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PRESENTATION

Operator

Good day. My name is Lisa, and I will be your conference operator today. At this time, I would like to welcome everyone to the TechnipFMC Third Quarter 2021 Earnings Conference Call.

(Operator Instructions)

I would now like to turn the call over to Mr. Matt Seinsheimer. Please go ahead, sir.

Matt Seinsheimer - *TechnipFMC plc - VP of IR*

Thank you, Lisa. Good morning and good afternoon, and welcome to TechnipFMC's Third Quarter 2021 Earnings Conference Call. Our news release and financial statements issued yesterday can be found on our website.

I'd like to caution you with respect to any forward-looking statements made during this call. Although these forward-looking statements are based on our current expectations, beliefs and assumptions regarding future developments and business conditions, they are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by these statements.

Known material factors that could cause our actual results to differ from our projected results are described in our most recent 10-K, most recent 10-Q and other periodic filings with the U.S. Securities and Exchange Commission and the French AMF. We wish to caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

I will now turn the call over to Doug Pferdehirt, TechnipFMC's Chairman and Chief Executive Officer.

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Thank you, Matt. Good morning and good afternoon. Thank you, all, for participating in today's call. Joining me today is Alf Melin, our Chief Financial Officer.

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Results in the quarter reflect continued strength in operational performance and further support our confidence in achieving full year financial guidance. Total company revenue in the period was $1.6 billion. Total company adjusted EBITDA was $141 million, with an adjusted EBITDA margin of 8.9%.

Total company inbound orders in the quarter were $1.3 billion. Subsea inbound orders were $1.1 billion, bringing the year-to-date segment total to $3.9 billion. The strength of our inbound in the quarter was driven by direct awards, subsea services, alliance partners and several long-term vessel charters. Additionally, our Subsea opportunity list expanded for the fourth consecutive quarter and now shows project opportunities totaling $19 billion for potential award over the next 24 months when assuming the midpoint of the project ranges.

Inbound orders for Surface Technologies were $250 million in the third quarter. It is important to note that we expect a significant increase in order activity in the fourth quarter as we anticipate several multiyear awards will be made in the Middle East.

Subsea inbound growth in 2021 partly reflects the momentum we are seeing in Brazil. This has always been an important region for TechnipFMC. We have been present in the country for over 5 decades with a well-established supply chain at over 98% local content, contributing significantly to our success.

Additionally, an important part of our global research and development is carried out at our technology center in Rio de Janeiro. This year, our Brazil teams have achieved several impressive milestones. We received 2 contract awards from Petrobras. The first for the Marlim and Voador fields where we will provide subsea manifolds utilizing our second-generation all-electric robotic valve controller. And the second award to supply equipment and services for the Buzios 6 through 9 fields, extending our backlog well beyond the first scheduled delivery in 2023. Karoon Energy awarded us with our first iEPCI project in Brazil, another significant step in the global adoption of our integrated model. And we delivered our 700th tree manufactured in-country, reflecting a leadership position that has been built upon a long history of innovation and strong project execution.

During the quarter, we also signed 3 long-term vessel charter contracts with Petrobras. These awards will serve the Brazilian market for the next 3-plus years. The first 2 charters were for pipelay support vessels owned and operated through our joint venture with DOF Subsea. The third was for a wholly owned vessel that provides us with the ability to install flexible pipe in any water depth up to 3,000 meters and one that has consistently been awarded the client's highest rating for operational performance, quality of work and health, safety and environment. These awards also serve as a leading indicator of the strong demand for the flexible pipe market in Brazil.

For decades, flexible pipe has been the preferred solution in Brazil. The pipe's versatility has allowed the technology to evolve with the industry, adapting from shallow water to deep and ultra-deepwater. TechnipFMC has been a pioneer in flexibles since the early 1970s. We are constantly improving quality and reliability in increasingly harsh environments, and our Açu facility is a showcase for advanced manufacturing automation. More than 11,000 kilometers have been installed across the region, more than half of which was supplied by TechnipFMC, and we remain the market leader today.

