



# Riding the Wave

CAPITALIZING ON THE VELOCITY OF CHANGE

44<sup>TH</sup> ANNUAL ECC CONFERENCE

# Geopolitical Shifts – Hazards Hidden Below the Surf



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President, Technip USA



# Agenda

1. Overview of Technip
2. Global Geopolitical Risks
3. Examples of Geopolitical Risks
4. Geopolitical Risk Management
5. Summary
6. What / Where Next..?

**TECHNIP TODAY**



# A Unique Worldwide Presence

## A UNIQUE FLEET

To undertake our offshore operations, we operate a specialized fleet comprised of **32<sup>+</sup>** vessels (of which 4 are under construction) which is unique in the industry.



RIGID REEL-LAY  
& L-LAY



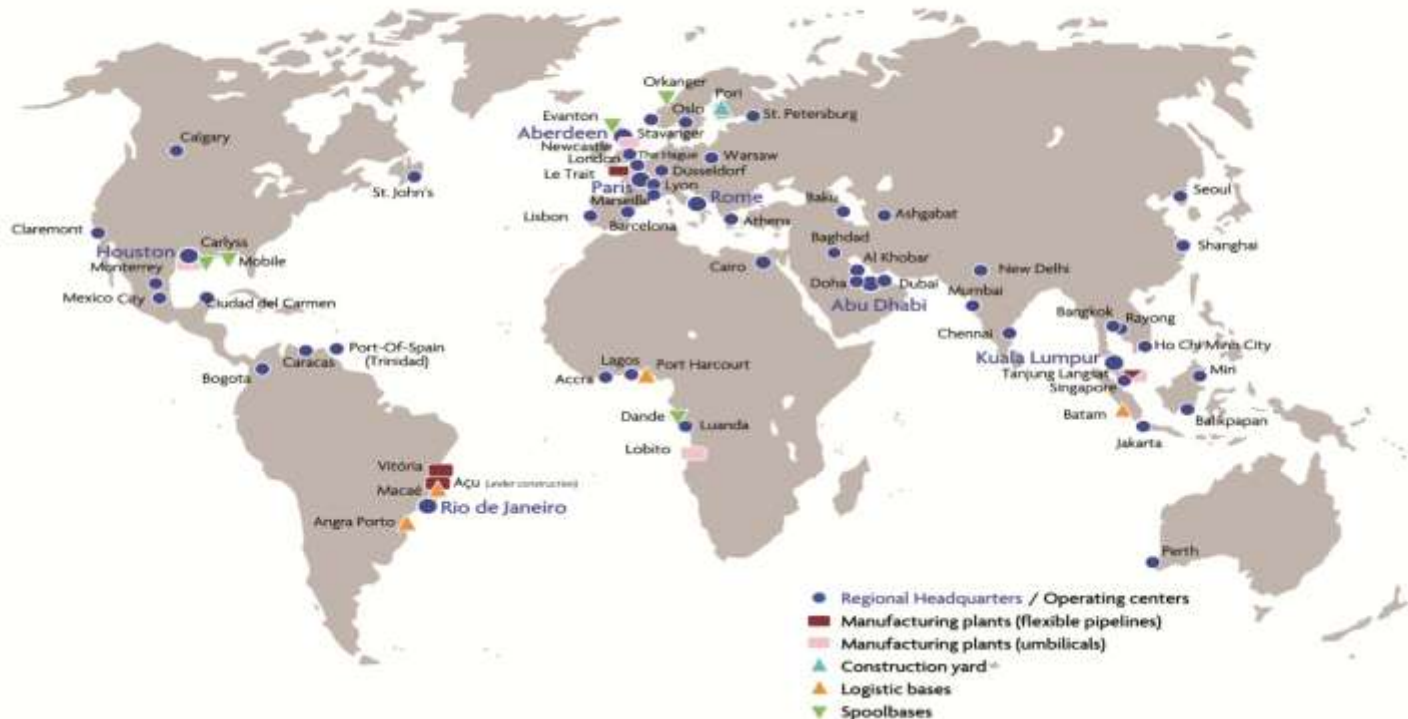
FLEXIBLE-LAY &  
CONSTRUCTION



RIGID S-LAY  
AND HEAVY LIFT



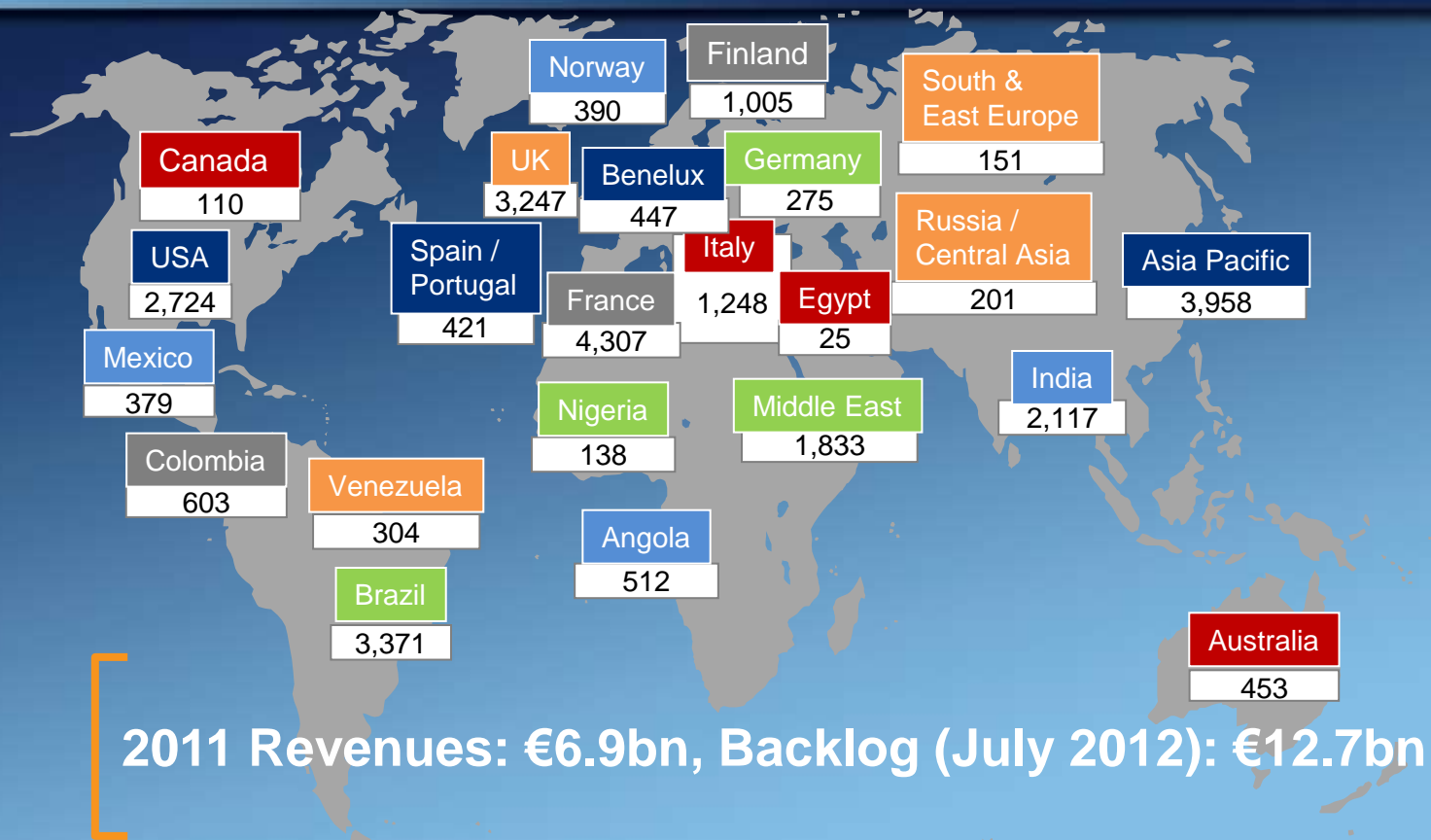
DIVING & MULTI  
SUPPORT VESSELS







# Over 30,000 People Globally



2011 Revenues: €6.9bn, Backlog (July 2012): €12.7bn



