Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	998 197 201
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	FMC TECHNOLOGIES NORWAY AS
Forretningsadresse:	Kirkegårdsveien 45 3616 KONGSBERG

Regnskapsår

Årsregnskapets periode:	01.01.2016 - 31.12.2016

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Morten Langaas
Dato for fastsettelse av årsregnskapet:	27.06.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert

År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 20.11.2020

Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Kostnader			
Lønnskostnad	2	1 156 962	4 220 208
Annen driftskostnad		-102 689	-239 237
Sum kostnader		**1 054 273**	**3 980 971**
Driftsresultat		**-1 054 273**	**-3 980 971**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap		290 000 000	185 692 821
Renteinntekt fra foretak i samme konsern		8 042 721	5 914 859
Annen finansinntekt		29 416	166
Sum finansinntekter		**298 072 137**	**191 607 846**
Nedskrivning av finansielle eiendeler		2 634 096 627	
Rentekostnad til foretak i samme konsern		828 255 195	809 605 760
Annen finanskostnad	6	17 534 002	55 474
Sum finanskostnader		**3 479 885 824**	**809 661 234**
Netto finans		**-3 181 813 687**	**-618 053 388**
Ordinært resultat før skattekostnad		**-3 182 867 960**	**-622 034 359**
Skattekostnad på ordinært resultat	4	406 391 022	43 757 015
Ordinært resultat etter skattekostnad		**-3 589 258 982**	**-665 791 374**
Årsresultat		**-3 589 258 982**	**-665 791 374**
Årsresultat etter minoritetsinteresser		**-3 589 258 982**	**-665 791 375**
Overføringer og disponeringer			
Udekket tap	5	-3 589 258 982	-665 791 375
Sum overføringer og disponeringer		**-3 589 258 982**	**-665 791 375**

Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	4	364 488	116 226 635
Sum immaterielle eiendeler		**364 488**	**116 226 635**
Finansielle anleggsmidler			
Investering i datterselskap	6	14 085 657 641	16 719 754 268
Lån til foretak i samme konsern	3	578 619 962	268 151 020
Sum finansielle anleggsmidler		**14 664 277 603**	**16 987 905 288**
Sum anleggsmidler		**14 664 642 091**	**17 104 131 923**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	3	8 527 693	28 780 456
Andre fordringer	3	304 494 613	397 190 673
Sum fordringer		**313 022 306**	**425 971 129**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		78 391 423	
Sum bankinnskudd, kontanter og lignende		**78 391 423**	
Sum omløpsmidler		**391 413 729**	**425 971 129**
SUM EIENDELER		**15 056 055 820**	**17 530 103 052**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	5	120 000 000	120 000 000
Beholdning av egne aksjer	5		

Balanse

Beløp i: NOK	Note	2016	2015
Overkurs	5	5 118 154 268	5 118 154 268
Sum innskutt egenkapital		**5 238 154 268**	**5 238 154 268**
Opptjent egenkapital			
Annen egenkapital			
Udekket tap	5	5 871 112 472	1 740 466 314
Sum opptjent egenkapital		**-5 871 112 472**	**-1 740 466 314**
Sum egenkapital		**-632 958 204**	**3 497 687 954**
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	2	1 526 985	12 489 398
Andre avsetninger for forpliktelser	4		
Sum avsetninger for forpliktelser		**1 526 985**	**12 489 398**
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	3	11 482 088 245	11 481 953 697
Sum annen langsiktig gjeld		**11 482 088 245**	**11 481 953 697**
Sum langsiktig gjeld		**11 483 615 230**	**11 494 443 095**
Kortsiktig gjeld			
Leverandørgjeld		276 749	816 998
Betalbar skatt	4	290 528 873	34 267 489
Skyldige offentlige avgifter		15 259 283	11 905 954
Annen kortsiktig gjeld	3	3 899 333 889	2 490 981 563
Sum kortsiktig gjeld		**4 205 398 794**	**2 537 972 004**
Sum gjeld		**15 689 014 024**	**14 032 415 099**
SUM EGENKAPITAL OG GJELD		**15 056 055 820**	**17 530 103 053**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	12.12.2012	02.01.2013
Telefon	Deres referanse	Vår referanse
22078139	Morten Langaas	2012/942689

FMC TECHNOLOGIES NORWAY AS
Postboks 1012
3601 KONGSBERG

Fritak for konsernregnskapsplikt for FMC Technologies Norway AS, org. nr. 998 197 201

Det vises til deres brev av 12. desember 2012 der det søkes om fritak fra plikten til å utarbeide konsernregnskap for FMC Technologies Norway AS.

Skattedirektoratet finner med hjemmel i regnskapsloven av 17. juni 1998 nr. 56 § 3-7 fjerde ledd å kunne gi tillatelse til at det gjøres unntak for konsernregnskapsplikten for FMC Technologies Norway AS.

Bakgrunn
Det ultimate morselskapet til FMC Technologies Norway AS er det amerikanske børsnoterte selskapet FMC Technologies Inc. Regnskapet til FMC Technologies Inc avlegges i henhold til USGAAP og på engelsk. FMC Technologies Inc utarbeider konsernregnskap som omfatter det norske underkonsernet.

Forutsetninger for vedtaket
Det forutsettes at FMC Technologies Inc utarbeider konsernregnskap som omfatter den regnskapspliktige og dennes datterselskap. Det legges til grunn at dette konsernregnskapet er utarbeidet i samsvar med US GAAP og at kravene i regnskapsloven § 3-7 for øvrig følges.

Bestemmelsene i regnskapsloven kapittel 8 gjelder tilsvarende for dette konsernregnskapet. Morselskapet kan etter forskrift av 7.9.2006 nr. 1062 til utfylling og gjennomføring mv. av regnskapsloven § 3-7-1 utarbeide konsernregnskapet på norsk, svensk, dansk eller engelsk.

Kopi av dette brev må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Postadresse
Postboks 9200 Grønland
0134 Oslo
For elektronisk henvendelse se www.skatteetaten.no

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Helleland

Torstein Kinden Helleland

FMC Technologies Norway AS

Årsregnskap 2016

FMC Technologies Norway AS

ÅRSBERETNING 2016

Om virksomheten

Gjennom erverv av samtlige aksjer i FMC Technologies AS og FMC Technologies UK LTD ble selskapet etablert i 2012. Aksjekjøpene ble delvis finansiert ved egenkapital og delvis ved langsiktig finansiering fra selgeren FMC Technologies S.a.r.l.

Selskapets hovedformål er å knytte sammen den norske gruppen med sin største og viktigste leverandør FMC Technologies UK LTD for å oppnå hensiktsmessig operasjonell og juridisk struktur, eierstyring og selskapsledelse. I 2016 ble den norske selskapsstrukturen forenklet ved at datterselskapet FMC Technologies AS ble likvidert. I forbindelse med likvidasjonen ble eiendeler og gjeld tilhørende FMC Technologies AS overført til Selskapet på tidspunktet for likvidasjonen.

Per 31.12.2016 er FMC Technologies Norway AS 100% indirekte eid av konsernets ultimate morselskap - FMC Technologies Inc (USA). 17. Januar 2017 fusjonerte FMC Technologies med Technip og det ble etablert ny konsernstruktur med TechnipFMC Plc (Storbritannia) som konsernspiss og det nye ultimate morselskap.

