2	31.3	305.4
Singapore dollar				
Notional amount (LC)	192.2	15.1	0.9	208.2
Average forward rate (LC/USD)	1.35	1.35	1.35	1.35
USD equivalent	142.9	11.2	0.6	154.7
Swedish Krona	—	—	—	—
Notional amount (LC)	90.0	15.7	—	105.7
Average forward rate (LC/USD)	9.3	9.3		9.3
USD equivalent	9.7	1.7	—	11.4
U.S. dollar	(578.7)	(432.6)	(67.4)	(1,078.7)

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 June 30, 2020 and December 31, 2019, our portfolio of these instruments included the following material net positions:

	June 30, 2020			
(In millions except rates)	**1-12 months**	**12-24 months**	**Beyond 24 months**	**Total**
Brazilian real				
Notional amount (LC)	52.2	24.3	—	76.5
Average forward rate (LC/USD)	5.48	5.48	—	5.48
USD equivalent	9.5	4.4	—	13.9
Euro				
Notional amount (LC)	(6.5)	0.1	—	(6.4)
Average forward rate (LC/USD)	0.89	0.89	—	0.89
USD equivalent	(7.3)	0.1	—	(7.2)
Norwegian krone				
Notional amount (LC)	(103.2)	0.2	—	(103.0)
Average forward rate (LC/USD)	9.74	9.74	—	9.74
USD equivalent	(10.6)	—	—	(10.6)
U.S. dollar	6.3	(4.6)	—	1.7

	December 31, 2019			
(In millions except rates)	**1-12 months**	**12-24 months**	**Beyond 24 months**	**Total**
Brazilian real				
Notional amount (LC)	20.4	37.2	—	57.6
Average forward rate (LC/USD)	0.25	0.25	—	0.25
USD equivalent	5.1	9.2	—	14.3
Euro				
Notional amount (LC)	(2.0)	(4.8)	—	(6.8)
Average forward rate (LC/USD)	1.12	1.12	—	1.12
USD equivalent	(2.2)	(5.4)	—	(7.6)
Norwegian krone				
Notional amount (LC)	(55.2)	(69.5)	—	(124.7)
Average forward rate (LC/USD)	0.11	0.11	—	0.11
USD equivalent	(6.3)	(7.9)	—	(14.2)
U.S. dollar	3.1	4.5	—	7.6

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:

	June 30, 2020		December 31, 2019	
(In millions)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Derivatives designated as hedging instruments				
Foreign exchange contracts				
Current - Derivative financial instruments	$ 60.2	$ 298.3	$ 94.3	$ 125.0
Long-term - Derivative financial instruments	201.8	67.0	34.8	48.0
Total derivatives designated as hedging instruments	262.0	365.3	129.1	173.0
Derivatives not designated as hedging instruments				
Foreign exchange contracts				
Current - Derivative financial instruments	17.0	10.2	7.6	16.3
Long-term - Derivative financial instruments	—	0.1	0.4	0.4
Total derivatives not designated as hedging instruments	17.0	10.3	8.0	16.7
Long-term - Derivative financial instruments - Synthetic Bonds - Call Option Premium	0.1	—	4.3	—
Long-term - Derivative financial instruments - Synthetic Bonds - Embedded Derivatives	—	0.1	—	4.3
Total derivatives	$ 279.1	$ 375.7	$ 141.4	$ 194.0

Cash flow hedges

Foreign exchange forward contracts listed above are designated as hedging instruments in cash flow hedges of forecast sales and forecast purchases in different local currencies. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). We have established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange forward contracts are identical to the hedged risk components. To test the hedge effectiveness, TechnipFMC uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments;
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments; and
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

We recognized a loss of $2.6 million and a gain of $0.6 million for the six months ended June 30, 2020 and 2019, respectively, due to discontinuance of hedge accounting as it was probable that the original forecasted transaction would not occur. Cash flow hedges of forecasted transactions, net of tax, resulted in accumulated other comprehensive loss of $95.9 million and $39.9 million at June 30, 2020 and December 31, 2019, respectively. We expect to transfer an approximately $33.6 million loss from accumulated OCI to earnings during the next 12 months when the anticipated transactions actually occur. All anticipated transactions currently being hedged are expected to occur by the second half of 2023.

The following represents the effect of cash flow hedge accounting in the consolidated statements of income for the six months ended June 30, 2020 and 2019:

(In millions)	Six Months Ended June 30, 2020				Six Months Ended June 30, 2019			
Total amount of income (expense) presented in the consolidated statements of income associated with hedges and derivatives	**Revenue**	**Cost of sales**	**Selling, general and administrative expense**	**Other income (expense), net**	**Revenue**	**Cost of sales**	**Selling, general and administrative expense**	**Other income (expense), net**
Cash Flow hedge gain (loss) recognized in income								
Foreign Exchange Contracts								
Amounts reclassified from accumulated OCI to income	$ (33.5)	$ 29.7	$ (0.4)	$ (1.2)	$ (12.5)	$ 4.9	$ 0.1	$ (1.4)
Ineffective amounts	—	—	—	(2.6)	—	—	—	0.6
Total cash flow hedge gain (loss) recognized in income	(33.5)	29.7	(0.4)	(3.8)	(12.5)	4.9	0.1	(0.8)
Gain (loss) recognized in income on derivatives not designated as hedging instruments	(0.7)	1.3	—	(29.0)	(1.1)	(0.1)	—	5.0
Total	$ (34.2)	$ 31.0	$ (0.4)	$ (32.8)	$ (13.6)	$ 4.8	$ 0.1	$ 4.2

