McDermott Capabilities
Commercial Update

Trends and Opportunities
2020 Bookings
Future Outlook
CAPEX in EPCI and Subsea is increasing to make up by 2023, 26% of all overall upstream CAPEX spend
The coronavirus outbreak in China had an impact on oil prices for 2020 and 2021
Subsea CAPEX is expected to have a CAGR of 9% with many of the projects still to be sanctioned
By 2023 overall EPCI and CAPEX are expected to return to 2016 levels
MDR participate in 90% of the geographical areas where increase in CAPEX is expected to occur

Sources: Rystad, IHS-Petrodata, Morgan Stanley Research
HIGHEST LEVEL TRENDS END OF CURRENT CYCLE IN LNG AND CAPEX FOR DOWNSTREAM PLANTS ROBUST

LNG
- LNG projects constitute the largest portion of total unsanctioned CAPEX, closely followed by deepwater projects.
- Commercial momentum points to 2020 as being another strong year for new liquefaction FIDs, but deteriorating market conditions suggest we are at the end of the current and beginning of the new cycle.

DOWN
- Crude oil supply is expected to overtake demand growth in 2020 driven by production grown in six Non-OPEC countries and the US.
- India and China are at the forefront of the global petrochemicals demand and are expected to account for almost 50% of the global petrochemical FIDs expected in 2020.
- Among the top 10 countries, China plays a major role in global capex spending in the petrochemical industry. Over US$116.2 billion will be spent on 305 planned and announced petrochemical plants between 2019 and 2030.
- India stand next, with US$68.9 billion and US$61.0 in global capex spending on 220 and 148 planned and announced petrochemical plants, respectively.

Source: H2 2019 Global Petrochemicals Capacity and Capital Expenditure Outlook from Global Data Oil and Gas

Source: IHSMarkit

LNG Projects by Expected FID Date (MMtpa)
HOW DO WE RECOGNIZE THESE TRENDS AS OPPORTUNITIES IN 2020

Total Amount Of Revenue Pipeline:
$80,563 M

2020 pipeline has increased from the original MB submission from December ($64,473 M) as expected, due to increased visibility and certainty from Clients.

• MENA followed by NCSA are expected to have the majority of opportunities for the year
• Our strongest product line anticipated will be Offshore / Subsea followed by Downstream
• Offshore / Subsea is driven predominantly by Middle East NOC’s
• This is supported by Aramco, QG, and ADNOC being the most active clients in 2020
Our combined win rate for 2020 is within the historical norms.

These projects are key to securing our forecast and revenue for 2020. They are large, but not as binary as we have recently seen in cases such as Mozambique and Golden Pass. The above prospects will be the foundation for our year.
WHAT DO THESE TRENDS MEAN FOR US? 2021 SUMMARY

Total Amount Of Revenue Pipeline: $87,832

2021 pipeline has increased from the original MB submission from December ($74,553 M) as expected, due to increased visibility and certainty from Clients.

1. NCSA - 31%
2. MENA - 28%
3. EARC - 21%
4. APAC - 12%
5. TANKS - 7%
6. TECH - N/A

1. OFF/SS – 63%
2. DOWN – 29%
3. TANKS – 7%
4. FEED - 1%

1. QG
2. Aramco
3. GALP
4. Total
5. BP

- NCSA followed by MENA are expected to have the majority of opportunities for the year
- Our strongest product line anticipated will be Offshore / Subsea followed by Downstream
- Offshore / Subsea is driven predominantly by Middle East NOC’s & International Super Major’s
- This is supported by QG, Aramco, and GALP being the most active clients in 2020
• Early engagement through FEED is a proponent of our continued success
• Enables us to establish confidence in our risk profile
• Book to bill of 1; i.e. every MH spent on FEED is worth approximately $10K in potential pull through revenue
• FEED prospects have the opportunity to bring forth 50% of our bookings yearly
• The trend on booking FEEDs gives us increased confidence of 2021 bookings and opportunities
## Tech-Led Pull Through Prospects Still Real With Chatterjee and Rhone

- For every $1 B of Technology sales, there is a potential of $25 B for EPC sales (excluding CLG opportunities).
- Technology is off to a great start for the 2020 year with $37 M in new awards, and foresees some strong pull through potential opportunities as a result.
- Revenue foregone between 2021 and 2024 associated with pull through was $3.5 B. We expect to minimize the downside associated with this with Chaterjee and Rhone.

### Formosa
- **Tech:** FG LA LLC – Ethylene 2x1257 kta/PDH 600 kta
- **Pull Through:** FG LA LLC Sunshine Projects
- **FEED has been awarded, EPC Pull through Potential at Grade F**

### MOL
- **Tech:** MOL Group – 100 kta OCT – BE / Lic / T / FEED
- **Pull Through:** MOL OCT Unit
- **FEED has been awarded, EPC Pull through Potential at Grade B**

### GALP
- **Tech:** GALP PDP TPD SRU / TGU
- **Pull Through:** GALP Sines LC Fining EPC
- **FEED as been awarded, EPC Pull through Potential at Grade F**

### Amiral
- **Tech:** Amiral – Ethylene 1500 kta/BDE 257 kta / MTBE/ Backcracking
- **Pull Through:** Amiral (JV for Total/Aramco)
- **FEED awarded in September, EPC Pull Through at Grade F**

### BCC
- **Tech:** Baltic Chemicals Complex – Lic, BE 2 x 1,400 kta Cracker
- **Pull Through:** Baltic Chemical Early Works and EPCm
- **FEED awarded in October, EPC Pull Through at Grade E**

### Competitive FEED vs. Bechtel/Samsung; LS EPC combined bid due April 2020 for both Ethylene and PDH opportunities.

### FEED Competition

### FEED Competition

### Technology included the FEED was awarded and booked. Additional Scope of the Heaters expected in late 2020

### FEED Awarded
Risk Management Review

Evolution
Approach
Process
EVOLUTION OF RISK MANAGEMENT

2018

- May 2018 Combination
  - McDermott and CB&I combine in May 2018

- September 2018 Process Integration
  - Risk Management Processes integrated and implemented

2019

- January 2019 Board of Directors’ Request
  - Following further losses on Cameron and Freeport Projects, BoD’s request for review of Risk Management Processes and Procedures

- March 2019 Risk Committee
  - Risk Committee was established for oversight

- June - August 2019 3rd party assessment
  - KPMG engaged to assess Risk Management Processes, Procedures

2020

- August 2019 Recommendation for Improvement
  - Recommendations for improvements including establishing a Global Risk Management Organization
  - Board approves recommendations and implementation began
GLOBAL RISK MANAGEMENT APPROACH

The post combination landscape and improving market has presented McDermott with a robust pipeline of opportunities. This new landscape warrants an updated approach to risk management.

In addition to existing, rigorous project risk management procedures, McDermott is adjusting our risk management strategy to align with our risk appetite. This strategy provides an integrated and holistic approach to risk management at all levels of activity:

- Project Risk
- Portfolio Risk
- Enterprise Risk

McDermott relies on accurate and timely data for decision support and effective risk management to create, preserve, and realize value.

Benefits of establishing a Global Risk Management Organization

- Enabling profitable growth in existing portfolio and limiting exposure to potential loss making activities
- Identifying and managing risk enterprise-wide
- Avoiding surprises and increasing gains
- Behaviors and incentives to drive consistency
DEFINED RISK APPETITE AND ALIGNED WITH PROCESSES

Risk Appetite: Align portfolio with risk appetite.