FMC Technologies og Technip tilbyr komplementære tjenester og leveranser, og fusjonen gjør det mulig å tilby oljeselskapene integrerte, kostnadseffektive løsninger for feltdesign, utbygging, drift og vedlikehold. Sammenslåingen gir gode muligheter for å utvikle teknologiske effektive løsninger som vil redusere kostnadene for feltutbygging og vedlikehold.

Redegjørelse for årsregnskapet

Selskapets resultat etter skatt utgjorde et underskudd på 3 589 251 TNOK. Selskapet mottok konsernbidrag på 290 000 TNOK og kostnadsførte rentekostnader på konserninternt lån tilsvarende 828 255 TNOK.

Selskapet har dialog med skattemyndighetene rundt fradragsrett for konserninterne renter. Det er pr dags dato ikke mottatt respons fra myndigheten på selskapets tilsvar. I regnskapet for 2016 er det gjort avsetning som dekker den usikre skatteposisjonen dersom Selskapets syn ikke når frem.

Etter styrets oppfatning gir årsregnskapet en tilfredsstillende beskrivelse av selskapets resultat i 2016 og stilling ved årets slutt. Selskapets regnskapsmessige egenkapital er tapt, men i lys av at Selskapet ikke har ekstern gjeld, men kun konsernintern gjeld er forutsetningen om fortsatt drift lagt til grunn i årsregnskapet. 3 312 427 TNOK av den konserninterne gjelden er avtalefestet underordet øvrig konsernintern gjeld.

Styret bekrefter at denne forutsetningen er til sted. Etter utgangen av året er det ikke inntruffet hendelser eller forhold som er viktige for å bedømme Selskapets resultat og stilling.

Eiendeler og gjeld

Selskapets aktiva utgjøres av aksjer i datterselskaper. Gjelden utgjøres av lån fra selskaper i samme konsern. Disse lånene ble etablert med hensikt å finansiere oppkjøpet av aksjene i datterselskapene. Lånene renteberegnes på markedsmessige vilkår.

Egenkapital

Egenkapitalen var ved årets slutt negativ stor 632 950 TNOK.

Disponeringer

Styret foreslår at årets underskudd på 3 589 251 TNOK dekkes på følgende måte:

Til udekket tap: 3 589 251 TNOK

Arbeidsmiljø, likestilling, diskriminering og ytre miljø

Arbeidsmiljøet anses som tilfredsstillende, og Selskapet har som intensjon å fremme likestilling samt forebygge diskriminering.

Aktiviteten påvirker i liten grad det ytre miljøet.

Finansiell risiko

Da Selskapets aktiva er knyttet til aksjeposter i datterselskaper, har man en viss risiko i forhold til markedsforhold som kan påvirke verdsettelsen av disse. Det gjøres årlig verdivurderinger for å sikre at eiendelene er riktig vurdert i regnskapet. Vurderingen er basert på antatt fremtidige kontantstrømmer, og styret presiserer at det knytter seg usikkerhet til disse under de rådende markedsforhold. Selskapet forventer et oppsving i etterspørselen etter en konsolideringsperiode, men at det er usikkert når dette vil inntreffe. Basert på de foreliggende beregninger ble aksjene i datterselskapene nedskrevet med 2 634 097 TNOK i 2016 regnskapet.

Da selskapets inntekter og kostnader delvis er i utenlandsk valuta kan svingninger i valutakurser påvirke verdien av de fremtidige kontantstrømmene. Dessuten er man eksponert for svingninger i rentenivå som igjen vil påvirke rentekostnadene.

Fremtidig utvikling

I lys av at den regnskapsmessige egenkapital er negativ vil Styret utarbeide en langsiktig god finansieringsplan for selskapet i 2017.

Fusjonen mellom FMC Technologies Inc og Technip S.a kan føre til hensiktsmessige endringer i FMC Technologies Norway AS konsernstruktur, utover dette er det ikke forventet vesentlige endringer i selskapets formål og drift. Det kan være aktuelt for selskapet å foreta investeringer eller oppkjøp innenfor konsernets operative forretningsområder. Således anses selskapets struktur å være velegnet for videre ekspansjon.

Kongsberg 27.06.2017

Erling Christiansen	Morten Langaas	Tore Halvorsen
Styrets leder	Styremedlem/Daglig leder	Styremedlem

RESULTATREGNSKAP

FMC TECHNOLOGIES NORWAY AS

DRIFTSINNTEKTER OG DRIFTSKOSTNADER	Note	2016	2015
Lønnskostnad	2	1 156 962	4 220 208
Annen driftskostnad		-102 689	-239 237
Sum driftskostnader		**1 054 273**	**3 980 971**
Driftsresultat		**-1 054 273**	**-3 980 971**
FINANSINNTEKTER OG FINANSKOSTNADER			
Inntekt på investering i datterselskap		290 000 000	185 692 821
Renteinntekt fra foretak i samme konsern		8 042 721	5 914 859
Annen renteinntekt		29 416	0
Annen finansinntekt		0	166
Rentekostnad til foretak i samme konsern		828 255 195	809 605 760
Annen rentekostnad		14 127	55 474
Annen finanskostnad	6	2 651 616 502	0
Resultat av finansposter		**-3 181 813 687**	**-618 053 389**
Ordinært resultat før skattekostnad		-3 182 867 960	-622 034 360
Skattekostnad på ordinært resultat	4	406 382 815	43 757 015
Årsresultat		-3 589 250 775	-665 791 375
OVERFØRINGER			
Overført til udekket tap	5	3 589 250 775	665 791 375
Sum overføringer		**-3 589 250 775**	**-665 791 375**

BALANSE

FMC TECHNOLOGIES NORWAY AS

EIENDELER	Note	2016	2015
ANLEGGSMIDLER			
IMMATERIELLE EIENDELER			
Utsatt skattefordel	4	366 477	116 226 635
Sum immaterielle eiendeler		**366 477**	**116 226 635**
FINANSIELLE ANLEGGSMIDLER			
Investeringer i datterselskap	6	14 085 657 641	16 719 754 268
Lån til foretak i samme konsern	3	578 619 962	268 151 020
Sum finansielle anleggsmidler		**14 664 277 603**	**16 987 905 288**
Sum anleggsmidler		**14 664 644 079**	**17 104 131 924**
OMLØPSMIDLER			
FORDRINGER			
Kundefordringer	3	8 527 693	28 780 456
Andre kortsiktige fordringer	3	304 494 613	397 190 673
Sum fordringer		**313 022 307**	**425 971 129**
INVESTERINGER			
Bankinnskudd, kontanter o.l.		78 391 423	0
Sum omløpsmidler		**391 413 730**	**425 971 129**
Sum eiendeler		**5 056 057 809**	**7 530 103 053**

BALANSE

FMC TECHNOLOGIES NORWAY AS

EGENKAPITAL OG GJELD	Note	2016	2015
INNSKUTT EGENKAPITAL			
Aksjekapital	5	120 000 000	120 000 000
Overkurs	5	5 118 154 268	5 118 154 268
Sum innskutt egenkapital		**5 238 154 268**	**5 238 154 268**
OPPTJENT EGENKAPITAL			
Udekket tap	5	-5 871 104 265	-1 740 466 314
Sum opptjent egenkapital		**-5 871 104 265**	**-1 740 466 314**
Sum egenkapital		**-632 949 997**	**3 497 687 954**
GJELD			
AVSETNING FOR FORPLIKTELSER			
Pensjonsforpliktelser	2	1 526 985	12 489 398
ANNEN LANGSIKTIG GJELD			
Gjeld til konsernselskaper	3	11 482 088 245	11 481 953 697
Sum annen langsiktig gjeld		**11 482 088 245**	**11 481 953 697**
KORTSIKTIG GJELD			
Leverandørgjeld		276 749	816 998
Betalbar skatt	4	290 522 655	34 267 489
Skyldig offentlige avgifter		15 259 283	11 905 954
Annen kortsiktig gjeld	3	3 899 333 889	2 490 981 563
Sum kortsiktig gjeld		**4 205 392 576**	**2 537 972 004**
Sum gjeld		**15 689 007 806**	**14 032 415 099**
Sum egenkapital og gjeld		**15 056 057 809**	**17 530 103 053**