High concentrations of CO2 in presalt fields has posed industry challenges for some applications of flexible pipe, particularly presalt gas injection risers, leading to a reduction in flexible volumes since the market peak in 2017. Outside of these limited applications, the low CO2 flexibles market in Brazil remains robust, supported by recent industry awards and tendering activity, which we believe will result in annualized volumes over the next 3 years that are more than double the current levels.

In 2018, to address the high CO2 industry challenge, we created a strategic alliance and made a minority investment in Magma Global, a leader in advanced composite technologies. With the ongoing success of this technology alliance, we were pleased to announce we acquired the remaining interest in Magma, and we are excited to welcome them to the TechnipFMC family. By combining their proprietary technology with our flexible pipe, we are advancing the development of a hybrid flexible pipe solution for use in the Brazilian pre-salt fields.

Our long history in Brazil, our research capabilities, our investment in disruptive technologies, our leadership in flexibles, our high-performing fleet, and most notably, the women and men that continue to drive our success, positions us well in what is expected to be the strongest subsea market this decade.

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We have previously outlined our focus areas of wind, wave, hydrogen and carbon transportation and storage. And we are making real progress in all of these areas. Additionally, we believe that composite technologies from Magma will be a critical enabler to the new energy transportation system.

We were also pleased to announce a long-term strategic alliance with Talos Energy to develop and deliver solutions for carbon capture and storage, or CCS. This is an important step for both companies, combining Talos' offshore operational strength and subsurface experience with our long history in subsea engineering, system integration and automation and control.

The alliance will initially focus on the U.S. Gulf Coast, which is a major source of CO2 emissions with a heavy concentration of refineries, liquefied natural gas plants and emerging blue hydrogen facilities. The alliance provides a platform to address this growing market need, and we look forward to working with Talos in the conversion of these identified opportunities. This type of collaboration, innovation and integration will position TechnipFMC to be a leading provider in carbon transportation and storage.

I will now turn the call over to Alf to discuss our financial results.

Alf T. Melin - *TechnipFMC plc - Executive VP & CFO*

Thank you, Doug. We had another solid quarter led by total company inbound orders of $1.4 billion. Revenue in the quarter was $1.6 billion with adjusted EBITDA of $141 million. Total company backlog was $7 billion at the end of the period. Backlog for Subsea stands at $6.7 billion, of which, just over $5.7 billion is scheduled for execution beyond 2021. We ended the quarter with cash and cash equivalents of $1 billion and net debt of $1.2 billion.

During the quarter, we recognized charges and credits that netted to an expense of $16 million and included the following items: expenses totaling $44 million related to impairment, restructuring and other charges, primarily related to a $37 million noncash impairment to our initial investment in Magma Global. These items were partially offset by income of $29 million on our equity ownership in Technip Energies, which primarily relates to the favorable change in market value during the period.

Loss from continuing operations was $0.09 per diluted share in the quarter. When excluding the impact of charges and credits that netted to an after-tax expense of $0.03 per share, the adjusted loss from continuing operations per share was $0.06. The adjusted loss from continuing operations also included the following items: a loss on an early extinguishment of debt of $16 million and a foreign exchange loss of $6 million.

Now let me turn to the segment results. I will focus on our sequential performance comparing the third quarter to our second quarter results. In Subsea, revenue of $1.3 billion decreased 6%, driven by lower activity in the North Sea and Asia. Adjusted EBITDA was $141 million, with an adjusted EBITDA margin of 11.2%, a sequential increase of 10 basis points despite the revenue decline. Inbound orders were $1.1 billion in the period, demonstrating our continued commercial success.