Impact of hedging on equity

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

(In millions)	Six Months Ended June 30,	
	2020	**2019**
Balance at beginning of period	$ (39.9)	$ (68.1)
Effective portion of changes in fair value	(70.6)	37.2
Amount reclassified to earnings	(5.4)	(8.9)
Tax effect	20.0	(4.7)
Balance at end of period	$ (95.9)	$ (44.5)

14.3 Offsetting financial assets and financial liabilities

We execute derivative contracts with counterparties that consent to a master netting agreement, which permits net settlement of the gross derivative assets against gross derivative liabilities. Each instrument is accounted for individually and assets and liabilities are not offset. As of June 30, 2020 and December 31, 2019, we had no collateralized derivative contracts. The following tables present both gross information and net information of recognized derivative instruments:

	June 30, 2020			December 31, 2019		
(In millions)	**Gross Amount Recognized**	**Gross Amounts Not Offset, Permitted Under Master Netting Agreements**	**Net Amount**	**Gross Amount Recognized**	**Gross Amounts Not Offset, But Permitted Under Master Netting Agreements**	**Net Amount**
Derivative assets	$ 279.1	$ (187.9)	$ 91.2	$ 141.4	$ (112.5)	$ 28.9
Derivative liabilities	$ 375.7	$ (187.9)	$ 187.8	$ 194.0	$ (112.5)	$ 81.5

NOTE 15. MARKET RELATED EXPOSURE

Liquidity risk

Most of our cash is managed centrally and flowed through centralized bank accounts controlled and maintained by TechnipFMC globally and in many operating jurisdictions to best meet the liquidity needs of our global operations.

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 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, utilizing details of classifications from our condensed consolidated statement of financial position:

(In millions)	**June 30, 2020**	**December 31, 2019**
Cash and cash equivalents	$ 4,809.4	$ 5,190.1
Less: Short-term debt and current portion of long-term debt	2,871.5	2,462.2
Less: Long-term debt, less current portion	1,635.7	2,013.2
Less: Lease liability	924.3	956.8
Net debt	$ (622.1)	$ (242.1)

Cash Flows

Operating cash flows - During in the six months ended June 30, 2020 and 2019, we generated $68.8 million and $361.5 million in cash flows from operating activities, respectively. The decrease of $292.7 million in cash generated by operating activities was due primarily to timing differences on project milestones and vendor payments. In addition, operating cash flows for the six months ended June 30, 2020, decreased due to the negative working capital impact of the litigation settlement receivable recorded in the six months ended June 30, 2020 and expected to be cash collected in early 2021, and by the $48.5 million scheduled payment for a previously recorded litigation settlement.

Investing cash flows - Investing activities used $137.3 million and $287.5 million of cash during the six months ended June 30, 2020 and 2019, respectively. The decrease of $137.3 million in cash used by investing activities was due primarily to decreased capital expenditures and decreased payments to acquire debt securities during the six months ended June 30, 2020.

Financing cash flows - Financing activities used $263.4 million and $991.4 million of cash during the six months ended June 30, 2020 and 2019, respectively. The decrease of $728.0 million in cash used by financing activities was due primarily to our efforts and commitment to preserve cash during the six months ended June 30, 2020, which included reduction in cash dividends and share repurchases.

Debt and Liquidity

Significant Funding and Liquidity Activities - During the six months ended June 30, 2020, we completed the following transactions in order to enhance our total liquidity position:

- Issued €150 million aggregate principal amount of new 4.500% notes due June 30, 2025. On July 31, 2020, we entered into a subscription agreement with respect to the issuance and sale of an additional €50.5 million aggregate principal amount of the Euro Denominated Notes, which closed on August 4, 2020 and is subject to the satisfaction of customary conditions precedent. In the event of the spin-off of our Technip Energies business segment followed, within three months of the effective date of the spin-off, by a downgrade by a nationally recognized rating agency of the corporate rating of TechnipFMC from an investment grade to a non-investment grade rating or a withdrawal of any such rating, the interest rate applicable to the Euro Denominated Notes will be increased to 5.75%;
- Entered into a new, six-month €500 million senior unsecured revolving credit facility agreement, which may be extended for two additional three-month periods; and
- Entered into the CCFF Program, which allows us to issue up to £600 million of unsecured commercial paper notes.

Credit Facilities - The following is a summary of our revolving credit facilities at June 30, 2020:

(In millions) Description	Amount		Debt Outstanding		Commercial Paper Outstanding[a]		Letters of Credit		Unused Capacity		Maturity
Revolving credit facility	$	2,500.0	$	—	$	1,459.5	$	—	$	1,040.5	January 2023
CCFF Program	£	600.0	£	—	£	320.0	£	—	£	280.0	March 2021
Euro Facility	€	500.0	€	—	€	—	€	—	€	500.0	November 2020
Bilateral credit facility	€	100.0	€	—	€	—	€	—	€	100.0	May 2021

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

Committed credit available under our revolving credit facility provides the ability to issue our commercial paper obligations on a long-term basis. We had $1,459.5 million of commercial paper issued under our facility at June 30, 2020.

On June 12, 2020, we entered into Amendment No. 1 to the Facility Agreement and into an Amendment and Restatement Agreement to our Euro Facility. The amendments, which are effective through the respective expirations of the Facility Agreement and Euro Facility, permit us to include the gross book value of $3.2 billion of goodwill (fully impaired under U.S. GAAP in the quarter ended March 31, 2020) in the calculation of consolidated net worth, which is used in the calculation of our quarterly compliance with the total capitalization ratio under the Facility Agreement and Euro Facility.

As of June 30, 2020, we were in compliance with all restrictive covenants under our credit facilities. See Note 9 for further details.