# Business Segments



**Subsea**

- Design, manufacture and supply of deepwater flexible and rigid pipelines, umbilicals, and riser systems
- Subsea construction, pipeline installation services and Heavy lift
- Six state-of-the-art flexible pipe and / or umbilical manufacturing plants
- Five spoolbases for reeled pipeline assembly as well as four logistics bases
- A constantly evolving fleet strategically deployed in the world's major offshore markets



**Offshore**

- Engineering and fabrication of fixed platforms for shallow waters (TPG 500, Unideck®)
- Engineering and fabrication of floating platforms for deep waters (Spar, TLP, semi-submersible platforms, FPSO)
- Leadership in floatover technology
- Floating Liquefied Natural Gas (FLNG)
- Construction yard



**Onshore**

- Gas treatment and liquefaction (LNG), Gas-to-Liquids (GTL)
- Oil refining (refining, hydrogen and sulphur units)
- Onshore pipelines
- Petrochemicals (ethylene, aromatics, olefins, polymers, fertilizers)
- Biofuel and renewable energies (including offshore wind)
- Non-oil activities (principally in life sciences, metals & mining, construction)

# GLOBAL GEOPOLITICAL RISK





# What is Geopolitical Risk?

- Geopolitics
  - The influence of political, geographical, social and financial factors on the business environment in which we operate
- Geopolitical Risk
  - Our ability to predict, control and manage:
    - The geopolitical factors
    - The consequences of their occurrence

# What are the Risks?

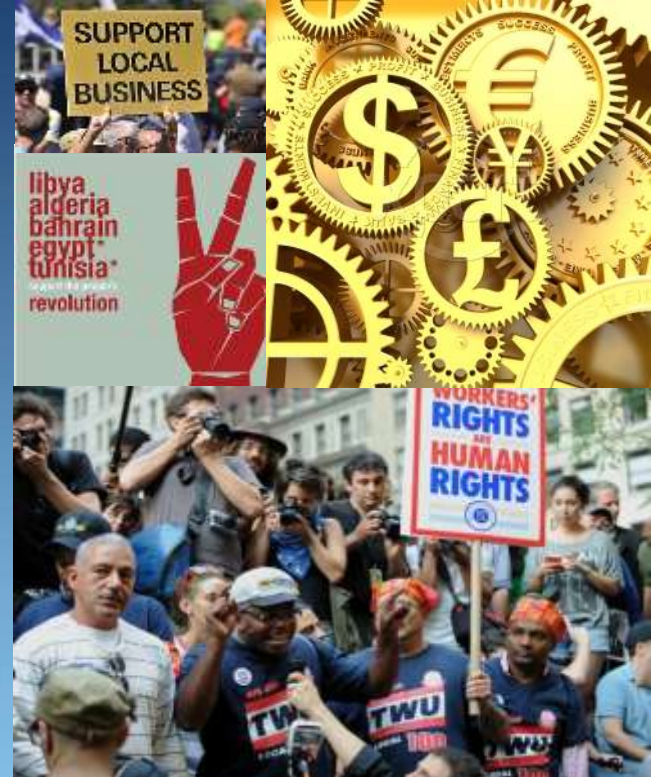


**EXAMPLES**



# Current Geopolitical Risk Areas

- Internal & External conflict
- Arab Spring, Iraq reconstruction, etc.
- Global Economic Health
  - Impacts hydrocarbon demand
  - Impacts availability of funding to hydrocarbon projects
- National Content Regulation
  - Labour, materials, cabotage, value