Styret i FMC Technologies Norway AS

Erling Christiansen	Morten Langaas	Tore Halvorsen
styreleder	styremedlem/daglig leder	styremedlem

FMC TECHNOLOGIES NORWAY AS SIDE 3

Cash Flow Statement

All figures in 1000 NOK

FMC Technologies Norway AS

	Note	2016	2015
LIKVIDER TILFØRT / CASH GENERATED			
Tilført fra årets virksomhet / Cash generated from operations 1)		-856 574	-851 082
Endring i lager, debitorer og kreditor / Change in stock, acc. rec/pay		19 600	-28 010
Endring i andre tidsavgrensningsposter / Change in other accruals		-7 475	-377 121
A. Netto likviditetsendring fra virksomheten / Net cash flow from operations		-844 448	-1 256 212
LIKVIDER TIL INVESTERING / CASH USED FOR INVESTMENTS			
Likvidasjonsutbytte / Dividende from liquidation		77 181	0
B. Netto likviditetsendring fra investeringer / Net cash outflow from investments		77 181	0
LIKVIDER TILFØRT FRA DRIFT/CASH GENERATED FOR OPERATIONS			
Endring finansiering med konsernmellomv./Changes in liabilities from group financing		659 966	641 545
Konsernbidrag / Group contribution		185 693	303 312
C. Netto likviditetsendring fra finans / Net cashflow from financing		845 659	944 857
(A + B + C) Netto endring likviditet / Net change in cashflow		78 391	-311 355
Likviditetsbeholdning pr. 01.01 / Cash per 1 Jan		0	311 355
Likviditetsbeholdning pr. 31.12 / Cash per 31 Dec		78 391	0
1): Ordinært resultat før skattekostnad / Net income		-3 166 403	-622 034
Nedskrivning av aksjer/Impairment of fixed assets		2 634 097	0
Utbytte og konsernbidrag / Dividend and group contribution		-290 000	-185 693
Betalte skatter / Tax payable		-34 267	-43 354
Tilført fra årets virksomhet / Cash generated from operations		-856 574	-851 082

FMC Technologies Norway AS
Årsregnskap for 2016

Note 1 Regnskapsprinsipper

Grunnleggende prinsipper - vurdering og klassifisering - Andre forhold

Årsregnskapet består av resultatregnskap, balanse, kontantstrømoppstilling og noteopplysninger og er avlagt i samsvar med aksjelov, regnskapslov og god regnskapsskikk i Norge gjeldende pr. 31. desember 2016. For å gjøre årsregnskapet lettere å lese, er det redigert slik at regnskapsoppstillingene er sammendratt i formen. Den nødvendige spesifiseringen er gjort i notene. Notene er følgelig en integrert del av årsregnskapet.

Årsregnskapet er basert på de grunnleggende prinsipper om historisk kost, sammenlignbarhet, fortsatt drift, kongruens og forsiktighet. Transaksjoner regnskapsføres til verdien av vederlaget på transaksjonstidspunktet. Inntekter resultatføres når de er opptjent og kostnader sammenstilles med opptjente inntekter. Regnskapsprinsippene utdypes nedenfor.

Når faktiske tall ikke er tilgjengelige på tidspunkt for regnskapsavleggelsen, tilsier god regnskapsskikk at ledelsen beregner et best mulig estimat for bruk i resultatregnskap og balanse. Det kan fremkomme avvik mellom estimerte og faktiske tall.

Eiendeler/gjeld som knytter seg til varekretsløpet og poster som forfaller til betaling innen ett år etter balansedagen, er klassifisert som omløpsmidler/kortsiktig gjeld. Vurdering av omløpsmidler/kortsiktig gjeld skjer til laveste/høyeste verdi av anskaffelseskost og virkelig verdi. Virkelig verdi er definert som antatt fremtidig salgspris redusert med forventede salgskostnader. Andre eiendeler er klassifisert som anleggsmidler. Vurdering av anleggsmidler skjer til anskaffelseskost. Anleggsmidler som forringes avskrives. Dersom det finner sted en verdiendring som ikke er forbigående, foretas en nedskrivning av anleggsmidlet. Tilsvarende prinsipper legges normalt til grunn for gjeldsposter.

Det er i henhold til god regnskapsskikk noen unntak fra de generelle vurderingsreglene. Disse unntakene er kommentert i de respektive noter. Ved anvendelse av regnskapsprinsipper og presentasjon av transaksjoner og andre forhold, legges det vekt på økonomiske realiteter, ikke bare juridisk form. Betingede tap som er sannsynlige og kvantifiserbare, kostnadsføres.

Regnskapsprinsipper for vesentlige regnskapsposter

Inntektsføringstidspunkt
Selskapet er et holdingselskap uten faste løpende driftsinntekter, men dersom det er driftsinntekter resultatføres de når opptjent. Driftsinntektene er fratrukket merverdiavgift, rabatter, bonuser og fakturerte fraktkostnader. Viderefakturering av lønnskostnader og andre driftskostnader regnskaps føres som en kostnadsreduksjon og ikke som inntekt (se note 2).

Kostnadsføringstidspunkt / sammenstilling
Utgifter kostnadsføres når de påløper. Kostnader relatert til restrukturering og avvikling av virksomhet kostnadsføres når det er tatt beslutning om restrukturering eller avvikling. Lønnskostnader viderefaktureres de virksomheter som ledes og samkjøres av de ansatte.

Valuta
Transaksjoner i utenlandsk valuta omregnes til månedlige gjennomsnittskurser. Pengeposter i utenlandsk valuta omregnes til norske kroner ved å benytte balansedagens kurs. Valutakursendringer resultatføres løpende i regnskapsperioden under andre finansposter.

Utsatt skatt og skattekostnad
Utsatt skatt beregnes på bakgrunn av midlertidige forskjeller mellom regnskapsmessige og skattemessige verdier ved utgangen av regnskapsåret. Ved beregningen benyttes nominell skattesats. Positive og negative forskjeller vurderes mot hverandre innenfor samme tidsintervall. Visse poster vurderes likevel særskilt, herunder merverdier ved oppkjøp og utsatt skatt på netto pensjonsforpliktelser. Utsatt skattefordel oppstår dersom en har midlertidige forskjeller som gir opphav til skattemessige fradrag i fremtiden. Årets skattekostnad består av endringer i utsatt skatt sammen med betalbar skatt for inntektsåret korrigert for feil i tidligere års beregninger.