Credit Ratings - Our credit ratings with Standard and Poor’s (S&P) are BBB+ for our long-term unsecured debt and A-2 for our short-term debt and commercial paper program. Our credit ratings with Moody’s are Baa2 for our long-term unsecured debt and P-2 for our commercial paper program.

Foreign currency exchange rate risk

We conduct operations around the world in a number of different currencies. Many of our significant foreign subsidiaries have designated the local currency as their functional currency. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. We do not hedge this translation impact on earnings.

When transactions are denominated in currencies other than our subsidiaries’ respective functional currencies, we manage these exposures through the use of derivative instruments. We primarily use foreign currency forward contracts to hedge the foreign currency fluctuation associated with firmly committed and forecasted foreign currency denominated payments and receipts. The derivative instruments associated with these anticipated transactions are usually designated and qualify as cash flow hedges, and as such the gains and losses associated with these instruments are recorded in other comprehensive income until such time that the underlying transactions are recognized. Unless these cash flow contracts are deemed to be ineffective or are not designated as cash flow hedges at inception, changes in the derivative fair value will not have an immediate impact on our results of operations since the gains and losses associated with these instruments are recorded in other comprehensive income. When the anticipated transactions occur, these changes in value of derivative instrument positions will be offset against changes in the value of the underlying transaction. When an anticipated transaction in a currency other than the functional currency of an entity is recognized as an asset or liability on the statement of financial position, we also hedge the foreign currency fluctuation of these assets and liabilities with derivative instruments after netting our exposures worldwide. These derivative instruments do not qualify as cash flow hedges.

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

Financial statements of operations for which the U.S. dollar is not the functional currency, and which are located in non-highly inflationary countries, are translated into U.S. dollars prior to consolidation. Assets and liabilities are translated at the exchange rate in effect at the statement of financial position date, while income statement accounts are translated at the average exchange rate for each period. For these operations, translation gains and losses are recorded as a component of accumulated other comprehensive income (loss) in stockholders' equity until the foreign entity is sold or liquidated. For operations in highly inflationary countries and where the local currency is not the functional currency, inventories, property, plant and equipment, and other non-current assets are converted to U.S. dollars at historical exchange rates, and all gains or losses from conversion are included in net income. Foreign currency effects on cash, cash equivalents and debt in highly inflationary economies are included in interest income or expense.

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

Interest rate risk

We assess effectiveness of forward foreign currency contracts designated as cash flow hedges based on changes in fair value attributable to changes in spot rates. We exclude the impact attributable to changes in the difference between the spot rate and the forward rate for the assessment of hedge effectiveness and recognize the change in fair value of this component immediately in earnings. Considering that the difference between the spot rate and the forward rate is proportional to the differences in the interest rates of the countries of the currencies being traded, we have exposure in the unrealized valuation of our forward foreign currency contracts to relative changes in interest rates between countries in our results of operations. Based on our portfolio as of June 30, 2020, we have material positions with exposure to interest rates in the United States, Canada, Australia, Brazil, the United Kingdom, Singapore, the European Community, and Norway.

Credit risk

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.

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

Additional information about credit risk is incorporated herein by reference to Note 14 to our interim financial statements.

2. 2020 INTERIM MANAGEMENT REPORT

2.1 HALF-YEAR RESULTS

BUSINESS OUTLOOK

Overall Outlook

The price of crude oil moved higher in the second quarter of 2020 despite the volatility experienced early in the period. However, oil prices were still down more than 30% since the start of the year, primarily due to the excess market supply. The significant demand destruction related to the coronavirus disease 2019 ("COVID-19") pandemic continued throughout the period. The short-term outlook improved as the OPEC+ countries adopted a more constructive approach toward managing the oversupplied market.

Long-term demand is still forecast to rise, and we believe this outlook will ultimately provide our customers with the confidence to increase investments in new sources of oil and natural gas production. We continue to believe that offshore and deepwater developments will remain a significant part of our customers' portfolios in the long-term. TechnipFMC's strong positioning in transition fuels, such as natural gas, will also allow us to play a key role in the energy transition markets.

COVID-19 - During the first half of the year, we experienced operational impacts as a result of COVID-19. These impacts included supply chain disruptions; productivity declines; and logistics constraints. There has been a resumption of activity from some suppliers, and we expect that other supply chain impacts will subside as regional restrictions are removed, subject to any future deterioration in the global COVID-19 situation. We believe, given the long-cycle nature of our projects, that we will be able to mitigate a majority of the impacts related to supply chain disruption.

Even though many of our locations remained open, we experienced productivity declines as a result of the pandemic. The energy sector was deemed to be an essential business in most countries, which provided us the flexibility to keep offices and manufacturing centers open. We allowed all non-essential personnel to work from home but in some cases we experienced reduced productivity as employees transitioned to the new work environment. We also experienced periodic productivity declines in our manufacturing facilities as employee groups were isolated in the event of a COVID-19 exposure.

We also experienced logistics impacts related to the movement of personnel and equipment due to new COVID-19 regulations. Specifically, these impacts included delays in crew changes on vessels due to quarantine periods and limitations on travel to and from points of embarkation.

In addition to these operational impacts, we incurred incremental, direct costs related to voluntary measures implemented to ensure the safety of employees, contractors, suppliers, and clients. We activated a COVID-19 Incident Management Team in order to administer a consistent response throughout our global operations and provide coordinated support to localized events. Specific actions taken by the team included the following:

- Established a thorough Business Continuity Planning process, which included the work from home initiative, when practical, to support continuity of operations;

- Adopted enhanced sanitation practices across all offices and facilities, implemented personal hygiene protocols and measures to restrict non-essential business travel, and restricted non-essential visitors from visiting our offices and facilities;

- Provided personal protective equipment and performed proactive health screening and testing of offshore personnel and required employees to self-quarantine when they may have been exposed to, or shown any symptoms of COVID-19;

- Collaborated more closely with clients to mitigate COVID-19 impacts in order to advance projects and meet customer requirements, albeit at reduced productivity in some instances; and

- Engaged with critical vendors regarding their own pandemic preparedness plans to minimize the impact to our business operations.