In Surface Technologies, third quarter revenue of $267 million decreased 3% from the second quarter. Revenue decreased primarily due to the timing of large multiyear international awards partially offset by increased revenue in North America. The continued growth in North America was driven by higher drilling and completion activity. Adjusted EBITDA was $28 million. Adjusted EBITDA margin was 10.6%, a decrease of 40 basis points from the second quarter, driven largely by lower segment revenue. Inbound orders for the quarter were $250 million.

Turning to corporate and other items in the period. Corporate expense was $29 million. We incurred a $6 million loss on foreign exchange. Net interest expense was $39 million. And lastly, tax expense, which came in at $12 million for the quarter.

Cash from continuing operations was $136 million with capital expenditures totaling $47 million. This resulted in free cash flow of $89 million in the third quarter. Free cash flow from continuing operations for the first 9 months of the year was $100 million, and we are on track to meet our full year free cash flow guidance of $120 million to $220 million. Cash flow in the quarter benefited from solid working capital inflows, which was in line with the commentary we provided on our second quarter earnings call.

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Capital expenditures are anticipated to increase from the third quarter level, largely driven by previously announced project awards in Subsea. We continue to see the potential for full year expenditures to come in below our guidance of approximately $250 million.

In the third quarter, we made significant progress in the monetization of our remaining stake in Technip Energies, announcing sales totaling 34 million shares of Technip Energies in multiple transactions. We received proceeds of $326 million in the quarter from a portion of the sale with the remaining sale transaction scheduled for settlement before the end of October for proceeds of approximately $115 million. Upon completion of these sales, we will have reduced our ownership in Technip Energies by 75% and will retain a 12% stake, which is currently valued at more than $350 million. There is no lockup associated with our remaining position.

During the quarter, we purchased $164 million of our 6.5% senior notes due 2026, the highest coupon debt within our capital structure, through a tender offer.

With regard to investment activity, we acquired the remaining 49% of shares in TIOS, our joint venture with Island Offshore, for $49 million during the quarter. This transaction brings to the company additional subsea expertise that will enhance our Life of Field services capabilities and provide a complete range of well services to our clients globally.

And as Doug mentioned in his remarks, we also acquired the remaining shares of Magma Global in early October for $64 million. As a reminder, we entered into a collaboration agreement with Magma in 2018, which included the purchase of a 25% ownership stake. As a result of the acquisition, we recorded a noncash impairment in the third quarter to our initial Magma investment, reflecting the purchase price paid for the remaining stake. The cash consideration will be paid to shareholders on Magma in 3 installments.

Let me close by highlighting a few takeaways from the quarter. We delivered solid operational performance in the period with total company adjusted EBITDA of $141 million and free cash flow from continuing operations of $89 million. Given these results, we are confident that we will meet our financial guidance for 2021. Additionally, the free cash flow generation of our business and ongoing monetization of our ownership stake in Technip Energies are supporting several important objectives. First, that we improve our capital structure, which we demonstrated during the quarter with a $400 million reduction of net debt as well as $185 million reduction of short- and long-term debt. And second, that we maintain the flexibility to invest in our future, which we have also demonstrated with the strategic investments in TIOS and Magma.

I will now turn the call back over to Doug for his closing remarks.

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Thank you, Alf. Before we move to Q&A, I want to close with a few remarks. Our third quarter results reflect a continuation of the strong operational performance that we demonstrated over the first half of the year, as Alf stated. We remain very confident in achieving our full year financial guidance.

Subsea orders have nearly matched the $4 billion inbound in all of 2020, and we remain on track to achieve solid double-digit growth. And the acquisition of Magma and our strategic alliance with Talos serve as tangible progress and further demonstrate the impactful role we will play in the energy transition.

Finally, I would like to remind everyone that on Tuesday, November 16, we will host our Analyst Day. During the event, we will demonstrate how we are leveraging and extending our core competencies of innovation, integration and collaboration to develop both new and novel energy resources offshore. We will provide updates on how we are using new commercial models and new technologies to further improve project economics and reduce carbon intensity in our conventional business while also transforming the way we fundamentally operate today. We will also have real examples on display to show you how TechnipFMC continues to drive change in the energy industry, and we hope to see you all there.