Pensjonsforpliktelser og pensjonskostnad
I 2012 besluttet FMC konsernet å endre sin pensjonsplan fra 01.01.2013. Overgangen fra en ytelsesbasert ordning til en

FMC Technologies Norway AS
Årsregnskap for 2016

innskuddsbasert ordning, var aldersbestemt for de ansatte som var ansatt på det tidspunktet FMC endret avtalen i 2012. Endringen var at alle som var under 52 år ble overført til en tilskuddsplan, mens de som var over 52 år forble i ytelsesplanen. Alle ansatte som var mellom 41 og 52 år ble del i en kompensasjonsordning, som avsettes løpende og utbetales ved pensjonsalder eller ved avslutning av arbeidsforhold i FMC. Alle nyansatte etter 2012 uansett alder er med i den innskuddsbaserte ordningen.

Ytelsesplanen gir de ansatte rett til avtalte fremtidige pensjonsytelser. Pensjonsforpliktelsen beregnes etter lineær opptjening på basis av forutsetninger om antall opptjeningsår, diskonteringsrente, fremtidig avkastning på pensjonsmidler, fremtidig regulering av lønn, pensjoner og ytelser fra folketrygden og aktuarmessige forutsetninger om dødelighet, frivillig avgang, osv. Pensjonsmidlene vurderes til virkelig verdi. Netto pensjonsforpliktelse består av brutto pensjonsforpliktelse fratrukket virkelig verdi av pensjonsmidler. Netto pensjonsforpliktelser på underfinansierte ordninger er balanseført som langsiktig rentefri gjeld, mens netto pensjonsmidler på overfinansierte ordninger er balanseført som langsiktig rentefri fordring dersom det er sannsynlig at overfinansieringen kan utnyttes.

Endringer i forpliktelsen som skyldes endringer i pensjonsplanene, fordeles over antatt gjennomsnittlig gjenværende opptjeningstid eller 15 år. Endringer i forpliktelsen og pensjonsmidlene som skyldes endringer i og avvik mot beregningsforutsetningene (estimatendringer), fordeles over antatt gjennomsnittlig gjenværende opptjeningstid hvis avvikene overstiger 10% av brutto pensjonsforpliktelse/pensjonsmidlene.

Innskuddsplanen betyr at selskapet yter et bidrag til den enkelte ansattes pensjonssparing som forvaltes av et forsikringsselskap. Bidragets størrelse beregnes utifra den ansattes pensjonsgivende lønn, der bidragets størrelse følger en trappemodell. Foretakets forpliktelse er således fullt innfridd ved bidragsbetalingen.

Netto pensjonskostnad består av brutto pensjonskostnad fratrukket estimert avkastning på pensjonsmidlene, korrigert for fordelt virkning av endringer i estimater og pensjonsplaner, bidrag til innskuddsplanen og kompensasjon til de mellom 41 og 52 år. Netto Pensjonskostnad klassifiseres som ordinær driftskostnad, og er presentert sammen med lønn og andre ytelser.

Selskapet har ordninger som oppfyller kravene i lov om obligatorisk tjenestepensjon.

Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer som umiddelbart og med uvesentlig kursrisiko kan konverteres til kjente kontantbeløp og med forfallsdato kortere enn tre måneder fra anskaffelsesdato.

Selskapet inngår nå i en konsernkontoordning hvor innestående eller skyldig beløp bokføres som henholdsvis en fordring eller gjeld i regnskapet.

Aksjer
Aksjer vurderes til det laveste av anskaffelseskost og virkelig verdi. Datterselskapet regnskapsføreres etter kostmetoden. Det foretas vurderinger om det er indikatorer på verdifall. I tilfelle det er indre eller ytre indikatorer, foretas det vurderinger av fremtidige antatte kontantstrømmer som måles opp mot kostpris.

Konsolidering
Selskapet er konsernspiss Norge, men inngår som del av FMC Technologies USA konsernregnskap. I Norge har man fått innvilget unntak fra kravet om utarbeidelse av konsernregnskap i Norge og følgelig utarbeides det ikke eget konsernregnskap for den norske virksomheten.

Opplysninger om konsernregnskapet kan fås ved henvendelse til FMC Technologies Ltd. USA.

Aksjer i døtre bokføres til kostpris. Utbytte og konsernbidrag inntektsføres i vedtaksåret basert på bestemmende innflytelse.

FMC Technologies Norway AS
Årsregnskap 2016

Alle tall er oppgitt i hele kr. 1000 så sant ikke annet er opplyst.

Note 2 Godtgjørelser / Lønn og pensjon / Revisor

Lønnskostnader mm.	01.01-31.12	
	2016	2015
Lønninger	**17 458**	16 872
Folketrygdavgift	**5 488**	6 366
Pensjonskostnader	**-5 933**	2 370
Andre ytelser	**7 457**	11 766
Kostnadsreduskjonsfakturert	**-23 314**	-33 153
Lønnskostnader	**1 157**	4 220
Gjennomsnittlig antall ansatte:	**6**	6

I 2015 ble personell som skal lede og samkjøre FCM investeringer i Norge og Storbritannia tilført selskapet.

Daglig leder har sitt hovedvirke i datterselskapet og får lønn derfra. Styre er ansatt/honorert fra sine ordinære lønninger i datterselskaper. Det er ikke gitt styrehonorar utover det som er gitt i lønn i det underliggende selskap. Det er forøvrig ikke avtalt særskilte ytelser, opsjoner, vederlag eller sluttgodtgjørelse til styret eller daglig leder.

Revisor
Revisjonshonorar for 2016 kostnadsført med Tnok 159 inkl mva. Dette inkluderer både norsk revisjon, USGAAP og SOX revisjon.

Pensjoner og pensjonsforpliktelser
I 2012 besluttet FMC konsernet å endre sin pensjonsplan fra 01.01.2013. Tidligere var alle ansatte med i en ytelsesplan. Den nye pensjonsavtalen betyr at alle som er under 52 år overføres til en tilskuddsplan, mens de over 52 år forblir i ytelsesplanen. Alle ansatte mellom 41 og 52 år vil motta en kompensasjon som beregnes av en aktuar og avsettes årlig frem til pensjonsalder. Kompensasjonskostnad i 2016 NOK 134.549.

Både de nye og den gamle planen tilfredstiller lov om obligatorisk tjenestepensjon.

Selskapets ytelsesplan omfatter i alt 2 personer pr 31.12.2016. Ordningene gir rett til definerte fremtidige ytelser. Disse er i hovedsak avhengig av antallopptjeningsår, lønnsnivå ved oppnådd pensjonsalder og størrelsen på ytelsene fra folketrygden. Forpliktelsene er dekket gjennom forsikringsselskap.

Selskapets innskuddplan omfatter 4 personer pr 31.12.2016. Selskapet yter et bidrag til den enkelte ansattes pensjonssparing som forvaltes av et forsikringsselskap. Bidragets størrelse beregnes utifra den ansattes pensjonsgivende lønn, der bidragets størrelse følger en trappemodell. Foretakets forpliktelse er således fullt innfridd ved bidragsbetalingen. Total kostnad i 2016 NOK 559.014.