Senior management is continuously monitoring the situation and providing frequent communications to both employees and external clients and partners. Regulatory directives and COVID-19 case management continued to result in the periodic full or partial operational disruption of some of our facilities, vessels, and suppliers, and we expect some level of disruption to continue in the second half of the year.

More specific impacts of COVID-19 and the commodity price decline as well as the outlook for the business segments are provided below.

Subsea - The impact of the low crude oil price environment has led many of our customers to significantly reduce their capital spending plans. TechnipFMC continues to engage with its customers and alliance partners as they work to update their business plans. We did not receive any cancellations for projects in backlog during the period.

We believe that deepwater will become an even more prevalent piece of the energy mix as project economics remain attractive, particularly for brownfield developments. Sanctioning on a number of greenfield projects has shifted from the current year, impacting our previous projection for 2020 orders. We continue to evaluate approximately $11 billion of large project opportunities that we believe are still likely to move forward over the next 24 months. Additional projects approaching $6 billion in value have been extended beyond this timeframe but remain active and subject to future award. Large project activity continues to demonstrate our strength in important basins such as Brazil, Guyana, and Norway.

Beyond this large project activity, our orders have been supported by subsea services, direct iEPCI™ awards and small project activity, much of which is exclusive to TechnipFMC. These opportunities have generated over $3 billion of inbound orders in each of the last three years and are enabled by our installed base, growing list of alliance partners, and unique integrated FEED capabilities. We anticipate resiliency in services activity, where we expect to benefit from the industry's largest installed base of subsea equipment in operation today, as well as a likely shift by some clients from greenfield developments to brownfield intervention.

We continue to work closely with our customers through early engagement in iFEED™ and the use of iEPCI™ to allow more project final investment decisions through the cycle. iEPCI™ can support our clients' initiatives to improve subsea project economics by helping to reduce cost and accelerate time to first oil. TechnipFMC's integrated commercial model now accounts for a significant portion of our orders and revenue and will serve as our standard approach to new business going forward.

As the subsea industry continues to evolve, we are accelerating actions to further streamline our organization, achieve standardization, and reduce cycle times. Continued rationalization of our global footprint will also further leverage the benefits of the integrated offering. We aim to continuously align our operations with activity levels, while preserving our core capacity in order to deliver current projects in backlog and future order activity.

Technip Energies - Given the long cycle nature of the business, the resilience and maturity of the projects in backlog and our diversified global footprint, we have been able to mitigate a significant portion of COVID-19 operational impacts. The near-term effects relate more to operational efficiencies and timing issues and not the stoppage of projects.

Onshore market activity continues to provide a tangible set of opportunities, albeit at lower levels than previously forecast. We expect natural gas and renewables to take a larger share of global energy demand as evidenced by the record level of new LNG capacity sanctioned in 2019.

Market dynamics for LNG have shifted in recent months, and this will alter the broader LNG landscape in the near-term. The number of economically viable LNG projects is likely to decline, and many of the remaining qualified EPC contractors will be challenged in this period of subdued project sanctioning. Technip Energies has demonstrated remarkable resilience through past cycles, and we do not believe this is the start of an extended downturn for our Company. We have already been awarded two additional projects, Rovuma in Mozambique and Energia Costa Azul in Mexico, although both remain subject to final investment decision, and neither of these projects are included in our backlog today. In addition, we are actively tendering a major project in the Middle East and performing front-end work on other LNG prospects, some of which are likely to move forward due in part to their strategic importance to their host country. We continue to believe that the long-term fundamentals for natural gas – LNG in particular - remain strong given its critical role as a transition fuel.

As an industry leader, TechnipFMC is well positioned for growth in new liquefaction and regasification capacity as well as opportunities in biofuels, green chemistry, and other energy alternatives. Active engagement in FEED studies provides a platform for early collaboration with clients and can significantly de-risk project execution while also supporting our pursuit of EPC contracts. Our direct engagement led to the signing of a major EPC contract in July for the construction of a new hydrocracking complex for the Assiut refinery in Egypt. Additionally, we continue to selectively pursue refining, petrochemical, fertilizer and renewables project opportunities in the Middle East, Africa, Asia and North America as these sectors typically prove to be more resilient through a downturn.

Offshore market activity is expected to weaken in the near-term as sanctioning on a number of greenfield projects is likely to shift from the current year. Recent discoveries of offshore fields with reserves in regions such as Australia and East Africa are expected to benefit future activity; however, the timing of increased investment in these regions could be deferred. In the long-term, new upstream investment will also be required as gas becomes a bigger portion of the global energy mix.

Surface Technologies - North American activity declined significantly during the first half of 2020, primarily driven by a significant decline in rig count and fracturing crews over the period. We have taken rapid and aggressive actions to reduce our costs as we look to mitigate the steep sales decline anticipated in the current year. The number of U.S. fracturing crews has started to recover from the recent trough reached in May, and activity more broadly is expected to remain flat during the second half of 2020.

Activity outside North America is expected to remain more resilient. We also continue to benefit from our exposure to the Middle East and Asia Pacific, both of which are being supported by strength in gas-related activity. The business mix outside of North America is expected to account for as much as 60% of total segment revenue for 2020.

Financial Position Outlook

In the current, uncertain market environment due to the COVID-19 pandemic and the oil price decline, we are strategically focused on cash and liquidity preservation.