Operator, you may now open the line for questions.

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QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Arun Jayaram with JPMorgan Chase.

Arun Jayaram - *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

My first question is for Alf. I wanted to talk a little bit about the balance sheet improvement. You talked about $185 million of debt reduction. And I just wanted to get your thoughts on how your leading-edge conversations are going with the rating agencies? And is it reasonable to assume that you could be in line for an upgrade to IG status in the next year or so?

Alf T. Melin - *TechnipFMC plc - Executive VP & CFO*

Sure. Thank you for the question. Yes. So first of all, it remains one of our primary objectives, of course, to continue our deleveraging, as we have stated in previous calls. We were successful in reducing our net debt by $400 million from $1.6 billion to $1.2 billion in the quarter. We have continued to realize our Technip Energies shares, and we have started our debt reduction process with a debt tender offer this quarter, which netted about $164 million in debt reduction.

In terms of looking ahead at the rating agency question that you just phrased, a little bit more complicated to give a straight answer on how fast we can move on that. We are, first and foremost, really dedicated to our debt reduction, and we're going to let that play out. And as these metrics -- the debt -- the leverage metrics improve, we clearly expect it to into a range where it's possible to get back to investment grade.

Now exact timing of that, I'm not going to go and say that I have an exact timing, but it's not going to happen, let's say, in the short term, at least in the near term. So it will be something that is more on an intermediate-term basis.

Arun Jayaram - *JPMorgan Chase & Co, Research Division - Senior Equity Research Analyst*

Great. And then just my follow-up. Doug, what type of visibility are you seeing in Subsea orders into 2023, just given the improvement in the outlook for just commodity prices?

And then just maybe on the Analyst Day, it sounds like we're going to get to see a lot of -- it sounds like it's going to be a relatively meaty update. Can you maybe highlight on the financial side, anything we can look forward to in terms of longer-term outlook comments for you guys next month?

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Sure, Arun. Let's start with the Analyst Day question first. Indeed, you're going to see some longer-term projections that I think will be quite inspiring for many people. So we'll leave it at that. We have -- we'll have more to say here in just a few weeks at Analyst Day. But yes, you should expect some additional longer-term outlook as we really begin to see the full leverage and potential of this pure-play company.

Let me pivot to your second question or the first question you had for me, which was around the outlook around inbound orders for Subsea. Let me break it down. You said to 2023, that's a bit further than we've provided any sort of guidance or any sort of commentary on. But in fairness, we are getting close to 2022. So let me give you kind of my best outlook as we see things stacking up.

First and foremost, our front-end engineering activity continues to ramp up. We have exceeded the level that we anticipated for this year. And what's really interesting about what's going on is all of those proprietary projects that we're working on. Again, we had another solid quarter

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inbound in Q3, certainly when you compare it to the rest of the market. And the question is, how can we do that? And again, it comes back to the direct awards that we receive, by being the only company that has a fully integrated offering as well as the strength of our alliance partners.

So just to give you an example of that, in those front-end engineering studies that we're currently performing, approximately 2/3 of those are integrated projects, of which, 75% will be direct awarded to our company. They'll never go out into the competitive marketplace. So it gives you an idea of kind of the pipeline that we're building up.

If I try to translate that into some numbers that you might anticipate, look, in the fourth quarter, as we indicated, we expect to be in line with consensus. We commented on that last quarter. We don't change our view in any way on that. And that would deliver solid double-digit growth 2021 versus 2020, again, a fairly substantial feat coming out of 2020.