Doing the Right Projects: Risk management starts at the bid

Debrief from past projects: Embed lessons learned from completed projects in Prospect review and approval process

Project Risk Profile – Score projects according to complexity scorecard and enhanced testing of business case to establish an accurate risk profile. Taking into account lessons learned, scope, T’s and C’s, Execution Team, Customer Relationship, Market Trends and potential unforeseen events. This is the first step to profiling project risk for predictive modelling, and establishing the level of governance and oversight required, and diligence in determining bid/no-bid and JV (risk sharing) options.
RISK APPETITE STATEMENTS

The McDermott management team wishes to define an acceptable risk profile for the firm. These risk appetite statements are intended to identify the type and amount of risk McDermott is willing to take in pursuit of our strategic objectives. These statements are meant to be guidelines for defining and managing our portfolio such that the overall risk profile remains within the desired parameters. These statements define a desirable risk profile based on:

- Financial Conditions
- Legal and Commercial Terms
- Geographical challenges and opportunities
- Customer relationships
- Partner and vendor interactions
Global Risk Management incorporates three levels of risk management each having their unique process. The three levels of risk management are integrated and create a continuous loop of information.

### Risk Management Process

**Project / Prospect**
- **Analyze-IT Process**
  - Prospect Risk Evaluation
  - Risk Review Matrix
  - Bid/ No-Bid

**Win-IT Process**
- POPES
- PROM Workshops
- Risk Register
- Contingency
- Clarification/Negotiations

**Plan-IT Process**
- Transfer

**Do-IT Process**
- Risk Management Workshop
- Risk Register Management
- Contingency Management

**Close-IT Process**
- Archiving
- Lessons Learned

**Portfolio**
- Data Gathering and Analytics Process
  - Data processing
  - Analysis
  - Reporting support

**Risk Management Assurance Process**
- Data quality
- Reporting reviews
- Process Execution Testing

**Portfolio Risk Process**
- Monthly reporting
- Insight Development from Data
- Process Execution

**Risk Committee Process**
- Communication
- Presentations

**Enterprise**
- Risk Appetite Statements
  - Collecting data
  - Analyze Risk Appetite statements thresholds
  - Results Reporting

**Enterprise Survey**
- Annual Risk Survey
- Data Collection
- Internal/External Risks
- Results Reporting

**RISK COMMITTEE PROCESS**
- Communication
- Presentations

### Additional Information:
- Regular meetings of the Risk Committee of the Board of Directors with emphasis on prospective work and high risk projects
- Regular Risk Management Steering Committee meetings
Operations Review: NCSA

Area Highlights
Project Execution
Strategic Overview
NCSA AT A GLANCE

- **59** Active Contracts
- **.01** Loss Time Incident Rate
- **~13,000** Employees Regionwide
- **9** Locations Areawide
- **35 million** Hours Worked in 2019
COMPETITIVE LANDSCAPE — OFFSHORE AND ONSHORE
## NCSA HSE Highlights

### Key Milestones and Achievements in 2019

**Safety Performance Excellence**
- LTI Free Workhours:
  - Total Port Arthur: 4 Million
  - Lake Charles Power Station: 3.5 Million
  - St. Charles Power: 3.4 Million
  - Duke Asheville: 3.5 Million
  - Montgomery County: 1.3 Million
- Calpine: 3 Million
- Golden Pass: 1 Million
- Altamira: 9 Million
- Pipe Fab: 2 Years with ZERO Recordable Incidents

**Health and Safety Excellence**
- Heat Stress and Proper Hydration Mass Toolbox Meeting at Cameron LNG Project

**Environmental Excellence**
- Altamira QHSES Team Participates in Releasing Turtle Hatchlings
- MPCS Sustainability Challenge:
  - Duke Asheville - No Chemical Left Behind
  - NCSA Environmental Awareness

### Initiatives, Campaigns and Activities in 2020
1. NCSA QHSES Communication Campaign (One Leadership Team)
2. Celebrate World Environmental Day and World Quality Day
3. Monthly Readiness Planning and MOC Awareness
4. Health Awareness
5. Security Awareness
6. Dropped Object Prevention
7. **TOTAL FOCUS** Total and McDermott Stand Together for Safety

### Back to Basics Campaign
- Increased Recognition / Awareness of Basic HES Expectations & Processes
- Reinforcement of Supervisor Engagement in the Field
- Communication of Leadership Accountability
- Refocus on MOV Causal Analysis
- Awareness Sessions conducted jointly by P&IT / HSE as ONE TEAM
- One Consistent NCSA HSE Message

### NCSA Taking the Lead with QHSES
- Kicked off session with Mark Cosco on April 2019

### MOV Themed Campaigns
- Quarterly MOV Primary Topics:
  - Q1 – Risk of Impact
  - Q2 – Energy Isolation
  - Q3 – Working at Height
  - Q4 – Permit to Work
**BUSINESS HIGHLIGHTS**

- **Recent Awards**
  - **Offshore**
    - BP Cassia C – awarded Q1 2019
    - Talos Zama FEED – Q1 2019
    - Petrobras Sephia Phase 1 – awarded Q2 2019
    - YPF Vaca Muerta Pre-FEED – Q2 2019
    - MODEC – awarded in Q4 2019
    - BHP Ruby – awarded in Q4 2019
    - ENI Amoca WHP1 Platform & FPSE Modules – awarded Q4 2019
  - **Onshore**
    - Woodfibre LNG FEED – awarded Q2 2019
    - Petrologistics FEED – awarded in Q2 2019
    - Formosa Sunshine Ethane Cracker FEED – awarded in Q2 2019
    - Formosa Sunshine PDH FEED – awarded in Q2 2019

*McDermott's Derrick Lay Vessel (DLV) 2000*
**BUSINESS HIGHLIGHTS**

**OFFSHORE**

**Abkatun A-2 Platform**
Platform completed Q4 2019 accepted; final punch list underway

**Cassia C Compressor Deck Stacking**
Successfully achieved compressor deck stacking milestone

**Fieldwood Jackets**
Jackets installation complete
**Petrochemical**

**TOTAL Ethane Cracker Project**
- Vessel internal installation complete
- Pipe program at its peak

**Borstar Bay 3 Project**
- Large process foundation pours complete
- First module steel delivered to Altamira

**GCGV MEG Project**
- All module decks stacked and major vessels installed at our QMW Fabrication yard
- Preparing to receive four modules from our Altamira yard
**Business Highlights**

**LNG**

**Cameron**
- Train 2 – Commenced steady state operations
- Train 3 – Construction remains on plan

**Freeport**
- Train 2 began Commercial Operation by the customer on Q1 2020
- Train 3 remains on track to meet its previously announced schedule

**Golden Pass**
- MOF ready for use
- Major tagged equipment purchase complete
Client Name: Golden Pass LNG

EPC Execution: CCZJV (McDermott, Zachry, Chiyoda)

Scope: Engineering, Procurement, Construction and Commissioning of a three train 15.6 MTPA Liquefaction Facility

JV Make-up: Zachry, MDR, Chiyoda

Engineering: Chiyoda

Train Field Construction: Zachry

Procurement: CCZJV joint venture

Current Status:

- Center of operations is Yokohama
- Civil (levy construction and site fill) and marine work underway onsite
- Essential all tagged equipment orders have been placed
- Marsh restoration is complete
<table>
<thead>
<tr>
<th>SHALLOW WATER DEVELOPMENTS</th>
<th>DEEPWATER SURF</th>
<th>FLOATING FACILITIES</th>
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<tbody>
<tr>
<td><strong>Size</strong></td>
<td><strong>2020 to 2024</strong></td>
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</tr>
<tr>
<td><strong>TOTAL ADDRESSABLE MARKET</strong></td>
<td>Total Market: $9.7B</td>
<td>Addressable Market: $9.2B</td>
</tr>
<tr>
<td><strong>ADDRESABLE MARKET</strong></td>
<td>Addressable Market: $4.0B</td>
<td>Addressable Market: $7.5B</td>
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<tr>
<td><strong>Key Regions</strong></td>
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</tr>
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</table>

**Shallow Water Development Trends:**
- PEMEX focusing on development of shallow water fields to contribute 1/3 of Mexico's production by 2025
- BP/Shell seek to develop resources in Trinidad
- New opportunities from US oil export & LNG