We reduced our expectations for capital expenditures in the current year by more than 30% to approximately $300.0 million. Projected capital expenditures for 2020 do not include any contingent capital that may be needed to respond to a contract award.

We announced a series of cost reduction initiatives that will result in annualized savings of more than $350.0 million that extend to all business segments and support functions. We anticipate achieving the targeted savings run-rate by the end of the year.

Additionally, we announced revisions to compensation through the end of the year which include a 30% reduction to the Chairman and Chief Executive Officer’s salary; a 30% reduction in the Board of Directors’ retainer; and a 20% reduction to the Executive Leadership team’s salaries.

In April 2020, our Board of Directors announced its decision to lower the annual dividend by 75% to $0.13 per share. TechnipFMC paid a dividend of $0.13 per share earlier this year, and this fulfills the annual dividend distribution for 2020. The revised dividend policy will reduce the annual cash outflow by $175 million when compared to the previous year’s distribution. We intend to pay the 2021 dividend in quarterly installments beginning in April 2021.

Historically, TechnipFMC has generated liquidity and capital resources primarily through operations and, when needed, through its credit facility. We have $1,040.5 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 its businesses. We completed the following transactions in order to enhance our total liquidity position:

– Issued €150 million aggregate principal amount of new 4.500% notes due June 30, 2025. On July 31, 2020, we entered into a subscription agreement with respect to the issuance and sale of an additional €50.5 million aggregate principal amount of the Euro Denominated Notes, which closed on August 4, 2020;

– Entered into a new, six-month €500 million senior unsecured revolving credit facility agreement, which may be extended for two additional three-month periods; and

– Entered into the the Bank of England's COVID Corporate Financing Facility program, which allows us to issue up to £600 million of unsecured commercial paper notes.

While client conversations remain ongoing, the Company’s increased visibility gives us confidence in our full-year guidance for all business segments. We expect free cash flow to be between cash flow neutral and $150.0 million. We define free cash flow as cash flow from operating activities less capital expenditures.

CONSOLIDATED RESULTS OF OPERATIONS OF TECHNIPFMC PLC
SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(In millions, except %)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change $	Change %
Revenue	$ 6,290.8	$ 6,362.4	$ (71.6)	(1.1)
Costs and expenses				
Cost of sales	5,337.2	5,145.3	191.9	3.7
Selling, general and administrative expense	529.5	621.8	(92.3)	(14.8)
Research and development expense	73.4	69.2	4.2	6.1
Impairment, restructuring and other expenses	3,266.7	25.7	3,241.0	12,610.9
Separation costs	27.1	—	27.1	100.0
Merger transaction and integration costs	—	25.0	(25.0)	(100.0)
Total costs and expenses	9,233.9	5,887.0	3,346.9	56.9
Other expense, net	(56.0)	(127.1)	71.1	55.9
Income (loss) from equity affiliates	41.5	(2.5)	44.0	1,760.0
Net interest expense	(166.4)	(253.2)	86.8	34.3
Profit (loss) before income taxes	(3,124.0)	92.6	(3,216.6)	(3,473.7)
Provision for income taxes	47.6	1.1	46.5	4,227.3
Net profit (loss)	(3,171.6)	91.5	(3,263.1)	(3,566.2)
Net profit attributable to non-controlling interests	(14.0)	(15.6)	1.6	10.3
Net profit (loss) attributable to TechnipFMC plc	$ (3,185.6)	$ 75.9	$ (3,261.5)	(4,297.1)

Revenue

Revenue decreased $71.6 million or 1.1% in the first six months of 2020, compared to the prior-year period. Subsea revenue decreased year-over-year primarily due to negative impacts from foreign exchange translation due to a stronger U.S. dollar. Excluding foreign exchange impacts, project revenue grew primarily due to increased project activity in the Gulf of Mexico and Norway. Increased revenue in Technip Energies was primarily driven by the continued ramp-up of Arctic LNG 2, increased activity on downstream projects and Process Technology business, more than offset the decline in revenue from Yamal LNG, which continues to progress through the warranty phase. Technip Energies revenue was negatively impacted by COVID-19 related disruptions, which were offset by the increase in revenue as a result of a litigation settlement. Surface Technologies revenue decreased versus the prior-year period, primarily as a result of the significant decline in North American activity, the inbound delay in International market areas, and the impact of COVID-19 related disruptions.

Gross Profit

Gross profit (revenue less cost of sales) as a percentage of sales decreased to 15.2% in the first six months of 2020, from 19.1% in the prior-year period. Subsea gross profit primarily decreased due to a more competitively priced backlog and the negative operational impacts related to COVID-19. Gross profit declined in Technip Energies due in large part to a reduced contribution from Yamal LNG as the project reached physical completion last year and is progressing through the warranty phase. Surface Technologies gross profit was negatively impacted primarily by the year-over-year decline in North American drilling and completions activity.

Selling, General and Administrative Expense

Selling, general and administrative expense decreased $92.3 million year-over-year, primarily as a result of decreased corporate expenses, driven by the accelerated pace of cost reduction actions.