If you look a bit further beyond that, it gets a little more opaque, Arun, as you can expect at this time. But things are stacking up relatively nicely. We do have that proprietary pipeline that's unique to our company. So if you'll allow me to look at it from a 5-quarter perspective and meaning give me Q4 plus 2022 because some of the orders in Q4 may slide into 2022 or some orders that we anticipate currently early in the first quarter may be pulled into the fourth quarter. That just comes down to our clients' budgetary considerations at the end of the year. So if I look at those 5 quarters, Arun, we could see -- we could very well see our Subsea inbound orders approaching $7 billion.

Operator

(Operator Instructions) Your next question comes from the line of Waqar Syed with ATB Capital Markets.

Waqar Mustafa Syed - *ATB Capital Markets Inc., Research Division - MD of North American Energy Services & Head of U.S. Institutional Equity Research*

Could you maybe talk about some supply chain disruptions, if they had any impact on the quarter or in the coming quarters, both on the Surface side and Subsea side. And then, Doug, you talked about some of the competitive landscape and how you're positioned on the Subsea side. But could you talk about on the Surface side, what the competitive landscape is and what the pricing dynamics may be in that segment of the market.

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Sure. Thank you, Waqar. Again, I'll start with the second one first.

So Surface, our Surface business is very different as we have pointed out many times between Surface International and Surface Americas. Surface International is a much larger business for us than Surface Americas. And it's a market in which we are the industry leader. It's driven by technology. It's driven by projects, and we have a very unique vertically integrated supply chain. So -- and we're going to talk more about that at Analyst Day. As a matter of fact, we're going to show you a demonstration between a Surface International tree system versus the Surface Americas tree system. And I think it will help everybody understand what we've been talking about and how different they are. I've often said it's about a 10x difference.

So that's our SI business, Surface International business. We have really strong positions, particularly in the Middle East as well as North Africa. I mentioned in my prepared remarks, we're anticipating a really strong fourth quarter in inbound orders for Surface International, mainly being driven by the Middle East, 2 or 3 countries in the Middle East, and we couldn't be more excited about that.

Surface America is very different. Surface Americas, there's lots and lots of competition and we're not the market leader. We have a strong team and a strong reputation, and we have some very important clients. It tends to be the larger clients that we work for. And we have -- we're really proud of the work that we perform, but it is more of a commoditized product market, which is not necessarily where we're really differentiated as a technology company.

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In terms of pricing in both markets, we continue to see additional volumes coming through. When additional volumes come through, that tends to translate into pricing. But let me leverage -- or let me transition from the pricing question into the supply chain question. So when you look at our business, we're mainly a mid-cycle to long-cycle type business. It's why we have such a substantial backlog, which is very favorable, particularly having gone through with the industry and our company went through in 2020. We benefited by the strength of that backlog and have now come out even stronger and just got done talking about the potential inbound opportunities, which I think are quite eye-opening hopefully for everybody on the call for our Subsea business.

So -- when we think about the pricing in Surface in particular or in terms of the cycle of the business, when you have a short-cycle business and there's inflationary pressures. And look, we're all experiencing inflationary pressures. We're experiencing it in our personal lives as well as our professional lives. So it's very real.

Now I'm very proud of the work that our supply chain team has done. We've done really unique things to be able to offset a significant amount of the impact from the inflation. It's why we don't call it out. We manage around it, if you will, but it's there. It's absolutely there, Waqar. So when you're in a short-cycle business, where you don't have the ability to really lock in predetermined amounts of materials, et cetera, and you're responding to the market, there is greater inflation. So there, we would expect and we manage the business so that our pricing offsets that inflationary pressure. So in Surface Americas, certainly, pricing is a major discussion with our clients, and something that we will continue to do to offset the inflationary pressure in that short-cycle business.

Again, in the longer-cycle businesses, we have much better control of the inflation because of the uniqueness of our supply chain, the intimate partnerships that we not only have with our clients but also with our suppliers. We've helped many of them go through the 2020 period. We've become stronger as a result of that in terms of the relationship between our companies and they're giving us the benefit of that as we move into an inflationary environment. So there's many different aspects involved that we have a much better chance and opportunity to manage that inflation in the longer-cycle businesses than in the shorter-cycle businesses where, yes, you have to rely on pricing.