Pensjonskostnad	01.01 - 31.12	
	2016	2015
Nåverdi av årets pensjonsopptjening	**1 722**	1 907
Rentekostnad av pensjonsforpliktelsen	**643**	598
Avkastning på pensjonsmidler	**-559**	-549
Netto pensjonskostnad ytelsesplaner	**1 807**	1 956

FMC Technologies Norway AS

Årsregnskap 2016

Avstemming av pensjonsordningenes finansierte status mot beløp i balansen:

	31.12.2016 Midler > Forpliktelser	31.12.2016 Midler < Forpliktelser	31.12.2015 Midler > Forpliktelser	31.12.2015 Midler < Forpliktelser
Pensjonsforpliktelser/midler (netto)	-641	0	-10 143	0
Arbeidsgiveravgift	-134	0	-1 430	0
Ikke resultatført virkning av estimatavvik	-752	0	-916	0
Netto pensjonsforpliktelser	-1 527	0	-12 489	0

Økonomiske forutsetninger:	31.12.2016	31.12.2015
Diskonteringsrente	2,80 %	2,50 %
Forventet lønnsregulering	2,00 %	2,30 %
Forventet pensjonsøkning	0,10 %	0,10 %
Forventet G-regulering	2,00 %	2,30 %
Forventet avkastning på fondsmidler	3,30 %	3,30 %

Note 3 Mellomværende med selskap i samme konsern m.v.

Kundefordringer

	31.12.2016	31.12.2015
FMC Technologies Ltd. Nigeria	2 692	3 202
FMC Kongsberg International AG	0	1 507
FMC Kongsberg Subsea AS	0	17 351
Sum	2 692	22 060

	Fordring på foretak i samme konsern 31.12.2016	Fordring på foretak i samme konsern 31.12.2015	Gjeld til foretak i samme konsern 31.12.2016	Gjeld til foretak i samme konsern 31.12.2015
FMC Kongsberg Subsea AS	762 961	376 493	438 007	0
FMC Technologies BV	0	0	3 312 427	2 485 862
FMC Technologies AS	0	268 151	0	0
FMC Kongsberg Metering AS	45 247	20 360	123 360	0
Sum	808 208	665 003	3 873 793	2 485 862

Langsiktige fordringer og lån

	Langsiktig lån 31.12.2016	Langsiktig lån 31.12.2015
Lån til FMC Technologies S.à r.l.	11 481 800	11 481 800
	11 481 800	11 481 800

All langsiktig gjeld har forfall senere enn ett år. Lån til FMC Technologies S.à r.l. renteberegnes på markedsmessige vilkår. Selskapet er i brudd med låneavtalens egenkapitalkrav, men har fått en waiver for dette forholdet inntil Selskapet er refinanisert.

	31.12.2016	31.12.2015
Konvertibelt lån fra konsernselskapet FMC Kongsberg Subsea AS	73 296	0
	73 296	0

I forbindelse med likvidasjonen av FMC Technologies AS selskapets fordringen på konvertibelt lån ble overført til markedsverdi. Konvertibelt lån forfaller til beytaling i 2020.

FMC Technologies Norway AS
Årsregnskap 2016

Alle tall er oppgitt i hele kr. 1000 så sant ikke annet er opplyst.

Note 4 Skatt

Spesifikasjon midlertidige forskjeller		**2016**		2015		
		Negative	Positive	Negative	Positive	**Netto endring**
Pensjonsmidler		-1 527	0	-12 489	0	10 962
Midlertidige forskjeller		-1 527	0	-12 489	0	10 962
Underskudd til fremføring		-452 417	0	-452 417	0	0
Utligning		453 944	-453 944	464 907	-464 907	0
Netto midlertidlige forskjeller		0	-453 944	0	-464 907	10 962
Usikker skatteposisjon		0	452 417	0	0	0
Grunnlag utsatt skattefordel/utsatt skatt		0	-1 527	0	-464 907	463 380
Utsatt skattfordel	24%/25%	0	-366	0	-116 227	115 860
Avskåret rentefradrag til fremføring		-2 265 199		-1 514 260		-750 940

Betalbar skatt		**2016**	2015
Resultat før skattekostnad og konsernbidrag		-3 472 868	-807 727
Ikke fradragsberettigede kostnader		767 408	749 660
Endring midlertidige forskjeller		-10 962	-709
Nedskrivning på aksjer		2 634 097	0
Inntektsført konsernbidrag		290 000	185 693
Grunnlag betalbar skatt		207 675	126 917
Betalbar skatt på årets resultat	25%/ 27%	51 919	34 267
Avsatt betalbar skatt - usikker skatteposisjon		238 604	0
Bokført betalbar skatt		290 523	34 267
Skatteefekt av konsernbidrag		0	0
Betalbare skatt på årets resultat		51 919	34 267
Endring utsatt skatt		2 741	-191
Effekt på utsatt skatt pr. 31.12 pga endring i skattesats til 24%		4 539	9 298
Avsatt betalbar skatt - usikker skatteposisjon*		238 604	0
Reduksjon underskudd til framføring - usikker skatteposisjon*		108 580	0
Skattekostnad		406 383	43 757

Avstemming årets skattekostnad			
Resultat før skatt		-3 182 868	-622 034
25% skatt av resultat før skatt	25 %	-795 717	-167 949
Avvik		1 202 100	211 706
Avviket skyldes skatteeffekt av			
Avskåret rentefradrag til fremføring		-187 735	-202 325
Permanente forskjeller		-4 117	-83
Nedskrivning på aksjer		-658 524	
Effekt på utsatt skatt pr 31.12. pga endring i skattesats til 24%		-4 539	-9 298
Avsatt betalbar skatt - usikker skatteposisjon		-238 604	0
Reduksjon underskudd til framføring - usikker skatteposisjon		-108 580	0
		-1 202 100	-211 706

Selskapet har en dialog med skattemyndighetene rundt fradragsrett for konserninterne renter, og det er pr dags dato ikke mottatt respons fra myndigheten på selskapets tilsvar. I regnskapet for 2016 er det gjort avsetning som dekker den usikre skatteposisjonen. Selskapet vurderer det er sannsynelig at selskapets syn ikke når frem.

FMC Technologies Norway AS
Årsregnskap 2016

Alle tall er oppgitt i hele kr. 1000 så sant ikke annet er opplyst.

Note 5 Egenkapital og aksjonærinformasjon

	Aksjekapital	Overkurs	Annen EK	Sum
Egenkapital 01.01.2016	120 000	5 118 155	-1 740 467	3 497 688
Årets endring i egenkapital:				
Årsresultat	0	0	-3 589 251	-3 589 251
Likvidasjon FMCT*	0	0	-541 387	-541 387
Egenkapital 31.12.2016	120 000	5 118 155	-5 871 105	-632 950

* I 2016 ble den norske selskapsstrukturen forenklet ved at datterselskapet FMC Technologies AS ble likvidert. Regnskapsmessig presentasjon av avviklingsregnskapet som ble valgt fører tapet ved likvidasjonen som en egenkapital transaksjon og ikke en resultatføring. Dette er valgt da avviklingsregnskapet ville gitt en informasjon med et feilaktig høyt resultat i forhold til informasjon til brukere av det regnskapet, jf. note 8.

Selskapets regnskapsmessige egenkapital er tapt, men i lys av at selskapet ikke har betydelig ekstern gjeld, men kun konsernintern gjeld til aksjonærer er forutsetningen om fortsatt drift lagt til grunn i årsregnskapet. 3 312 427 TNOK av den konserninterne gjelden er avtalefestet underordet annen konsernintern gjeld på 11 480 MNOK.