Impairment, Restructuring and Other Expenses

During the first half of 2020, triggering events were identified which led to performing interim goodwill and property, plant and equipment impairment testing in our Subsea, Surface Americas and Surface International operating segments as of June 30, 2020. These events included the COVID-19 pandemic breakout, commodity price declines, and a significant decrease in our market capitalization as well as those of our peers and customers. We incurred $3,266.7 million of restructuring, impairment and other charges during the first six months of 2020. These charges primarily included $2,997.7 million of goodwill impairment, $142.0 million of property, plant and equipment impairment, $65.4 million of COVID-19 related expenses, and $61.6 million for restructuring and severance expenses. COVID-19 related expenses represent unplanned, one-off, incremental and non-recoverable costs incurred solely as a result of COVID-19 pandemic situation, which would not have been incurred otherwise. COVID-19 related expenses primarily included (a) employee payroll and travel, operational disruptions associated with quarantining, personnel travel restrictions to job sites, and shutdown of manufacturing plants and sites; (b) supply chain and related expediting costs of accelerated shipments for previously ordered and undelivered products; (c) costs associated with implementing additional information technology to support remote working environments; and (d) facilities-related expenses to ensure safe working environments. COVID-19 related expenses exclude costs associated with project and/or operational inefficiencies, time delays in performance delivery, indirect costs increases and potentially reimbursable or recoverable expenses. See Note 6 for further details.

Merger Transaction and Integration Costs

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

Separation Costs

We incurred $27.1 million of separation costs associated with the preparation of the separation transaction during the six months of 2020. There were no separation costs incurred during 2019. Due to the COVID-19 pandemic, the significant decline in commodity prices, and the heightened volatility in global equity markets, we have postponed the completion of the transaction until the markets sufficiently recover. See Note 2 for further details.

Other Income (expense), Net

Other income (expense), net, primarily reflects foreign currency gains and losses, including gains and losses associated with the remeasurement of net cash positions. In the first six months of 2020, we recognized $54.7 million of net foreign exchange losses, compared with $40.9 million of net foreign exchange loss in the prior year period. The increase in foreign exchange losses during the first six months of 2020 resulted from the effects of the strengthening U.S. dollar on naturally hedged projects and increased hedging costs due to high volatility in the currency and interest rate markets. Other income (expense), net for the first half of 2019 also included a legal provision, net of settlements, of $55.2 million.

Net Interest Expense

Net interest expense decreased $86.8 million in the first six months of 2020, compared to 2019, primarily due to the change in the fair value of the redeemable financial liability. We revalued the Yamal LNG mandatorily redeemable financial liability to reflect current expectations about the obligation and recognized a charge of $86.3 million during the first half of 2020 as compared to $224.9 million recognized during the same period in 2019. See Note 14 for further details. Net interest expense, excluding the fair value measurement of the Yamal LNG mandatorily redeemable financial liability, also includes the impact of interest income and expenses, which were lower on a net basis compared to the first half of 2019.

Provision for Income Taxes

The effective tax rate was (1.5)% and 1.1% for the six months ended June 30, 2020 and 2019, respectively. The year-over-year increase in the effective tax rate was primarily due to the impact of nondeductible goodwill impairments, offset in part by a favorable change in forecasted earnings mix. Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to higher tax rates than in the United Kingdom.

SEGMENT RESULTS OF OPERATIONS OF TECHNIPFMC PLC
SIX MONTHS ENDED JUNE 30, 2020 AND 2019

Segment operating profit is defined as total segment revenue less segment operating expenses. Certain items have been excluded in calculating segment operating profit (loss) and are included in corporate items. See Note 4 for further details.

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Subsea

	Six Months Ended June 30,		Favorable/(Unfavorable)	
(In millions, except %)	**2020**	**2019**	**$**	**%**
Revenue	$ 2,631.6	$ 2,705.5	(73.9)	(2.7)
Operating profit (loss)	$ (2,890.2)	$ 129.7	(3,019.9)	n/a
Operating profit (loss) as a percentage of revenue	(109.8)%	4.8 %		(114.6) pts.

Subsea revenue decreased $73.9 million or 2.7% year-over-year, primarily due to negative impacts from foreign exchange translation of $198.0 million due to a stronger U.S. dollar. Excluding foreign exchange impacts, project revenue grew primarily due to increased project activity in the Gulf of Mexico and Norway. Despite operational challenges associated with COVID-19 related disruptions, we continued to demonstrate strong execution of backlog.

Subsea operating loss is due primarily to significant impairment charges and other non-recurring charges. The operating loss included $2,925.9 million of goodwill and property, plant and equipment impairments, restructuring and other charges and COVID-19 related expenses compared to $6.8 million in 2019. Non-recurring charges incurred related to COVID-19 disruptions during the period were $31.4 million. See Note 6 for further details.

Technip Energies[(a)]

	Six Months Ended June 30,		Favorable/(Unfavorable)	
(In millions, except %)	**2020**	**2019**	**$**	**%**
Revenue	$ 3,086.0	$ 2,840.1	245.9	8.7
Operating profit	$ 372.7	$ 431.0	(58.3)	(13.5)
Operating profit as a percentage of revenue	12.1 %	15.2 %		(3.1) pts.

(a) In connection with the planned separation transaction, in the first half of 2020, we renamed our Onshore/Offshore segment Technip Energies. See Note 1 for further details.

Technip Energies revenue increased $245.9 million or 8.7% year-over-year. Revenue benefited from higher activity in LNG, downstream and by our Process Technology business. The continued ramp-up of Arctic LNG 2 more than offset the decline in revenue from Yamal LNG which continues to progress through the warranty phase. COVID-19 related operational efficiencies and business disruption also impeded revenue growth during the six months ended June 30, 2020. Revenue during the period benefited from a $113.2 million litigation settlement.

Operating profit decreased year-over-year, primarily due to a reduced contribution from Yamal LNG and lower margin realization on early stage projects, including Arctic LNG 2. Project execution remained strong across the portfolio. Non-recurring charges incurred related to COVID-19 disruptions during the period were $28.7 million. See Note 6 for further details.

Surface Technologies

(In millions, except %)	Six Months Ended June 30, 2020	2019	Favorable/(Unfavorable) $	%
Revenue	$ 573.2	$ 816.8	(243.6)	(29.8)
Operating profit (loss)	$ (292.9)	$ 48.7	(341.6)	n/a
Operating profit (loss) as a percentage of revenue	(51.1)%	6.0 %		(57.1) pts.