Operator

Your next question comes from the line of David Anderson with Barclays.

J. David Anderson - *Barclays Bank PLC, Research Division - Director and Senior North America Oilfield Services & Equipment Analyst*

Doug, that $7 billion number on orders that you just put out there, was that a Subsea number or was that a total order number?

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Subsea.

J. David Anderson - *Barclays Bank PLC, Research Division - Director and Senior North America Oilfield Services & Equipment Analyst*

Wow. And then on the Subsea side, can you just talk a little bit about how much of that you think is Brazil? It's kind of the one area we're starting to see a lot out of -- you noted a couple of awards recently. Can you maybe just talk about that market and kind of -- how do you see kind of Petrobras getting back to kind of maybe where they were before? Do you see -- obviously, they were a big chunk of offshore rigs at one time and kind of how they're coming back. Can you just kind of talk a little bit about some of the dynamics that are going down there and how you see the order book there? I'm just kind of curious how much of that $7 billion could be a Brazilian number.

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Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Sure. So let me expand it just slightly, David and say, South America, right? So South America is by far the most important market for our Subsea business this decade. But it's not just Brazil. Don't forget Guyana. Guyana is hugely important to us. We are deeply grateful for the relationship that we have with ExxonMobil and Hess in the country and the ability that we've been able to supply all of the subsea equipment in Brazil to date and continue to drive project performance and hopefully, future awards in Guyana. So Guyana is very important. We know that Suriname and other areas are beginning to develop. Later in the decade, I would say, towards the end of the decade, we would anticipate Mexico as well as being potentially a very important country in South America in terms of Subsea business.

Now turning to Brazil, clearly the largest. As pointed out in my prepared remarks, we've been there for 5 decades. We have 98% local content. We have more capabilities in Brazil than we have in any other country in terms of manufacturing, the fleet, R&D, the people, so forth and so on and just a long rich history. We manufactured -- we reached the manufacturing of our 700th tree in Brazil. I believe that's more than -- more or less the more than all the rest combined. So it's a very, very significant market for us. We're very, very proud. We feel very privileged.

We have a great relationship and a very long relationship with Petrobras. We've done a lot of new technology development with Petrobras. We talked about our robotic valve-controlled manifold. I mean this is amazing technology. We're already on our second generation of this technology in Brazil, and it really feeds our all-electric ambitions around the world. So a very important partnership, a well-established partnership. And yes, Brazil will play a major role, both in the 2022 inbound, but I would expect it to play a major role beyond that as well.

J. David Anderson - *Barclays Bank PLC, Research Division - Director and Senior North America Oilfield Services & Equipment Analyst*

And Doug, in your prepared remarks, you were talking about the surface orders kind of coming up here. You said there's a couple of big tenders that are coming up or a couple of big contracts. Sorry, can you expand a little bit about that? I believe you were talking about the Surface side in the Middle East. Could -- a little more color on there will be much appreciated.

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Sure, David. And yes, thanks for clarifying. I want to be -- yes, it is -- we were talking -- the significant increase in Q4 orders was in reference to Surface Technologies, specifically in the Middle East, and more specifically from -- in Abu Dhabi from ADNOC, and in Saudi Arabia from Saudi Aramco.

Operator

Your next question comes from the line of Ian MacPherson with Piper Sandler.

Ian MacPherson - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst of Oil Service*

Doug, I was curious if you -- we've seen that your pipeline slide has expanded over the past couple of quarters with a couple of major projects -- well, 2 very large and 1 and several medium-sized projects being added to the visible pipeline.

Would we be crazy to extrapolate a trend from that and expect more accretion in that opportunity to come into your view as you update that over the next couple of quarters? Would that be as you expect? Or do you think that maybe we've seen some bottled-up projects come back into focus and maybe that's more of a one-off phenomenon?