**Deepwater Surf Trends:**
- Operators moving into deeper, remote areas in search of more profitable discoveries
- Brazil and US Gulf of Mexico lead deepwater sanctioning activity through 2022
- Resurgence of greenfield floaters alongside major deepwater discoveries in GOM
- Subsea tie-backs remain preferred solution; expected to maintain consistent growth
- 1/3 of total Brazilian output by 2028 to come from 14 pre-salt PSCs
- Mexican government ceding business of exploration/production in deepwater reserves to private sector
- Exploration success in Guyana de-risking Suriname Basin
- Argentina, Colombia & deepwater Trinidad present possible play-opening opportunities

TOTAL ADDRESSABLE MARKET - ONSHORE $24B

LNG

2020 to 2024
$29B EPC Liquefaction Spend NCSA
$10.5B Addressable Market (2020 – 2021)

size

- Commercial innovation continues but recently slowed down
- Sanctioned expansions of existing facilities dominating grassroots
  Supply outpacing demand
- New wave of countercyclical LNG investments is underway
- Market trends point to commoditization and consolidation

trends

DOWNSTREAM

2020 to 2024
6.5 – 7.0 MMTA ethylene demand growth YOY
$47B Capex Planned/Announced Refineries in North America
$13.5B Addressable Market (2020-2021)
96M – FEED (2020-2021)

- North America largest growth market for petrochemicals (81%), followed by
  Canada (15%) and Mexico (4%)
- Ethylene production capacity expansions of 14 million metric tons under study
  Projects driven by cost then schedule
  Capacity “scale” now a consideration for technology selection

Source: Industrial Info Resources, IHS Markit, EIC Data Stream, Global Data; Addressable Market - Salesforce
AREA STRATEGIC THEMES

- TECHNOLOGY PULL-THROUGH
- LEVERAGING NEW ASSETS
- FEED WORK POSITIONING FOR EPC
- MODULARIZATION
Operations Review: MENA

Area Highlights
Project Execution
Strategic Overview
DECK LOADOUT
MENA AT A GLANCE

$26 billion
2020 Tracked Market

18
Active Projects

.02
Loss Time Incident Rate

~9,800
Employees Regionwide

13
Locations Areawide

MENA Share of Global Oil & Gas Market

- Proven Reserves: 51% Oil, 40% Gas
- Production: 35% Oil, 20% Gas
- Refinery Throughput: 11% Oil, 30% Gas
- LNG Exports: 30% Gas
McDermott History in the Region

1923
McDermott established in Louisiana, USA

1938
First tank project for ARAMCO at Ras Tanura

1961
Established a fabrication yard in Ras Al Khaifji

1964
First offshore project in Saudi Arabia; 125 km pipeline & 62 platforms in Safaniya

1972
Third installation of Khazzan storage tanks for Dubai Petroleum Company

1981
Built the world’s first full containment LNG and LPG storage tanks for ADGAS

1985
Moved the Middle East fabrication yard to Jebel Ali Free Zone (UAE)

1992
Third installation of Khazzan storage tanks for Dubai Petroleum Company

1961
Established a fabrication yard in Ras Al Khaifji

1992
Third installation of Khazzan storage tanks for Dubai Petroleum Company

1996
First offshore project in Saudi Arabia; 125 km pipeline & 62 platforms in Safaniya

2001
Signed the second Long Term Agreement with Saudi Aramco for six years.

2005
Cooperation agreement with Saudi Aramco for Oil-to-Chemicals technology development

2012
EPCI of Saudi Aramco’s largest offshore platform (6,600 tons)

2015
Signed MOU with Saudi Aramco to build technologically advanced fabrication yard at Ras Al Khair (SAFIRA)

2017
Utilizing McDermott’s technology, engineering and construction expertise, completion of the Liwa Plastics Industries Complex is expected in the first half of 2020

2018
Cooperation agreement with Saudi Aramco for Oil-to-Chemicals technology development

2019
Awarde EPCI Mega Projects for Marjan Increment Packages 1 & 4. Package 1 is the largest EPCI offshore contract ever awarded by Saudi Aramco

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2020
Utilizing McDermott’s technology, engineering and construction expertise, completion of the Liwa Plastics Industries Complex is expected in the first half of 2020

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Utilizing McDermott’s technology, engineering and construction expertise, completion of the Liwa Plastics Industries Complex is expected in the first half of 2020
OFFICES AND FABRICATION FACILITIES

Al-Khobar Office
(Sumou Tower)
Al-Khobar, KSA
Offshore/Onshore Engineering, Procurement and PMT
Employees - 178

Al-Khobar Office
(Majestic Tower)
Al-Khobar, KSA
Offshore Engineering, Procurement and PMT
Employees - 437

SAFIRA Fabrication Yard
King Salman Complex, KSA
Capacity: 60,000 tons/year
New fabrication facility for offshore platforms and onshore/offshore modules.
Operations expected by 2022.

Dammam Fabrication
Dammam, KSA
Capacity: 10,000 tons/year
Prefab and assembly of decks, modules and jackets, as well as boat loadings.

Doha Office
(Burj Doha)
West Bay, Doha, Qatar
Offshore Engineering, Procurement and PMT
Employees - 233

Doha Office
(GE Building)
C Ring Road, Doha, Qatar
Offshore Engineering, Procurement and PMT
Employees - 169

QFAB Fabrication
Ras Laffan Industrial City, Qatar
Area: 4,800 m²
Recently signed JV with NKOM. Offshore/onshore modules fabrication facility.

Dubai Office (Jebel Ali)
Jebel Ali Free Zone, UAE
Offshore Engineering, Procurement, PMT and Marine
Employees – 1,810

Dubai Office (DWTC)
Convention Tower, UAE
MENA Management Office
Employees - 160

Dubai Office (Jebel Ali)
Jebel Ali Free Zone, UAE
Offshore Engineering, Procurement, PMT and Marine
Employees – 1,810

Dubai Office (DWTC)
Convention Tower, UAE
MENA Management Office
Employees - 160

Abu Dhabi Fabrication
Industrial City of Abu Dhabi III, UAE
Capacity: 2.3 million FDI Pipe fabrication facility which offers hydrotest, painting, PWHT and NDE capabilities.

Jebel Ali Fabrication
Jebel Ali Free Zone, UAE
Capacity: 50,000 tons/year
Fabrication of offshore platforms and onshore/offshore modules.

Oman Office
(OHI Building)
OHI Headquarters Building, Muscat, Oman
Management Office
Employees – 160*

*inc JV employees

Manama Fabrication
South Alba Industrial Area, Bahrain
Capacity: 1.3 million FDI Pipe fabrication facility offers hydrotest, auto blasting, painting, PWHT and NDE.

Abu Dhabi Fabrication
Industrial City of Abu Dhabi III, UAE
Capacity: 2.3 million FDI Pipe fabrication facility which offers hydrotest, painting, PWHT and NDE capabilities.
### MENA Market Update (Core)

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<th>Onshore</th>
<th>Offshore</th>
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#### Saudi Arabia
- **Size**: $60.7bn (Onshore), $30bn (Offshore)
- **Addressable**: $50.9bn (Onshore), $30bn (Offshore)

**Trends**
1. Investment in infrastructure plans underpinned by O&G revenues
2. Increased downstream capacity driven by economic diversification initiatives
3. Increased gas production driven by power generation transition
4. Increasing renewables energy targets driven by increasing power demand and falling costs of renewables

**Position**
- Strong in-country presence and significant offshore EPCI market share. Good Storage market access. Increasing focus on onshore market.

#### United Arab Emirates
- **Size**: $31.8bn (Onshore), $17.8bn (Offshore)
- **Addressable**: $26.1bn (Onshore), $17.8bn (Offshore)

**Trends**
1. Development of gas resources driven by aim to be self-sufficient
2. Increased downstream capacity driven by economic diversification initiative
3. Utilization of FEED competitions driven by desire to fast-track project development
4. Increase in international investment in the UAE driven by aim to increase capital available for long term plans

**Position**
- Moderate in country presence, currently little offshore EPCI market share, a market where ICV factors strongly in award criteria. FEED competition and ongoing bidding should help position. Good Storage market access.