Surface Technologies revenue decreased $243.6 million or 29.8% year-over-year, primarily driven by the significant decline in North American activity. COVID-19 related disruptions and reduced activity levels led to a more modest revenue decline outside of North America, where over 50% of total segment revenue was generated during the period.

Surface Technologies operating loss was primarily due to impairment and restructuring charges. Operating loss was also negatively impacted by the reduced demand in North America driven by the significant decline in rig count and completions-related activity. Non-recurring charges incurred related to COVID-19 disruptions during the period were $5.3 million. See Note 6 for further details.

Corporate Expenses

(In millions, except %)	Six Months Ended June 30, 2020	2019	Favorable/(Unfavorable) $	%
Corporate expense	$ (92.5)	$ (222.7)	130.2	58.5

Corporate expenses decreased by $130.2 million primarily due to lower activity and cost cutting measures implemented during the first six months of 2020 and included $27.1 million of separation costs incurred during the first half of 2020. Corporate expense incurred during the first six months of 2019 included a legal provision, net of settlements of $55.2 million and $25.0 million of integration expenses.

INBOUND ORDERS AND ORDER BACKLOG

Inbound orders - Inbound orders represent the estimated sales value of confirmed customer orders received during the reporting period. COVID-19 has had a minimal impact on our ability to finalize sales contracts required to recognize new inbound orders during the first six months of 2020. However, the significant decline in commodity prices, due in part to the lower demand resulting from COVID-19, is expected to negatively impact the near-term outlook for inbound orders.

(In millions)	Inbound Orders Six Months Ended June 30, 2020	2019
Subsea	$ 1,683.8	$ 5,310.4
Technip Energies	1,396.4	11,270.0
Surface Technologies	553.4	783.6
Total inbound orders	$ 3,633.6	$ 17,364.0

Order backlog - Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. Backlog reflects the current expectations for the timing of project execution. The scheduling of some future work included in our order backlog has been impacted by COVID-19 related disruptions and remains subject to future adjustment. See Note 3 for further details.

	Order Backlog	
(In millions)	**June 30, 2020**	**December 31, 2019**
Subsea	$ 7,085.3	$ 8,479.8
Technip Energies	13,132.6	15,298.1
Surface Technologies	385.9	473.2
Total order backlog	$ 20,603.8	$ 24,251.1

Subsea - Order backlog for Subsea at June 30, 2020 decreased by $1.4 billion compared to December 31, 2019. Subsea backlog of $7.1 billion at June 30, 2020 was composed of various subsea projects, including Total Golfinho; Eni Coral and Merakes; Petrobras Mero I; Energean Karish; ExxonMobil Liza Phase 2; Neptune Duva & Gjøa P1; Reliance MJ1; Equinor Johan Sverdrup Phase 2; Husky West White Rose; BP Platina; Chevron Gorgon Stage 2; and Woodside Pyxis and Lambert Deep.

Technip Energies - Technip Energies order backlog at June 30, 2020 decreased by $2.2 billion compared to December 31, 2019. Technip Energies backlog of $13.1 billion at June 30, 2020 was composed of various projects, including Arctic LNG 2, Yamal LNG; Midor refinery expansion; BP Tortue FPSO; Long Son Petrochemicals; ExxonMobil Beaumont refinery expansion; HURL fertilizer plants; Petronas Kasawari; Energean Karish; Neste bio-diesel expansion; and Motor Oil Hellas New Naphtha Complex.

Surface Technologies - Order backlog for Surface Technologies at June 30, 2020 decreased by $87.3 million compared to December 31, 2019. Given the short-cycle nature of the business, most orders are quickly converted into sales revenue; longer contracts are typically converted within 12 months.

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

	Non-consolidated Order Backlog	
(In millions)	**June 30, 2020**	**December 31, 2019**
Subsea	$ 702.8	$ 799.2
Technip Energies	2,095.4	2,976.0
Total order backlog	$ 2,798.2	$ 3,775.2

2.2 PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the business activities of the Company that could lead to a significant loss of reputation or could impact on the performance of the Company, along with our approach to managing, mitigating and monitoring these risks, remain broadly unchanged from those described in our 2019 U.K. Annual Report. The key risks are in the following categories:

- Market consolidation and competition
- Technology and innovation
- Legal and regulatory risk
- Political, economic and social risk
- Safety, health and environment
- IT systems, data security and cyber security
- Ethics, governance and control
- Staff recruitment, retention and development
- Market and commodity price volatility
- Contract, litigation and insurance risk
- Project execution, third-party risk and backlog conversion
- Debt and access to credit
- Taxation and currency exposure
- Proposed separation of Technip Energies

In addition to our principal risks and uncertainties previously disclosed in our 2019 U.K. Annual Report the following risk factor was identified in early 2020:

The COVID-19 pandemic has significantly reduced demand for our products and services, and has had, and may continue to have, an adverse impact on our financial condition, results of operations, and cash flows.

The COVID-19 pandemic, including actions taken by governments and businesses, has resulted in a significant reduction in global economic activity, including increased volatility in global oil and natural gas markets. Measures taken to address and limit the spread of the disease-such as stay-at-home orders, social distancing guidelines, and travel restrictions-have adversely affected the economies and financial markets of many countries. The resulting disruption to our operations, communications, travel, and supply chain may continue or increase in the future, and could limit the ability of our employees, partners, or vendors to operate efficiently or at all, and has had, and is reasonably likely to continue to have, an adverse impact on our financial condition, operating results, and cash flows.