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Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Ian, thank you. That's a very interesting question. First of all, 4 quarters does make a trend, although I would caution not just to extrapolate and I'll explain why here in just a second.

Prior to explaining that, I'll comment on the latter part of the question. No. When I look at this opportunity list, look, there's a couple, let's be candid, that have been on this list for quite some time that have not yet moved to project FID. But the vast majority that are on this list are relatively new, if you will, within the recent quarters. So I wouldn't think of it as a -- I don't know -- I think you said as bottled up kind of projects coming through the pipeline. Certainly not when I think back to the comment I made and when we look at our front-end activity, which, again, is somewhat a reflection of the pre-opportunity Subsea opportunity list, right, things that may not yet be on the Subsea opportunity list.

And speaking of things that may not yet be on the Subsea opportunity list. I think it's also important to remember for our company, all of that integrated direct awards never show up on the Subsea opportunity list. Obviously, it would be a huge competitive disadvantage for me to give that information freely to the market. So again, like this quarter, when we have $1.1 billion in inbound and not really a name specific project in a press release. We had the vessels, but the -- the vessel charters but not necessarily a project. I mean that's a strong foundation that we built. But again, that comes through these -- this proprietary set of opportunities that isn't on the Subsea opportunity list.

Now all the way back to the beginning of your question and the reason I said I'd just be a little bit cautious. You've seen press releases or you -- well, maybe not press releases, but you've seen news articles and there's certain market intelligence out there around a couple of the Buzios projects that are likely to be FID-ed in the coming quarters, other -- potentially other projects that you may have heard about in the North Sea. So I could see quite a few of these because once they're awarded, then we take them off of the Subsea opportunity list. Is there -- are there other projects to backfill? Absolutely, as I indicated earlier. But I just wouldn't want to leave the impression that one could just extrapolate quarter-over-quarter-over-quarter of growth even though we have experienced that for the past 4 quarters. I'm just being very conservative and saying if in a particular quarter, 2 or 3 or 4 of these were awarded, that could be several billion coming off the list and maybe being replaced by more than several billion, but not necessarily in the same quarter.

Ian MacPherson - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst of Oil Service*

Very, very clear. For a follow-up, maybe I don't necessarily want to completely front-run your content for next month. But I know you'll talk about positioning for new energy projects, Deep Purple and otherwise. But just curious what time frame you think that type of work becomes material in your Subsea backlog? Is that -- are we going to start to see the beginnings of that in your orders in '22? Or does maybe the reawakening, the quickening of conventional Subsea oil projects come at the deferment or the expense of energy transition projects being accelerated?

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Sure. Thank you, Ian. For sure, you're going to hear much more about that here in a few weeks. But since you asked the question, I'll give you something to think about in anticipation of the Analyst Day. .

As we pointed out, we're very much focused on wind, wave, hydrogen and carbon transportation and storage. By the way, potentially some other offshore energy sources are not named in those 4 as well. But just sticking to those 4, as we've said, we want -- we believe our role is to be the enabler. We want to advance and accelerate the energy transition. But as a system integrator, which is deep in the DNA of our company, that's what we do, we integrate various technologies, we create -- we're the architect who brings together all of those elements and creates a very unique system. We're somewhat agnostic to which of those energy sources, if you will, generates revenue the quickest or even which one generates the most revenue for our company.

We just want to help the world and help the industry drive the energy transition by bringing 70% of the surface area of the globe, making it available to them, i.e., offshore. That's our domain. That's what we know. That's what we know very, very well. And because of that, more and more companies are coming to us, and you see us announcing 1, 2, 3 of these per quarter, announcing new investments that we've made, new relationships that we formed in this particular area.