#### Qatar
- **Size**: $27.4bn (Onshore), $15.3bn (Offshore)
- **Addressable**: $26.7bn (Onshore), $15.3bn (Offshore)

**Trends**
1. Growth of LNG capacity to drive next phase of infrastructure projects
2. Investments in tech and value-added products to allow development of energy and petroleum products
3. Increased overseas investment and expansion driven by global diversification goals
4. Development of mega-scale petrochemicals complex to capitalize on the North Field expansion

**Position**
- Strong in country presence and significant offshore EPCI market share. Significant onshore bidding focus around LNG opportunities.

#### Oman
- **Size**: $12.9bn (Onshore), - (Offshore)
- **Addressable**: $9.4bn (Onshore), - (Offshore)

**Trends**
1. Economic diversification and job creation which need oil & gas revenues to be implemented
2. Likelihood of oil production declines without further discoveries, while the gas outlook is positive
3. Steady stream of foreign investment in through bid-rounds, farm-outs and directly negotiated contracts
4. Continued development of downstream sector

**Position**
- Strong historical onshore presence with involvement in most of the major projects. Recent onshore EPC experience on Liwa Plastics EPC. FEED competition for Total small-scale LNG.
Qatar Embargo – Since June 2017, nine countries including Saudi Arabia, Bahrain and United Arab Emirates have maintained a diplomatic, economic and transportation boycott of Qatar.

KSA Cross Border Attacks – A series of drone and missile attacks by Iran-backed militia groups throughout 2019 with recent target being oil facilities in Abqaiq.

US Iran Conflict – Tensions in the region have spiked after the killing of Iranian Major General Qassem Soleimani and pro-Iran militia leader in US air strikes.

Even in the absence of a broader military conflict, the threats associated with continued tit-for-tat attacks will persist.
**KEY TO SUCCESS**

- L1: Competitive Pricing
  - ~20% Cost to Company reduction for vessel day rate between 2015-2019

- Customer Intimacy
  - QFAB – JV between Nakilat and McDermott

- Technology / Solution Provider
  - Modifications, Maintenance, Operations
  - Non-metallic

**SUSTAINABLE SUCCESS**
Pull Through Critical for MENA Onshore Business

MENA Onshore Pipeline

- Tech Pull Through
- FEED Pull Through
- No Pull Through

<table>
<thead>
<tr>
<th>Year</th>
<th>Tech Pull Through</th>
<th>FEED Pull Through</th>
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<tr>
<td>2020</td>
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<td>Full Pull Through</td>
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<tr>
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COMPETITIVE LANDSCAPE – OFFSHORE AND ONSHORE
KEY CLIENTS & POSITIONING

Trusted Advisor
Solutions Provider
Value-Added Supplier
Product Vendor

- Saudi Aramco
- ADNOC
- Qatar Petroleum
- Oman Oil Company
- KNPC
- Total
- SASREF
# Regional Localization Initiatives

<table>
<thead>
<tr>
<th>Country</th>
<th>In-Country Program</th>
<th>Key Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>iktva</td>
<td>▪ By Saudis, for Saudis, in Saudi. &lt;br&gt;▪ Alignment with IKTVA is an imperative to doing business with Saudi Aramco. &lt;br&gt;▪ Aims to &quot;...drive additional domestic value creation to support a rapidly changing economic environment and foster future prosperity.&quot;</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>ICV</td>
<td>▪ Stimulate private sector partnerships, catalyze socio-economic development, improve knowledge transfer and create additional employment for UAE nationals. &lt;br&gt;▪ Part of the tender evaluation and award process. &lt;br&gt;▪ ADNOC calculated it drove $7bn back into the UAE economy in 2019.</td>
</tr>
<tr>
<td>Qatar</td>
<td>Tawteen</td>
<td>Tawteen is the Supply Chain Localization Program for the Energy sector in Qatar. Led by QP, Tawteen is characterized as: &lt;br&gt;▪ A mechanism to promote GDP diversification &lt;br&gt;▪ An enabler for the development of local suppliers &lt;br&gt;▪ Supporting Qatar in becoming globally competitive</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>McDermott Alignment</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td></td>
<td>▪ In Kingdom Employees: 950, out of which <strong>450 are Saudi Nationals.</strong> &lt;br&gt;▪ Dammam yard supports Aramco projects for applicable scope of work. &lt;br&gt;▪ <strong>Long-term commitment</strong> to invest in the development of the SAFIRA fabrication yard, part of Aramco´s King Salman International Maritime Complex</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td></td>
<td>▪ Alignment of bidding entity to maximize ICV score &lt;br&gt;▪ Commitment to ICV score improvements during bidding, which will be implemented based on securing projects &lt;br&gt;▪ Identification of opportunities to increase Emiratization rates within organization including graduate hiring</td>
</tr>
<tr>
<td>Qatar</td>
<td></td>
<td>▪ Long-term engagement with QP through the development of Tawteen as <strong>one of the Pilot phase companies</strong> &lt;br&gt;▪ Increased engineering presence in Doha, <strong>&gt;400 employees in the last 2 years</strong> &lt;br&gt;▪ Development of the QFAB facility to create unique in-country fabrication capability aligned with client requirements.</td>
</tr>
</tbody>
</table>

---

**Regional Localization Initiatives**

**Saudi Arabia**<br>![Saudi Arabia Map](image)

**United Arab Emirates**<br>![United Arab Emirates Map](image)

**Qatar**<br>![Qatar Map](image)
**CUSTOMER INTIMACY FOCUS - QATAR**

- Political and business landscape in Qatar is dominated by key families
  - The Emir is **His Highness Sheikh Tamim bin Hamad Al Thani**
- The families are well established in the business arena, filling key roles in government organizations or operating significant private entities
  - **Saad Sherida Al-Kaabi** - Minister of State for Energy Affairs and President & CEO of Qatar Petroleum.
  - **Eng. Abdullah Al-Sulaiti** - CEO of Nakilat and **HE Dr. Mohammed Bin Saleh Al Sada** - Nakilat Chairman of the Board
PROJECT EXECUTION - MARJAN PACKAGE 1

Complex multi-office/ location project, interface mgmt. scope and a Chinese partner

POC – 6%

KL/ Chennai

KL/ Dubai/ Global

Batum/ Qingdao/ Zhuhai

KL/ Dammam/ Dubai

Engineering

Procurement & Subcontract

Fabrication & Marine

PMT & Interface
HSE HIGHLIGHTS

MENA Achievements 2019:

- **TRIR (Total Recordable Incident Rate)**
  - Marine 0 TRIR in 2019
  - 0.08 TRIR
  - 8 months of recordable injury free onshore operations

- **Accreditations**
  - QFAB Yard accredited to ISO 9, 14, 45 and 29K standards

- **Awards**
  - Saudi Aramco Offshore Projects Execution Forum 2019 - Received multiple awards for Safety, Quality & IKTVA.
  - ADNOC Offshore Annual Contractor HSE Forum - Storage Tank Solutions received “Contractor of the Year”.

- **LTI (Lost Time Injury) Free Work Hours**
  - JAY - 77 mil
  - DFY - 3 mil
  - ATM Shop - 7 mil
  - Safaniya 6 Project - 10 mil
  - SASREF Project - 2 mil
  - DB27 - 16 yr.
  - DB32 - 10 yr.
  - Emerald Sea - 8 yr.