- Change in government







# Geopolitical Risk in the USA

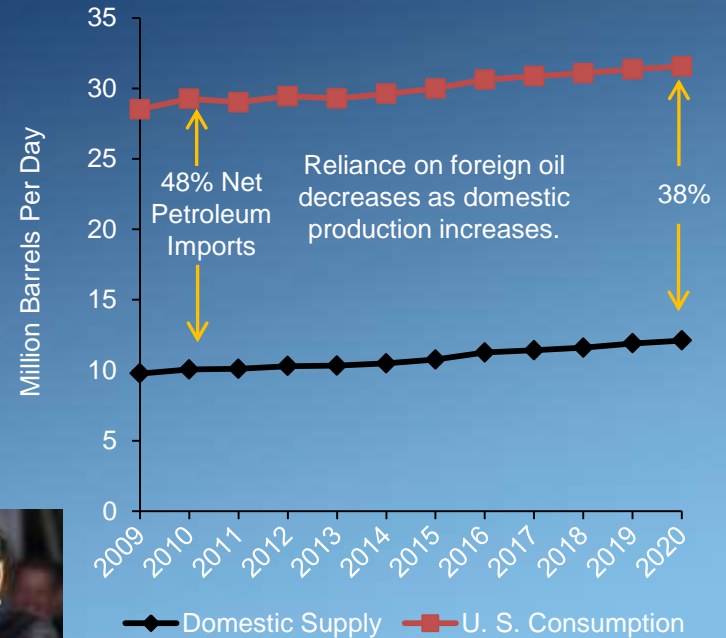
- 2012 is an election year
- Energy & environmental policy
- Immigration policy & outsourcing
- Foreign policy & global trade
- Nationalism & energy security
- Tax & Spend policies