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So let me just talk about one in particular, which is carbon capture and storage. So we couldn't be more proud of the announcement we made just within the last few days of an alliance that we formed with Talos Energy for doing carbon capture and storage in the Gulf of Mexico. As indicated in my prepared remarks, there is a significant amount of activity around the Gulf Coast region that would benefit from carbon capture and storage and is a way to really advance the objectives that we share and much of the world shares in really driving down greenhouse gas emissions. So in that particular area, again, having announced the alliance, it is possible that in 2022, already, we could begin to see potential award of projects moving forward in the of carbon capture and storage.

Operator

(Operator Instructions) Your next question comes from Vaibhav Vaishnav with Coker Palmer.

Vaibhav D. Vaishnav - *Coker Palmer Institutional, Research Division - Oilfield Services and Energy Transition Analyst*

Just to try to put in context of that $7 billion awards, potential awards over the next 12 months. Is that -- Is that fair to think that could be around 1x book-to-bill? Or -- I mean at least in the ballpark when I say that.

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

So let me clarify just one thing. It was over the next 5 quarters, so that would be over the next 15 months, right. What I was saying was it's hard to pinpoint exactly Q4 versus Q1 because some things will move back and forth. So I said based on 5 quarters or 15 months, we see a lot -- at this time, and look, it will change, and we'll provide an update as we have more visibility. But we have a line of sight right now to up to $7 billion of orders in the next 5 quarters or the next 15 months.

Certainly, if you do the math behind that and make an assumption for Q4, you're looking at a book-to-bill above 1.0 for sure, for 2022, which is exciting and certainly speaks volumes for where we are as a company and our position in this industry.

Vaibhav D. Vaishnav - *Coker Palmer Institutional, Research Division - Oilfield Services and Energy Transition Analyst*

Got it. And as we think about revenues improving next year and over the next few years, how should we think about CapEx? Is like this $250 million CapEx good enough like a starting point? Or do we need to think about if the revenues increase, does our CapEx also need to increase?

Douglas J. Pferdehirt - *TechnipFMC plc - Executive Chairman & CEO*

Yes. Let me just start by reiterating our philosophy, right? So our philosophy is to focus on through-cycle returns. We've done some very unique things. I believe you've seen us really, let's say, do things differently from the past in terms of how we manage and operate the assets of our company. We have actually reduced the size of our fleet while growing the company, and we do that through forming very important relationships and being a company that works well with others. And we can do that through alliances, for example, like we have an alliance with Allseas, and we now work with them and look for opportunities together with them benefiting both companies but also benefiting the broader industry. So a real discipline, if you will.

And I'm going to turn it over to Alf to give a bit more insight into kind of what you should be thinking about in terms of the actual CapEx numbers.

Alf T. Melin - *TechnipFMC plc - Executive VP & CFO*

Yes. Thank you, Doug. And with the background of what Doug said, clearly, this number is not expected to grow relative to revenue. So you can -- if you look at the ratio that we're at right now, it will certainly not be expected to grow over that ratio for any extended periods of times. If you also

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further look at our business and what Doug was saying, more as we grow further in revenue and with the support of third-party alliances, we believe that the CapEx -- incremental CapEx can actually be at the lower level for some of our core business.

You also look at some of the other things we're doing in our business. We are investing in our Subsea 2.0 product technology. It's driving more standardization and also allows us for actually investing in less incremental CapEx per manufacturing unit, if you will. So there are a couple of drivers that can be helpful for the long term. But right now, if you want to stay at a relative ratio, I think you should be fairly safe in staying at that relative ratio between revenue and CapEx as it's stated today.

Operator

At this time, there are no further questions. I would like to turn the call over to Matt Seinsheimer for closing remarks.

Matt Seinsheimer - *TechnipFMC plc - VP of IR*

This concludes our third quarter conference call. A replay of the call will be available on our website beginning at approximately 8:00 p.m. British Summer Time today. If you have any further questions, please feel free to contact the Investor Relations team.

Thank you very much for joining us. Operator, you may now end the call.

Operator

This concludes today's conference. You may now disconnect.

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