MENA Initiatives & Campaigns 2020:

- QHSES Campaigns
- SPARK Promotion & Recognition (CEO Award)
- Celebrate World Quality and Safety Day
- Environmental Campaigns
- Health & Wellness Initiative
- MOV in Focus Campaign
Operations Review: EARC

Area Highlights
Project Execution
Strategic Overview
CENTERS OF EXCELLENCE

The Hague, The Netherlands
- **Offshore integrated structures**
- **Downstream**
  - 729 Headcount
  - 430 Engineers
  - 299 PED & support functions
  - Headcount increase 2019: 9%
  - Expected Increase 2020: 12%

Bedfont Lakes, London
- **Offshore / Subsea**
  - 168 Headcount
  - 84 Engineers
  - 54 PED & support functions
  - Headcount increase 2019: 65%
  - Expected Increase 2020: 26%

Brno, Czech Republic
- **Downstream**
  - 486 Headcount
  - 363 Engineers
  - 123 PED & support functions
  - Headcount increase in 2019: 8%
  - Expected increase in 2020: 16%

Paddington, London
- **Offshore Integrated Structures**
  - LNG
  - Onshore Upstream
  - 409 Headcount
  - 264 Engineers
  - 165 PED & support functions
  - Headcount increase in 2019: 150%
  - Expected increase in 2020: 5%
EXECUTING GLOBAL PROJECTS FROM EARC

Umm Shaif
ADNOC Offshore FEED Abu Dhabi

ADNOC CFP
ADNOC Refining E&P Abu Dhabi

SOHAR LNG
TOTAL LNG FEED Oman

Amiral
Saudi Aramco / Total Petrochemical Tech license Saudi Arabia

Scarborough
Woodside FEED Offshore Australia

Vaca Muerta
YPF LNG Pre FEED Argentina

Olefin Conversion Unit
LT / MOL Petrochemical BEOIP FEED Hungary

Steam Cracker Unit
Slovnaft Petrochemicals Lifetime ext program Slovakia

TYRA
Saudi Aramco / Total Offshore / EPF Denmark

BCC
CC7 Petrochemical / EBE & Tech Russia

Lukoil DCU
Lukoil Refining / EPC Russia

ROCC
Beowulf / Preem Refining / FEED Sweden

Tortue
BP Subsea / SURF & EPCI Mauritania & Senegal

Mozambique LNG
Total LNG / EPC Mozambique & Maputo

NIS Pancevo
NIS Refining / EPCM Serbia

NHCU Rehabilitation
Unipetrol Refining / EPCM Czech Republic

Heavy Oil Upgrader
Galp Refining / EPCM Portugal

EARC Region
MENA Region
NCSA Region
APAC Region

Offshore / Subsea
Downstream
LNG
EARC PROSPECTS

- Offshore / Subsea
  - EPCI
  - Italy

- Surfi
  - EPCI
  - Nigeria

- Offshore / Subsea
  - FEED / Pre-FEED
  - Angola

- Offshore
  - EPC
  - Abu Dhabi

- LNG
  - EPC
  - Oman

- Petrochemicals
  - FEED
  - Indonesia

- Subsea
  - EPC
  - Australia

- MENA Region

- NCSA Region

- APAC Region

- Offshore / Subsea
- FEED / Pre-FEED
- Subsea
- Onshore
- Petrochemicals
- LNG
**Top customer(s):** MOL, OMV, Total, Galp, Shell, Ineos and Tullow.

**Offshore/ Subsea:**
- Mature market
- Influx of new operators;
- Production declining;
- New discoveries still being made.

**Refining/ Petrochemicals:**
- Ethylene & PP – Generally imported products
- West Africa - Limited investment but demand growing
- East Africa - Mega-projects underpinning spin-off LNG and downstream investments
- North Africa – Main investment in Algeria Refineries & influenced by European operators

**LNG:**
- Opportunities limited to regasification

**Africa**

**Top customer(s):** BP, Shell, Eni, Tullow, Total, Anadarko, Exxon, Chevron

**Offshore/ Subsea:**
- West Africa - Major IOCs driving the growth
- Government regulation - Major constraints to the growth

**Refining/ Petrochemicals:**
- Ethylene demand growing due to low oil price; Fund supply by National Wealth Fund
- Polypropylene – Strong export market
- Expansion of methanol and ammonia facilities
- Focus on heavy oil conversion - tax laws and IMO
- EPC delivery model with Chinese and others

**LNG:**
- Continuation investment but difficult to enter via Fabrication route alone

**Russia**

**Top customer(s):** Lukoil, Rosneft, Gazpromneft, Sibur.

**Offshore/ Subsea:**
- Shallow water opportunities - investigated with BHGE and IO.

**Refining/ Petrochemicals:**
- Ethylene demand growing due to low oil price; Fund supply by National Wealth Fund
- Polypropylene – Strong export market
- Expansion of methanol and ammonia facilities
- Focus on heavy oil conversion - tax laws and IMO
- EPC delivery model with Chinese and others

**LNG:**
- Continued investment but difficult to enter via Fabrication route alone

**Caspian**

**Top customer(s):** BP, SOCAR, TOTAL, Shell, Chevron, Eni, NCOC, KPO and Borealis

**Azerbaijan**
- Upstream sector buoyant
- Downstream opportunities generally failing to reach FID
- Local JV's mandatory for bidding work.

**Kazakhstan**
- Upstream sector buoyant
- Downstream opportunities generally failing to reach FID
- Local JV’s mandatory for bidding work.

**Uzbekistan**
- Downstream opportunities developing but Far Eastern funding and aggressive bidding an impediment to success.
# Positioning with Key Regional Customers

<table>
<thead>
<tr>
<th>Position</th>
<th>Example Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trusted Advisor</td>
<td>Total, Shell</td>
</tr>
<tr>
<td>Solution Provider</td>
<td>Galp Energia</td>
</tr>
<tr>
<td>Value Added Supplier</td>
<td>Lukoil, Total</td>
</tr>
<tr>
<td>Product Vendor</td>
<td>Shell, Galp</td>
</tr>
</tbody>
</table>
COMPETITIVE LANDSCAPE – OFFSHORE AND ONSHORE
Mozambique’s First Onshore LNG Development
MOZAMBIQUE
Project Name: Mozambique LNG Project
Type of Project: LNG
Customer: Total
Location: Mozambique
Scope and Duration: EPC, 5 years
Joint Venture: CCS JV: McDermott, Saipem, Chiyoda
Percentage completion: 2.7%

Where are we in the project lifecycle?
• 5 years after we first bid for the project, we were granted NTP in July 2019
• Completed the 7 months of the project – 969k hours to date
• 30% through engineering phase

Number of employees:
• Total: 1,700 (675 in the offices and 1,025 onsite in Mozambique)
• Engineering being executed in London, Milan and India
• Estimated Peak: 15,900 (900 in the offices and 15,000 onsite)
• Estimated work hours at completion: 80,000,000

Key milestones:
• February - Airstrip available – first direct flights from Pemba to site
• March: Commence dredging
• April: First 500 camp beds available onsite
• June: Enhanced marine facility to enable deeper water access
• End of 2020: Placement of 88% of all PO’s by value
**Overview**

<table>
<thead>
<tr>
<th>Project name: Tortue Phase 1</th>
<th>Type of project: Natural Gas project (Subsea)</th>
<th>Customer: BP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location: Mauritania and Senegal</td>
<td>Scope:</td>
<td></td>
</tr>
<tr>
<td>• McDermott Scope: Engineering, Procurement &amp; Installation of Subsea umbilicals, risers and flowlines (SURF) &amp; SPS equipment</td>
<td>• BH Scope: Engineering, Procurement &amp; Fabrication of Subsea production system (SPS)</td>
<td>Partners: BHGE (Tri-Party integration agreement between McDermott, BP &amp; BHGE)</td>
</tr>
<tr>
<td>Where are we in the project lifecycle:</td>
<td>Number of PMT &amp; Engineers: 142 in total (UK: 114, Dubai: 29, KL: 7)</td>
<td>Execution Plan:</td>
</tr>
<tr>
<td>• Month 11 (out of 33 months) complete</td>
<td>• Primary Engineering &amp; PMT Office: Bedfont Lakes (UK)</td>
<td>• Construction Support Engineering: Dubai (UAE)</td>
</tr>
<tr>
<td>• Currently in the Engineering &amp; Procurement phase</td>
<td>• Riser Support System Engineering: Kuala Lumpur (Malaysia)</td>
<td>• Fabrication Yard: Batam (Indonesia) – McDermott SURF scope &amp; BHGE SPS scope</td>
</tr>
<tr>
<td>• Fabrication ramp up has started</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

_Not only is Tortue the first subsea project for McDermott in the West Africa region but it is also the first project for Deep Water Vessel, The Amazon, post-conversion._
**TYRA - TOTAL**