*'This country needs an all-out, all-of-the-above strategy'*

*'Make North America Energy Independent by 2020'*



## United States Energy Dependency



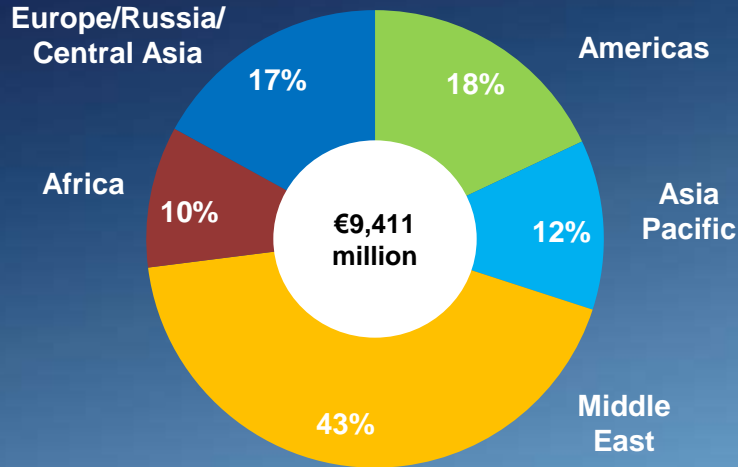
Source: Annual Energy Outlook 2012

# **GEOPOLITICAL RISK MANAGEMENT**



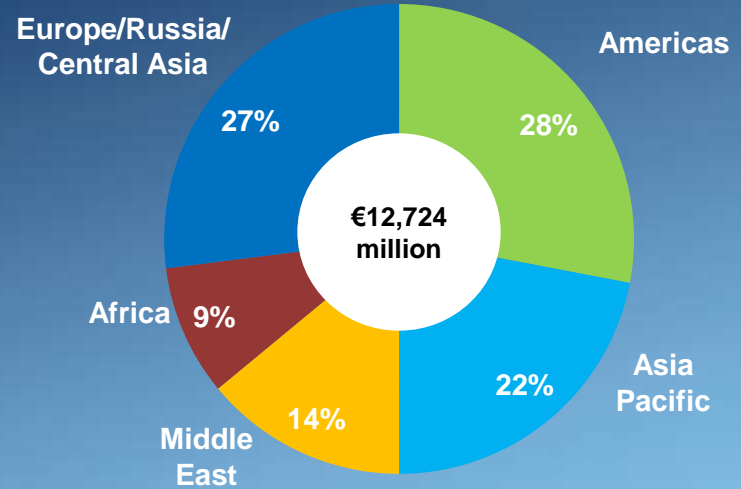
# Corporate – Level Risk Planning

Backlog by Geography 2007



\*As of September 2007

Backlog by Geography 2012



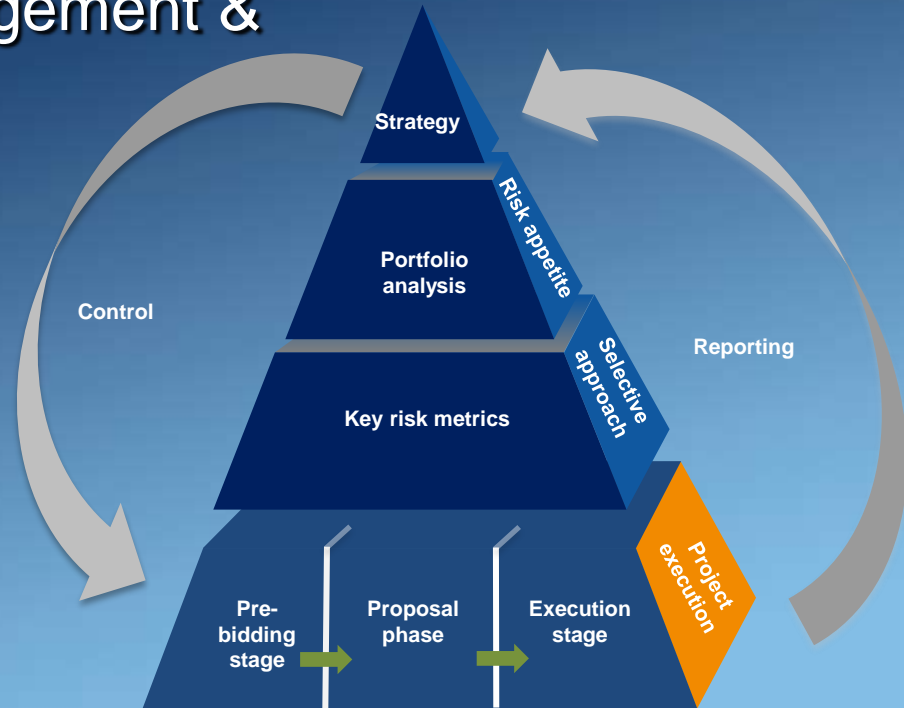
\*As of June 2012

[ A 'Balanced' Portfolio



# Corporate – Level Risk Management

- Establish corporate management & control systems
- Monitor geopolitical & economic events
- Perform regular country audits
- Hedge currency risk





# Local-Level Risk Strategies

- Pre-empt national content requirements
- Empower local workforce
- Provide Cultural training
- Establish Corporate Social Responsibility programs (CSR)
- Build non-political government relationships







# Project – Level Risk Management

- Risk-focused contract Terms & Conditions
- Apply global supply chain logistics
- Limit use of 3rd party Agents
- Enforce security policies
- Engage in CSR programs
- Identify 'tripping-points'





# Personnel Security Risk Management

- Identify & quantify potential risks and consequences
- Prepare contingency plans
- Use local knowledge
- Train staff & perform drills
- Be prepared to invest
- Identify exit criteria



**WHERE NEXT**



# East Africa

- Mozambique & Tanzania
- Developing fiscal regime
- Unknown local labour requirement & skills
- New JV partners
- Limited local infrastructure
- AND...world scale projects



# SUMMARY





# Geopolitical Risk Summary

- We live in a complex, interconnected world
- Stability is a temporary phenomena
- Our business is increasingly shaped by external influences – international companies must have geopolitical strategies
- Geopolitical risks are high consequence and outside of our control

*"In preparing for battle, I have always found that plans are useless but planning is indispensable"*

*Dwight D Eisenhower*





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