Aksjekapital og aksjonærinformasjon:

	Antall	Pålydende	Balanseført
Aksjekapitalen pr. 31.12.2016 består av :	200	600 000	120 000 000

Eierstruktur:

	Aksjer	Eierandel	Stemmeandel
FMC Technologies S.à.r.l.	200	100,0 %	100,0 %

Note 6 Aksjer i datterselskap

	Eierandel	Kostpris	Balanseført verdi
Anleggsmidler:			
FMC Kongsberg Subsea AS	100 %	12 410 519	**12 410 519**
FMC Kongsberg Metering AS	100 %	216 950	**216 950**
FMC Technologies UK Limite	100 %	1 458 189	**1 458 189**
	100 %		**0**
	100 %		
			14 085 658

Aksjene i FMC Kongsberg Subsea AS og FMC Kongsberg Metering AS er i 2016 nedskrevet med TNOK 2 634 097. Nedskrivningen er basert på estimert fremtidig cash flow for datterselskapene neddiskontert med 9,3%.

	FMC Kongsberg Metering AS	FMC Kongsberg Subsea AS	FMC Technologies UK Ltd
Forretningskontor	Kongsberg	Kongsberg	Dunfermline
Eierandel	100%	100%	100%
Andel av stemmeberettiget kapital	100%	100%	100%
Egenkapital ifølge siste årsregnskap	**70 956**	**2 281 508**	**891 726**
Resultat i følge siste årsregnskap	**7 625**	**891 490**	**38 292**

Egenkapital og resultattall er basert på siste godkjente offentlige tall.

FMC Technologies Norway AS
Årsregnskap 2016

Alle tall er oppgitt i hele kr. 1000 så sant ikke annet er opplyst.

Note 7 Nærstående parter

Alle konserntransaksjoner er gjennomført etter forretningsmessige vilkår og prinsipper.
Transaksjoner mellom nærtstående parter er hovedsakelig relatert til finansiering.

Note 8 Likvidasjon av datterselskap

For å forenkle den norske selskapsstrukturen ble det i 2016 besluttet å likvidere datterselskapet FMC Technologies AS.

I forbindelse med likvidasjonen ble eiendeler og gjeld tilhørende FMC Technologies AS overført til FMC Technologies Norway AS på tidspunkt for oppløsning og håndtert som en realisasjon basert på virkelige verdier på tidspunktet for overføringen.

Følgende netto eiendeler ble overført:	**Bokført verdi før likvidasjon**	**Verdi overført til FMC Technologies Norway As**
Investeringer i foretak i samme konsern	1 064 618	0
Lån til foretak i samme konsern	117 302	117 302
Bankinnskudd, kontanter og lignende	77 181	77 181
Sum eiendeler	**1 259 100**	**194 482**
Kortsiktig gjeld til selskap i samme konsern	734 153	734 153
Betalbar skatt	1 604	1 604
Annen kortsiktig gjeld	113	113
Sum gjeld	**735 870**	**735 870**
Netto eiendeler overført	**523 230**	**-541 387**

Overføringen medfører i selskapet at aksjer eid i FMC Technologies AS blir erstattet av aksjer i FMC Kongsberg Subsea og FMC Kongsberg Metering AS. Ny kostpris for aksjene i FMC Kongsberg Subsea AS og FMC Kongsberg Metering AS er NOK 12.627.469.041,-.

Overføringen er en omorganisering uten endret eierskap og selskapet anser presentasjonen av tap ved overføring som en egenkapitaltransaksjon.

KPMG AS
Sørkedalsveien 6
Postboks 7000 Majorstuen
0306 Oslo

Telephone +47 04063
Fax +47 22 60 96 01
Internet www.kpmg.no
Enterprise 935 174 627 MVA

Til generalforsamlingen i FMC Technologies Norway AS

Uavhengig revisors beretning

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert FMC Technologies Norway AS' årsregnskap som viser et underskudd på kr 3 589 250 775. Årsregnskapet består av balanse per 31. desember 2016, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettvisende bilde av selskapets finansielle stilling per 31. desember 2016, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Ledelsen er ansvarlig for øvrig informasjon. Øvrig informasjon består av årsberetningen, men inkluderer ikke årsregnskapet og revisjonsberetningen.

Vår uttalelse om revisjonen av årsregnskapet dekker ikke øvrig informasjon, og vi attesterer ikke den øvrige informasjonen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese øvrig informasjon med det formål å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom øvrig informasjon og årsregnskapet, kunnskap vi har opparbeidet oss under revisjonen, eller hvorvidt den tilsynelatende inneholder vesentlig feilinformasjon.

Dersom vi konkluderer med at den øvrige informasjonen inneholder vesentlig feilinformasjon er vi pålagt å rapportere det. Vi har ingenting å rapportere i så henseende.

Styrets og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller feil.

KPMG

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

Vi kommuniserer med ledelsen blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

KPMG

Revisors beretning - 2016
FMC Technologies Norway AS

Uttalelse om øvrige lovmessige krav

Konklusjon om årsberetningen

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, mener vi at opplysningene i årsberetningen om årsregnskapet, forutsetningen om fortsatt drift og forslaget til dekning av tap er konsistente med årsregnskapet og i samsvar med lov og forskrifter.

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Oslo 27. juni 2017
KPMG AS

Gunnar Sotnakk

Gunnar Sotnakk
Statsautorisert revisor

FMC TECHNOLOGIES, INC. AND CONSOLIDATED SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2016, 2015 and 2014

The following Management Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements of FMC Technologies, Inc. and consolidated subsidiaries as of December 31, 2016 and 2015 and for the three-year period ended December 31, 2016 filed with the Securities and Exchange Commission by TechnipFMC plc on a Current Report on Form 8-K/A on February 24, 2017.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following Management Discussion and Analysis of Financial Condition and Results of Operations of the consolidated financial statements and related notes of FMC Technologies, Inc. and consolidated subsidiaries as of December 31, 2016 and 2015 and for the three-year period ended December 31, 2016 contains "forward-looking statements". All statements other than statements of historical fact contained in this report are forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words "believe," "expect," "anticipate," "plan," "intend," "foresee," "should," "would," "could," "may," "estimate," "outlook" and similar expressions, including the negative thereof. The absence of these words, however, does not mean that the statements are not forward-looking. These forward-looking statements are based on our current expectations, beliefs and assumptions concerning future developments and business conditions and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate.

All of our forward-looking statements involve risks and uncertainties (some of which are significant or beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause actual results to differ materially from those contemplated in the forward-looking statements include:

- Demand for our products and services, which is affected by changes in the price of, and demand for, crude oil and natural gas in domestic and international markets;
- Potential liabilities arising out of the installation or use of our products;
- U.S. and international laws and regulations, including environmental regulations, that may increase our costs, limit the demand for our products and services or restrict our operations;
- Disruptions in the political, regulatory, economic and social conditions of the countries in which we conduct business;
- Fluctuations in currency markets worldwide;
- Cost overruns that may affect profit realized on our fixed price contracts;
- Disruptions in the timely delivery of our backlog and its effect on our future sales, profitability and our relationships with our customers;
- The cumulative loss of major contracts or alliances;
- Rising costs and availability of raw materials;
- A failure of our information technology infrastructure or any significant breach of security;
- Our ability to develop and implement new technologies and services, as well as our ability to protect and maintain critical intellectual property assets;
- The outcome of uninsured claims and litigation against us;
- Deterioration in future expected profitability or cash flows and its effect on our goodwill;
- Downgrade in the ratings of our debt could restrict our ability to access the debt capital markets;
- Continuing consolidation within our industry; and
- Our dependence on the continuing services of certain of our key managers and employees.

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, except to the extent required by law.