### Overview

**Project name:** TYRA Redevelopment Project  
**Project type:** Offshore / Lump sum  
**Client:** Total  
**Location:** To be installed in Danish sector of North Sea  
**Duration:** Due for completion in July 2021  
**Scope:** Engineering, Procurement & Fabrication of a 16500MT CPP Topsides and 2 Interconnecting Bridges Denmark (TEG)  
**Execution Plan:** Engineering from KL and India / Fabrication from Batam,  
**Progress:** Wellhead platforms transferred, main production platform 55% complete  

### Project Highlights

- Two years without a lost time injury  
- Wellhead platform transfer on schedule  
- TEG - production is ahead of schedule
**Overview**

**Project Name:** LIWA Plastics Industries Complex Project (LPIC)  
**Type of project:** Steam Cracker Project  
**Customer:** Oman Oil & ORPIC Group  
**Location:** Sohar refinery, Oman  
**Scope:** EPC  
**Joint Venture:** McDermott and CTCI (equal partners)  
**Duration:** 46 months

**Number of employees on-site:**  
- 12,000 manpower at site at peak (7 subcontractors contracted)  
- Current number is below 3,500

**Key milestones:**  
- Recently reached 70 million work hours without a lost time injury  
- Benefitted more than 600 SME’s

**In country value:**  
- Circa 35% of the total project cost is allocated to support in-country value (ICV)  
- Trained more than 100 young Omani’s on professional craft skills

**Other key information:**  
- Lead from The Hague  
- Engineering executed in 5 centres (The Hague, Brno, Delhi, Taipei and Hanoi)
Operations Review: APAC

Area Highlights
Project Execution
Strategic Overview
EMERGING MIDDLE CLASS DRIVING ENERGY GROWTH

60% of the world’s population is in Asia Pacific

Source: Graphic: JFDI Asia, Data: East Asia Bureau of Economic Research

Source: BP Energy Outlook 2019
Addressable Market Size (2020-2024) - **Offshore $50.5b / Onshore $50.1b**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHINA</strong></td>
<td>$50.5b</td>
<td>$50.1b</td>
</tr>
<tr>
<td><strong>SOUTH EAST ASIA</strong></td>
<td>$25.8b</td>
<td>$20.0b</td>
</tr>
<tr>
<td><strong>INDIA</strong></td>
<td>$13.3b</td>
<td>$11.6b</td>
</tr>
<tr>
<td><strong>AUS, PNG</strong></td>
<td>$20.0b</td>
<td>$7.0b</td>
</tr>
<tr>
<td><strong>Onshore Addressable</strong></td>
<td>$11.6b</td>
<td>$7.2b</td>
</tr>
<tr>
<td><strong>Offshore Addressable</strong></td>
<td>$25.8b</td>
<td>$14.3b</td>
</tr>
<tr>
<td><strong>Onshore Addressable</strong></td>
<td>$13.3b</td>
<td>$9.3b</td>
</tr>
<tr>
<td><strong>Offshore Addressable</strong></td>
<td>$20.0b</td>
<td>$6.1b</td>
</tr>
</tbody>
</table>

**Onshore Addressable**
- **Malaysia & Indonesia**: $9.3b
- **Singapore, Thailand, Vietnam**: $4.0b
- **Vietnam**: $6.1b
- **Thailand, Philippines, Brunei, Myanmar**: $5.4b

**Offshore Addressable**
- **Malaysia & Indonesia**: $14.3b
- **Vietnam**: $5.4b
- **Thailand, Philippines, Brunei, Myanmar**: $6.1b

**Size**
- **Onshore Addressable** (2020 – 2024): $13.3b
  - Malaysia & Indonesia: $9.3b
  - Singapore, Thailand, Vietnam: $4.0b
- **Offshore Addressable** (2020 – 2024): $25.8b
  - Malaysia & Indonesia: $14.3b
  - Vietnam: $5.4b
  - Thailand, Philippines, Brunei, Myanmar: $6.1b

**Trends**
- Gas field developments across Malaysia, Vietnam and Indonesia generating combined offshore and onshore opportunities
- Significant number of EPC players in the refining market due to recent mega-project completions has created a highly competitive market
- Myanmar as new frontier: new gas developments by international players such as POSCO, Total, Woodside.
- IOCL has confirmed plans for $28b investment by 2023 due to continued forecast high demand for transportation fuels and petrochemicals in the domestic market
- Large demand growth for gas has driven offshore developments recently (East & West coast). Landed cost of LNG higher than domestic available gas in many areas including deep water developments. Hence, push for monetization of previously marginal developments ongoing.
- Onshore Gas developments slated for PNG are moving slowly forward albeit political instability continues to create delays
- Currently 8 LNG plants operating and require fresh feedstock to augment or replace capacities. Gorgon, Barossa, Crux, Ichthys, Scarborough and Browse developments are primarily geared towards supplying the existing LNG infrastructure
- Petchem investment is highest globally with more than 50% of global Capex spend in the next 5 years, creating an investment of ~ $90b
- Refining investment second highest globally~ $55b
- Highly protected market with indigenous EPC contractors make market entry extremely challenging both onshore and offshore

**Source:** McDermott SalesForce data at February 2020
ENGINE ROOM GREW 250% TO DELIVER GLOBAL BACKLOG

APAC Headcount

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3,325</td>
<td>5,116</td>
<td>11,664</td>
<td>12,693</td>
</tr>
</tbody>
</table>

Gurgaon Office, India
High Value Engineering Centre
Employees: 1,097

HQ Kuala Lumpur, Malaysia
Offshore Engineering, SCM, PMT
Employees: 1,024

Chennai Office, India
High Value Engineering Centre
Employees: 1,282

Perth Office, Australia
Engineering Office
Employees: 229

FABRICATION FACILITIES

QMW, China
JV - offshore platforms and onshore/offshore modules.
Area: 110 acres
Capacity: 60,000 tons/year
Employees: 639
Indirect Staff: 780
Total Workforce: 1419

Kasemphol, Thailand
Shop-built tanks, spheres and onshore modules.
Area: 28 acres
Capacity: 15,000 tons/year & 70,000 diameter inches
Employees: 475
Indirect Staff: 113
Total Workforce: 588

Batan, Indonesia
Offshore platforms and onshore/offshore modules.
Area: 294 acres
Capacity: 65,000 tons/year
Employees: 5,894
**APAC HSE Key Highlights**

### Key Milestones and Achievements in 2019

**LTI Free Achievements:**
- APAC, 26M hrs (326 days)
- Batam, 63M hrs (2,700 days)
- QMW, 4.4M hrs (304 days)

**National Occupational Safety and Health (NCOSH) Excellence Award 2019**
- McDermott shortlisted as 1 of 5 finalists for 2019 NCOSH award (awaiting final results)
- 1st time an offshore contractor was permitted entry

**PRiDE HSE Improvement Campaign**
- Personal Responsibility in Delivering Excellence rolled out in Batam providing overarching QHSES leadership
- Aligns multiple campaigns towards the common objective of developing frontline leadership and risk-based decision making
- Management sponsored Charter

**Welding Excellence**
- Global Welding Excellence Campaign commenced in Batam

**World Environment Day Celebrations**

### Initiatives, Campaigns and Activities in 2020

1. PRiDE (Personal Responsibility in Delivering Excellence)
2. Safety Supervisor Leadership & iLead Training
3. Batam Quality Improvement & Operational Excellence (Assurance)
4. Batam HSE Improvement Plan
5. Environmental Campaigns
6. Celebrate World Quality Day and Safety Day
7. Health and Wellness Initiatives

### Novel Coronavirus (2019-nCoV)/ COVID-19 Initiatives:
- Crisis Management Team (CMT) activated and regular meetings scheduled
- 2019-nCov General Guidelines and Pandemic Planning document released to employees
- Regular communication releases to employees
- 2019-nCov control plan and online self declaration questionnaire
- Sharepoint site created for information sharing
- Personal and workplace sanitation resources provided. Travel restricted.