While the full impact of the COVID-19 pandemic is not yet known, we are closely monitoring the effects of the pandemic on commodity demands and on our customers, as well as on our operations and employees. These effects include adverse revenue and net income effects; disruptions to our operations; potential project delays or cancellations; employee impacts from illness, school closures, and other community response measures; and temporary closures of our facilities or the facilities of our customers and suppliers.

COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, could also aggravate the other risk factors that we identified in our Annual Report for the year ended December 31, 2019, including but not limited to risks related to the demand for oil and gas, which may not recover immediately. The full extent to which the COVID-19 pandemic will impact our results is unknown and evolving and will depend on various factors and consequences beyond our control, such as the severity, duration, and spread of COVID-19; the success of actions taken by governments and health organizations to combat the disease and treat its effects; decisions by

our alliance partners and customers regarding their business plans and capital expenditures; and the extent to which, and the timing of, general economic and operating conditions recover.

For further details on the management of risk and the principal risks and uncertainties see our 2019 U.K. Annual Report.

2.3 RELATED PARTY TRANSACTIONS

Receivables, payables, revenues, and expenses which are included in our consolidated financial statements for all transactions with related parties, defined as entities related to our directors and main shareholders as well as the partners of our consolidated joint ventures, were as follows:

Trade receivables consisted of receivables due from following related parties:

(In millions)	June 30, 2020	December 31, 2019
TP JGC Coral France SNC	$ 35.9	$ 40.1
TTSJV W.L.L.	16.8	22.4
Novarctic SNC	5.4	—
Others	19.1	14.3
Total trade receivables	$ 77.2	$ 76.8

TP JGC Coral France SNC, TTSJV W.L.L. and Novarctic SNC are equity method affiliates.

Trade payables consisted of payables due to the following related parties:

(In millions)	June 30, 2020	December 31, 2019
Chiyoda	$ 16.6	$ 24.8
JGC Corporation	4.2	15.1
IFP Energies nouvelles	2.2	2.4
Dofcon Navegacao	1.5	2.1
Others	2.8	6.7
Total trade payables	$ 27.3	$ 51.1

Chiyoda and JGC Corporation are joint venture partners on our Yamal project. A member of our Board of Directors served as an executive officer of IFP Energies nouvelles until June 2020. Dofcon Navegacao is an equity method affiliate.

Additionally, we have a note receivables balance of $52.8 million and $65.2 million at June 30, 2020 and December 31, 2019, respectively. The note receivables balance includes $50.1 million and $62.5 million with Dofcon Brasil AS as of June 30, 2020 and December 31, 2019, respectively. Dofcon Brasil AS is an equity method affiliate. These are included in other assets on our condensed consolidated statement of financial position.

Revenue consisted of amount from following related parties:

	Six Months Ended June 30,	
(In millions)	2020	2019
TTSJV W.L.L.	$ 28.6	$ 75.5
TP JGC Coral France SNC	19.2	77.7
Techdof Brasil AS	4.4	—
Dofcon Navegacao	0.6	5.7
Anadarko Petroleum Company	—	40.8
TOP CV	—	4.0
Others	13.6	$ 22.5
Total revenue	$ 66.4	$ 226.2

A member of our Board of Directors (the “Director”) served on the Board of Directors of Anadarko Petroleum Company (“Anadarko”) until August 2019. In August 2019, Anadarko was acquired by Occidental Petroleum Corporation (“Occidental”). As a result, the Director no longer serves as a member of the Board of Directors of Anadarko. The Director is not an officer or director of Occidental.

Techdof Brasil AS is a wholly owned subsidiary of Dofcon Brasil AS, our equity method affiliate.

TOP CV was previously an equity method affiliate that became a fully consolidated subsidiary on December 30, 2019. See Note 2 for further details.

Expenses consisted of amount to following related parties:

	Six Months Ended June 30,	
(In millions)	**2020**	**2019**
Dofcon Navegacao	$ 11.8	$ 0.4
Arkema S.A.	2.8	9.8
IFP Energies nouvelles	1.8	1.0
Magma Global Limited	1.6	3.2
Serimax Holdings SAS	0.5	17.7
JGC Corporation	0.4	18.9
Chiyoda	—	17.6
Others	10.8	9.2
Total expenses	$ 29.7	$ 77.8

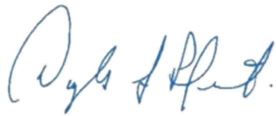
Magma Global Limited and Serimax Holdings SAS are equity method affiliates. A member of our Board of Directors serves on the Board of Directors for Arkema S.A.

3. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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



Douglas J. Pferdehirt
Chairman and Chief Executive Officer
August 14, 2020

4. INDEPENDENT REVIEW REPORT TO TECHNIPFMC PLC

Independent review report to TechnipFMC plc

Report on the interim condensed consolidated financial statements

Our conclusion

We have reviewed TechnipFMC plc's 2020 interim condensed consolidated financial statements (unaudited) (the "interim financial statements") in the IFRS Financial Statements for the half-year ended June 30, 2020 of TechnipFMC plc for the 6 month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position (unaudited) as at 30 June 2020;
- the condensed consolidated statements of income (unaudited) for the period then ended;
- the condensed consolidated statements of comprehensive income (unaudited) for the period then ended;
- the condensed consolidated statements of cash flows (unaudited) for the period then ended;
- the condensed consolidated statements of changes in stockholders’ equity (unaudited) for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

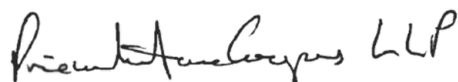
Our responsibility is to express a conclusion on the interim financial statements in the IFRS Financial Statements for the half-year ended June 30, 2020 based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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

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

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants
Aberdeen
August 14, 2020