FMC Technologies, Inc. is a global provider of technology solutions for the energy industry. FMC Technologies, Inc. was incorporated in November 2000 under Delaware law and was a wholly-owned subsidiary of FMC Corporation until its initial public offering in June 2001. Our principal executive offices are located at 5875 North Sam Houston Parkway West, Houston, Texas 77086. As used in this report, except where otherwise stated or indicated by the context, all references to the "Company," "FMC Technologies," "we," "us," and "our" are to FMC Technologies, Inc. and its consolidated subsidiaries.

Merger of FMC Technologies and Technip

In May 2016 FMC Technologies announced its intention to enter into a business combination with Technip S.A. ("Technip"). On June 14, 2016, FMC Technologies and Technip entered into a definitive business combination agreement providing for the business combination among FMC Technologies, FMC Technologies SIS Limited, a private limited company incorporated under the laws of England and Wales and a wholly-owned subsidiary of FMC Technologies, and Technip. On August 4, 2016, FMC Technologies SIS Limited changed its name to TechnipFMC Limited and was subsequently re-registered under the laws of England and Wales on January 11, 2017 as TechnipFMC plc ("TechnipFMC"). On December 5, 2016, the definitive business combination agreement was unanimously approved by the board of directors of FMC Technologies and Technip.

On January 16, 2017, the business combination was completed. Pursuant to the terms of the definitive business combination agreement, Technip merged with and into TechnipFMC, with TechnipFMC continuing as the surviving company (the "Technip Merger"), and each ordinary share of Technip (the "Technip Shares"), other than Technip Shares owned by Technip or its wholly-owned subsidiaries, were exchanged for 2.0 ordinary shares of TechnipFMC, subject to the terms of the definitive business combination agreement. Immediately following the Technip Merger, a wholly-owned indirect subsidiary of TechnipFMC ("Merger Sub") merged with and into FMC Technologies, with FMC Technologies continuing as the surviving company and as a wholly-owned indirect subsidiary of TechnipFMC (the "FMCTI Merger"), and each share of common stock of FMC Technologies (the "FMCTI Shares"), other than FMCTI Shares owned by FMC Technologies, TechnipFMC, Merger Sub or their respective wholly-owned subsidiaries, were exchanged for 1.0 ordinary share of TechnipFMC, subject to the terms of the definitive business combination agreement.

Executive Overview

We design, manufacture and service technologically sophisticated systems and products for customers in the energy industry. We have manufacturing operations worldwide, strategically located to facilitate delivery of our products, systems and services to our customers. We report our results of operations in the following segments: Subsea Technologies, Surface Technologies and Energy Infrastructure. Management's determination of the Company's reporting segments was made on the basis of our strategic priorities and corresponds to the manner in which our chief operating decision maker reviews and evaluates operating performance to make decisions about resources allocations to each segment.

We focus on economic- and industry-specific drivers and key risk factors affecting our business segments as we formulate our strategic plans and make decisions related to allocating capital and human resources. The results of our segments are primarily driven by changes in capital spending by oil and gas companies, which largely depend upon current and anticipated future crude oil and natural gas demand, production volumes, and consequently, commodity prices. We use crude oil and natural gas prices as an indicator of demand. Additionally, we use rig count as an indicator of demand which consequently influences the level of worldwide production activity and spending decisions. We also focus on key risk factors when determining our overall strategy and making decisions for capital allocation. These factors include risks associated with the global economic outlook, product obsolescence and the competitive environment. We address these risks in our business strategies, which incorporate continuing development of leading edge technologies and cultivating strong customer relationships.

Our Subsea Technologies segment is primarily affected by trends in deepwater oil and natural gas production. Our Surface Technologies segment is primarily affected by trends in land-based and shallow water oil and natural gas production, including trends in shale production. We have developed close working relationships with our customers. Our Subsea Technologies segment builds long-term alliances with oil and natural gas companies that are actively engaged in offshore deepwater development. We believe that by closely working with our customers, we enhance our competitive advantage, improve our operating results and strengthen our market positions. Our share of subsea tree awards during the year is one way we evaluate our market position.

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

In each of our segments, we serve customers from around the world. During 2016, approximately 75% of our total sales were recognized outside of the United States. We evaluate international markets and pursue opportunities that fit our technological capabilities and strategies. We have targeted opportunities in West Africa, Brazil, the North Sea and the Asia-Pacific region because of the expected offshore drilling potential in those regions.

Business Outlook

Merger of FMC Technologies and Technip—Refer to "Merger of FMC Technologies and Technip" for further information related to the business combination.

Overall Outlook—Although the price of crude oil recovered in 2016 when compared to the prior year, the oil and gas industry continues to experience the overall impacts of the low crude oil price environment and the uncertainties in the crude oil price outlook. Despite OPEC's recently announced framework agreement to cap OPEC crude oil production in 2017, uncertainty in the crude oil price outlook remains as to the effectiveness and duration of both concurrent OPEC and non-OPEC production cuts. Overall, the uncertain crude oil price outlook is expected to have a continued negative effect on our businesses in 2017. The timing of any recovery of crude oil prices and business activity is dependent on many variables, but many analysts believe the market corrections necessary to address the oversupply of crude oil are expected to occur over the next year. As long-term demand rises and production naturally declines, we believe commodity prices should continue to recover, improving the cash flows and confidence of our customers to increase their investments in new sources of oil production.

Subsea Technologies—The low crude oil price environment over the last two years led many of our customers to reduce their capital spending plans or defer new deepwater projects. These capital spending reductions had an adverse effect on 2016 subsea inbound orders when compared to the prior year. Beginning in 2015, we began to reduce our workforce to align our operations with the anticipated decreases in activity in 2016 due to delayed subsea project inbound and to maintain operating margins. We benefited from these restructuring actions by attaining more cost-effective manufacturing during 2016. We expect subsea revenue to decrease a third consecutive year in 2017. We also recognize the need to strategically invest in our people to ensure that we preserve the core competencies and capabilities that delivered the strong results in 2016 and will be needed to respond to the market recovery. We believe the operational improvements made will help mitigate the anticipated decline in operating margins. We remain confident that we can deliver double digit operating margins for the full-year 2017. Our customers are taking aggressive actions to improve their project economics. Accordingly, we remain focused on ways to reduce costs to our customers by offering cost-effective approaches to our customers' project developments, including customer acceptance of integrated business models to help achieve the cost-reduction goals and accelerate achievement of first oil. In the long term, we continue to believe deepwater development will remain a significant part of our customers' portfolio.

Surface Technologies—Our Surface Technologies businesses continues to operate in a challenging environment as a result of lower activity and competitive pricing, particularly in the North American land market. As a result, where excess supply has limited the ability to earn an acceptable return, we have temporarily suspended certain operations in our surface integrated services business until additional market activity supports our profit and cash flow objectives. The market recovery has begun in North America. Our restructuring actions taken in 2016 have reduced costs, and we expect our rationalized operating structure to provide us with flexibility to respond to this recovery. Based on its strong backlog and the inherent geographical mix in which it operates, our international surface business delivered strong results in 2016. However, we experienced competitive pricing pressure throughout 2016 in these international markets, and we expect this to negatively impact future margins into 2017.