### 2020 Campaigns
- **January – PRiDE**
- Feb to Mar – Risk of Impact
- April to May – Plant and Equipment
- June to July – Working at Height
- Aug to Sept – Readiness Planning
- Oct to Nov – Mechanical Lifting
- December – Permit to Work (PTW)

### All Year Focus:
- Hand Injury Prevention
- Dropped Objects
- Slips, Trips and falls
COMPETITIVE LANDSCAPE – ONSHORE AND OFFSHORE
SCARBOROUGH EPCI

<table>
<thead>
<tr>
<th>Client Name</th>
<th>Woodside Energy Ltd (WEL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>The Hague / Gurgaon / Houston</td>
</tr>
<tr>
<td>Field Location</td>
<td>Australia</td>
</tr>
<tr>
<td>Scope</td>
<td>EPCI</td>
</tr>
<tr>
<td>Contract Type</td>
<td>PMT, DE, Hull Fab, Integration/HUC and T&amp;I – Lump Sum Procurement Items, Deck Fab and Commissioning – Provisional Sum</td>
</tr>
</tbody>
</table>

[Diagram of an offshore structure with the text "8 Main subcontractors"]
KGD-98/2 SPS + SURF

Client: Oil & Natural Gas Corporation, India
Engineering: KL / Chennai
Field Location: East Coast of India
Scope: EPCIC, development of Cluster 2 in the Northern discovery Area of KG-DWN-98, with water depths ranging from 0 – 1400m. Full EPCIC SPS + SURF scope in consortium with BHGE & LTHE
Contract Type: Lump Sum + Unit Rates

Pic : EFG – Flexible installation by LV 108.
Pic : DB30 - 14” pipe installation by DB30.
Pic : 14” Stalk handling
Pic : Mudmats deployment
Operations Review: CB&I Storage Solutions

Area Highlights
Project Execution
Strategic Overview
McDermott’s CB&I Storage Solutions is the world’s most experienced designer and builder of industrial storage facilities around the world.

207+ Active Contracts

~$21 million Average Contract Size

$16.7 billion 2020 Tracked Market

643 2020 Tracked Opportunities

59,000+ Storage Structures Built

~5,000 Employees Worldwide

30+ Locations Worldwide

~100 Countries Served

Sources: IHS Markit, Dodge Reports, Industrial Info Resources, Federal Energy Regulatory Commission filings, internal analysis
130+ YEARS OF EXECUTION EXCELLENCE

1889
CB&I Storage
Solutions
Founded

1899
Issued first patent

1900
By 1900, CB&I contracted for 85 elevated tanks in 23 states

1907
Completed first field-erected spherical pressure vessels

1907
Issued first patent

1923
McDermott
Founded

1923
Completed first field-erected spherical pressure vessels

1923
Developed and constructed first floating roof tank

1939
Designed and built first double wall LNG storage tank

1959
Developed concept of air raising tank roofs

1950
Introduction of the Automatic Girth Welder

1960
Developed and constructed first anaerobic Egg-Shaped Digester

1962
Built space chamber where NASA’s two-man Gemini spacecraft was tested

1969
Developed patented scaffoldless tank erection method

1989
Designed and constructed tallest hydropillar in U.S.

1998
Developed patented scaffoldless tank erection method

2004
Designed and constructed tallest hydropillar ever – 349’ diameter

2015
Completed first peak shaver in Australia

2016
Completed largest diameter umbrella roof tank air raise ever – 349’ diameter

2017
Completed air raises for world’s largest liquid nitrogen and oxygen tanks

2018
Completed largest diameter single deck floating roof tank ever built – at 365’ diameter and 650,000 million barrels

2018
Awarded contract for largest hydrogen cryogenic sphere ever built for NASA
CB&I STORAGE SOLUTIONS HAS BEEN USING A CUSHION OF AIR TO RAISE TANK ROOFS FOR MORE THAN 50 YEARS.
INDUSTRY LEADER WITH GLOBAL SCALE

Houston, USA
127,000 Sq. Ft. Under Roof; 78 Acre Site

Chon Buri, Thailand
• K1 Yard 421,943 Sq. Ft.; 10 acre site
• K2 Yard 100,103 Sq. Ft.; 16 acre site
• Sattahip Yard 10 acre site

Al-Aujam, Kingdom of Saudi Arabia
500,000 Sq. Ft. Under Roof; 74 Acre Site

Regional Hub
- Houston, TX
- Plainfield, IL
- Dubai, UAE

Everett, USA
67,600 Sq. Ft. Under Roof; 5 Acre Site

Clive, USA
175,757 Sq. Ft. Under Roof; 24 Acre Site

Regional Hub
- Everett, USA
- Clive, USA
- Chon Buri, Thailand
- Al-Aujam, Kingdom of Saudi Arabia

Regional Office
- Houston, TX
- Plainfield, IL
- Dubai, UAE

Warehouse
- Everett, USA
- Clive, USA
- Chon Buri, Thailand
- Al-Aujam, Kingdom of Saudi Arabia

Fabrication Shop

10-year Sales Footprint
**KEY END MARKETS**

Demand for products and services driven by multiple end markets and macroeconomic trends

LNG, Downstream & Petrochemical, Oil & Gas, and Water Storage and Treatment end markets, supported by a range of secular growth trends, currently offer the most attractive growth opportunities

### LNG
- Global LNG market expected to be active across export, import, peak shaving, and merchant facility markets
- After a strong 2019 for sanctioned liquefaction capacity (70 mtpa), we expect another strong year for FID’s in 2020
- ~60 mtpa of new projects are expected to be sanctioned in 2020
- New projects represent substantial storage opportunities

### Downstream & Petrochemicals
- Expect modest 2020 liquids demand growth over 2019, but still below the 5 year average
- Global refining and petrochemical markets expected to grow at or in excess of global GDP growth rates
- Asian demand fueling significant petrochemical capacity growth
- Increased global capacity additions expected to require meaningful incremental storage infrastructure

### Oil & Gas
- Lower oil prices expected in 2020-21 as market stays in surplus
- A multiyear period of exceptionally strong oil demand growth will slow as the economic outlook has downshifted
- 2020 – 2022 will be an IMO2020 transition period with sharply higher demand for gasoil and low sulfur non-gasoil fuels

### Water Storage & Treatment
- North American population expected to continue steady growth, increasing by 15 million people by 2023
- 80-100 gallons of daily water consumption per person, implying need for 4.5 billion gallons of incremental water storage infrastructure in core markets

Sources: IHS Markit, Global LNG: Ten Questions for the market in 2020, Global Fundamentals Refining and Marketing Price and Margin Long-Term Outlook, Oxford Economics, Weldon Cooper Center for Public Service, Boston Consulting Group, internal analysis
**COMPREHENSIVE PRODUCT LINES**

### Atmospheric Storage
- Delivers innovative solutions for storing products at ambient temperatures
- Storage solutions include fixed-roof, floating-roof and special atmospheric tanks and terminals
- Has designed and built more than 30,000 tanks in more than 100 countries

### Low Temperature & Cryogenic Storage
- Designs and builds refrigerated and cryogenic storage systems for liquefied gases
- Provides tanks for entire range of liquefied gases, offering both single- and full-containment tanks for LNG storage
- Has delivered nearly 1,000 refrigerated storage tanks over the course of 50 years and more than 150 turnkey design-build liquefied gas storage terminals

### High Pressure Storage
- Designs and constructs high pressure storage vessels that economically and reliably store large volumes of liquids and gasses under a wide range of pressure and temperature conditions
- Built the first Hortonsphere pressure vessel in 1923 and has built many of the world's field-erected spheres

### Specialty Steel Plate Structures
- Designs, fabricates and constructs virtually any large, metal plate structure
- Construction materials include carbon steel, stainless steel, alloys, clad, aluminum and other metallic materials

### Water Storage
- Designs and builds industry leading elevated and ground-level storage tanks
- Possesses resources to self-perform all facets of water storage projects
- Has built over 25,000 elevated water tanks and thousands of reservoirs and standpipes
GLOBAL COLLABORATION OPPORTUNITIES

- Storage pull through on petrochemical and LNG projects
- Leveraging area capabilities of the organization (including fabrication yards and resources from Safety, Sales, Legal etc.), particularly in MENA and APAC.
- Access to expanded customer network
- Ability to participate in early project development stage through FEED and Studies group – early access to clients and project development planning
Achieved 2019 goal of a Total Recordable Incident Rate (TRIR) of ≤ 0.21.
Launched sustainability reporting in January 2020
McDermott Operational Values 2020 Focus

2019 TRIR = 0.19 VS Goal ≤ 0.21

Business consistently performs better than the industry standard for heavy construction\(^1\) with TRIR average over 5 years of 0.22 vs and industry average of 2.61.

\(^1\) Bureau of Labor and Statistics

LTI Free Workhours

- ATM Shop – 7M
- Al Aujam WH – 6M
- Liwa Oman Project 192915 – 1.4M
- Zirku Project 185884 – 1M
- TCO Kazakhstan 184224 – 1M
- Thailand Fabrication – 6M
- SPRC Maintenance – 8.5M
- JGSPC OSBL Philippines – 1.5M

Australian projects and facilities continue to be LTI free for 8 years

Appreciation from Saudi Aramco for emergency repairs to 13 storage tanks damaged by drone strikes. First tank repaired 16 days after attack. All tanks turned over 9 weeks after the attack.

Received safety awards, employee recognition in 2019 from Abu Dhabi National Oil Company, Technicas Reunidas, Hyundai E&C and many others.
# Project Portfolio and Execution

## Vogtle Nuclear Project

**Project Description**
Engineering, procurement and construction for containment vessels for two AP1000 units and other various nuclear scopes. The AP1000 units will be the first new nuclear power units built in the U.S. in more than three decades.

**Customer**
Southern Nuclear

**Location**
Georgia, U.S.

## DUQM Tanks Project

**Project Description**
Engineering, procurement and construction for 34 flat-bottom tanks for DUQM Refinery and Petrochemical Industries.

**Customer**
DUQM Refinery and Petrochemical Industries

**Location**
Oman
PROJECT PORTFOLIO AND EXECUTION

Venture Global LNG Project

Project Description
Engineering, procurement and construction for two 200,000 m³ full containment LNG tanks

Customer
Venture Global

Location
Louisiana, U.S.

Tacoma LNG Project

Project Description
Engineering, procurement, fabrication and construction of a multi-purpose LNG storage and fueling terminal, including a 30,000 cubic meter full containment storage tank, liquefier and vaporizer.

Customer
Puget Sound Energy

Location
Washington, U.S.
Global Capabilities

People – Yards – Assets
**ONE McDermott WAY DELIVERS OPERATIONAL EXCELLENCE**

<table>
<thead>
<tr>
<th>I</th>
<th>II</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disciplined portfolio management</strong></td>
<td><strong>Proactive, de-risked execution</strong></td>
</tr>
</tbody>
</table>

1. Gated bidding processes and portfolio management
2. FEED design and experience
3. Project monitoring via trip-wires and strong governance
4. Risk and opportunity management
KPIs PREDICTING AND PREVENTING RISKS BY FUNCTION

- Global Portfolio Management
- Tracking/trending of cost
- Trip Wires
- Early Availability of data

Early awareness and rapid response at the earliest stages of EPC delivery
> 40,000 EMPLOYEES

54 COUNTRIES

➢ 6,000 Engineers
➢ 200 Project Managers

PEOPLE

Europe
1,100 Engineers

NCSA
1,200 Engineers

Kuala Lumpur
400 Engineers

MENA
800 Engineers

India
2,300 Engineers

Europe
1,100 Engineers

NCSA
1,200 Engineers

Kuala Lumpur
400 Engineers

MENA
800 Engineers

India
2,300 Engineers
LACC MODEL
**McDermott Fabrication**

**A True Differentiator in the Energy EPC Business**

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**Fabrication capacity (thousands work hours)**

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altamira</td>
<td>4,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Dammam</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Jebel Ali</td>
<td>8,000</td>
<td>8,500</td>
</tr>
<tr>
<td>Batam</td>
<td>7,000</td>
<td></td>
</tr>
<tr>
<td>QMW</td>
<td>6,000</td>
<td>6,000</td>
</tr>
</tbody>
</table>

**Utilization rate**

<table>
<thead>
<tr>
<th>Location</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altamira</td>
<td>74%</td>
<td>99%</td>
</tr>
<tr>
<td>Dammam</td>
<td>27%</td>
<td>65%</td>
</tr>
<tr>
<td>Jebel Ali</td>
<td>56%</td>
<td>105%</td>
</tr>
<tr>
<td>Batam</td>
<td>94%</td>
<td>106%</td>
</tr>
</tbody>
</table>

**Large scale Asian, Offshore**

- **Altamira**
  - Fabrication capacity: 4,000,000 hours
  - Utilization rate: 99%
- **Dammam**
  - Fabrication capacity: 1,000,000 hours
  - Utilization rate: 65%
- **Jebel Ali**
  - Fabrication capacity: 8,500,000 hours
  - Utilization rate: 105%
- **Batam**
  - Fabrication capacity: 7,000,000 hours
  - Utilization rate: 106%
- **QMW**
  - Fabrication capacity: 6,000,000 hours
  - Utilization rate: 98%

**Note:** Share of backlog revenue for TOTAL includes 4.5 p.p. backlog revenue from other regions.

Source: MDR, BCG analysis
**SMART MODULARIZATION REDUCED COST, SCHEDULE AND RISK**

**MODULAR VS STICK BUILD**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Modular</th>
<th>Stick Build</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity (MTPA MEG Unit)</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Production Cost ($/TPA)</td>
<td>1,146</td>
<td>622</td>
</tr>
<tr>
<td>TCV ($)</td>
<td>802</td>
<td>684</td>
</tr>
<tr>
<td>Plant Area (m²)</td>
<td>156m x 330m</td>
<td>195m x 238m</td>
</tr>
<tr>
<td>Schedule (Month)</td>
<td>38</td>
<td>33</td>
</tr>
</tbody>
</table>

**Notes:**
- Capacity increase: +57%
- Production cost reduction: ~46%
- TCV reduction: ~15%
- Plant area reduction: -10%
- Schedule reduction: -13%
At McDermott, a digital twin is a replica of processes, systems, and assets enabling actionable insights to manage risk, improve delivery certainty, quality, safety and margins.

“Used in combination, 5-D BIM (Gemini XD PLM) and digital twins will likely soon become the new norm for designing and monitoring civil construction projects” – (McKinsey & Company – How the oil and gas industry can improve capital-project performance, March 2019)
Financial Update

Customer Assistance
Cost Reduction Initiative
Bi-Lats Bank Update
The Company continues to make significant progress in negotiating and executing customer assistance agreements.

A significant portion of the targeted relief will be in the form of risk mitigation rather than incremental P&L benefit to the business plan.

Customer Assistance Requests

Assumed Achievable Targets

- $1,084 million
- $287 million (27%)
- $405 million (37%)
- $247 million (23%)
- $110 million (10%)
- $35 million (3%)

Customer Assistance Impact

- Risk Mitigation
  - $544 million (50%)
  - $287 million (50%)
  - $216 million (24%)

- L/C Impact
  - $287 million (26%)

- P&L Impact
  - $253 million (23%)

Achieved To Date

- Risk Mitigation
  - $400 million (44%)

- L/C Impact
  - $287 million (26%)

- P&L Impact
  - $216 million (24%)

Achieved from 1/5/20 to 2/5/2020

- $903 million

* P&L Impact is based off the P&L as adjusted by the Business Plan, and the numbers stated are subject to change due to final form of assistance and actual impact.
BILATERAL LC FACILITIES

- Following Chapter 11 filing management met with 13 existing and potential financial institutions across Houston, London, Doha, Dubai, Riyadh and Bahrain
- Facility providers remain supportive of existing capacity with potential to issue new LCs with continued clarity through Ch 11