CONSOLIDATED RESULTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Year Ended December 31,			Change			
(In millions, except percentages)	2016	2015	2014	2016 vs. 2015		2015 vs. 2014	
Revenue	$ 4,542.3	$ 6,362.7	$ 7,942.6	$ (1,820.4)	(29)%	$ (1,579.9)	(20)%
Costs and expenses:							
Cost of sales	3,528.1	4,894.8	5,994.9	(1,366.7)	(28)	(1,100.1)	(18)
Selling, general and administrative expense	581.7	624.8	750.6	(43.1)	(7)	(125.8)	(17)
Research and development expense	114.1	135.3	123.7	(21.2)	(16)	11.6	9
Restructuring and impairment expense	92.9	112.2	4.9	(19.3)	(17)	107.3	2,190
Merger transaction and integration costs	45.2	3.5	—	41.7	1,191	3.5	*
Total costs and expenses	4,362.0	5,770.6	6,874.1	(1,408.6)	(24)	(1,103.5)	(16)
Gain on disposition of business, net	6.4	—	84.3	6.4	*	(84.3)	*
Other income (expense), net	(30.1)	(57.2)	(54.0)	27.1	*	(3.2)	*
Net interest expense	(30.0)	(32.3)	(32.5)	2.3	7	0.2	1
Income before income taxes	126.6	502.6	1,066.3	(376.0)	(75)	(563.7)	(53)
Provision for income taxes	79.5	107.8	361.0	(28.3)	(26)	(253.2)	(70)
Income from continuing operations	47.1	394.8	705.3	(347.7)	(88)	(310.5)	(44)
Income (loss) from discontinued operations, net of income taxes	(10.1)	—	—	(10.1)	*	—	*
Net income	37.0	394.8	705.3	(357.8)	(91)	(310.5)	(44)
Less: net (income) loss attributable to noncontrolling interests	1.4	(1.7)	(5.4)	3.1	182	3.7	69
Net income attributable to FMC Technologies, Inc.	$ 38.4	$ 393.1	$ 699.9	$ (354.7)	(90)%	$ (306.8)	(44)%

*Not meaningful

2016 Compared With 2015

Revenue decreased by $1,820.4 million in 2016 compared to the prior year. Revenue in 2016 included an $88.7 million unfavorable impact of foreign currency translation. In Subsea Technologies, revenue is primarily impacted by the amount of beginning backlog entering the year, the pace of backlog conversion and the orders received during the year. Revenue decreased across all subsea regions primarily due to lower inbound orders achieved during 2015 that affected the backlog coming into the current year and lower subsea service revenue year-over-year. Additionally, the decrease in revenue was attributable to lower sales volumes in our Schilling Robotics and Multi Phase Meters businesses as a result of lower market activity. Surface Technologies posted lower revenue primarily driven by lower market activity in North America which decreased demand for our well service pumps and flowline products in our fluid control business and conventional wellheads in our surface integrated services business.

Gross profit (revenue less cost of sales) decreased as a percentage of sales to 22.3% in 2016 from 23.1% in the prior year. The decrease in gross profit as a percentage of sales was primarily due to lower market activity in North America which decreased sales volumes in our surface integrated services business and decreased sales volumes for our well service pumps and flowline products in our fluid control business. The decrease in gross profit as a percentage of sales was partially offset by higher margin project backlog conversion in our Western Region and Asia Pacific subsea business and lower excess and obsolescence inventory charges in our surface integrated services, fluid control and measurement solutions businesses in 2016.

Selling, general and administrative expense decreased by $43.1 million year-over-year, driven by lower headcount across all reporting segments, foreign currency translation and decreased sales commissions.

Restructuring and impairment expense decreased by $19.3 million year-over-year, driven by lower impairment charges taken in 2016 when compared to the prior year. In 2016 we recorded impairment charges of $42.6 million primarily due to the impairment of tangible and intangible assets in our U.S. and Canadian surface integrated services businesses related to the downturn in the energy market in the U.S. and the related sale of our wireline business in Canada, respectively. In 2015 we recorded impairment expenses of $66.5 million primarily due to the impairment of tangible and intangible assets in our Canadian surface integrated services business related to the downturn in the energy market in Canada. Additionally, we recorded restructuring expenses of $50.3 million and $45.7 million during 2016 and 2015, respectively, as a result of our company-wide reduction in workforce and facility consolidation that began in 2015.

Merger transaction and integration costs of $45.2 million incurred during 2016 were due to the merger of FMC Technologies and Technip. Refer to "Merger of FMC Technologies and Technip" for further information related to the business combination.

Other income (expense), net, primarily reflects foreign currency gains and losses. The decrease in other income (expense), net from 2015 to 2016 is primarily related to the devaluation of the Angolan new kwanza in 2015.

Our provision for income taxes reflected an effective tax rate of 62.1% and 21.5% in 2016 and 2015, respectively. The increase in our effective tax rate in 2016 from 2015 was primarily due to an increase in the valuation allowance on deferred tax assets related to intercompany interest costs in Norway, partially offset by a favorable change in mix of earnings. Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to lower tax rates than in the United States. In certain jurisdictions, primarily Singapore and Malaysia, our tax rate is significantly less than the relevant statutory rate due to tax holidays which are set to expire after 2018 in Singapore and 2017 and 2020 in Malaysia. The difference between the effective tax rate and the statutory U.S. federal income tax rate primarily related to differing foreign and state tax rates.

We recorded a $10.1 million loss, net of income taxes, from discontinued operations in 2016. In 2007, the Algerian Tax Authority issued a notice of tax assessment against SOFEC Floating Systems, Inc. ("SOFEC") for calendar years 2003 through 2006. SOFEC, a former wholly-owned subsidiary of FMC Technologies, issued a protest in 2009 in response to the assessment, and during 2016, we were notified the tax assessment protest was officially rejected. During the period assessed, SOFEC engaged in a multi-year supply and installation project for Sonatrach, Algeria's national oil company.

2015 Compared With 2014

Revenue decreased by $1,579.9 million in 2015 compared to the prior year. Revenue in 2015 included a $652.5 million unfavorable impact of foreign currency translation. Excluding the impact of foreign currency translation, total revenue decreased by $927.4 million year-over-year. In Subsea Technologies, we entered 2015 with a strong backlog; however, during the latter part of 2014 and throughout 2015, crude oil prices experienced a precipitous decline. The decline in crude oil prices had an unfavorable effect on the subsea market which led to decreased order activity for subsea systems and services. Additionally, the decrease in revenue was attributable to lower sales volumes in our Schilling Robotics and Multi Phase Meters businesses as a result of lower market activity. Surface Technologies posted lower revenue in 2015 driven by lower market activity in North America which decreased demand for our well service pumps and flowline products in our fluid control business and conventional wellheads and frac-tree rental, flowback and wireline services in our surface integrated services business.

Gross profit (revenue less cost of sales) decreased as a percentage of sales to 23.1% in 2015 from 24.5% in the prior year. The decrease in gross profit as a percentage of sales was primarily due to lower market activity in North America which decreased sales volumes in our surface integrated service business and decreased sales volumes for our well service pumps and flowline products in our fluid control business. Additionally, the market downturn in North America led us to take excess and obsolescence inventory charges in our surface integrated services, fluid control and measurement solutions businesses in 2015. The decrease in gross profit as a percentage of sales was partially offset by higher margin project backlog conversion in our Western Region and Asia Pacific subsea business.

Selling, general and administrative expense decreased by $122.3 million year-over-year, driven by foreign currency translation, decreased sales commissions, and costs associated with terminating a representative agreement in our international surface wellhead business in 2014.

Restructuring and impairment expense increased by $107.3 million year-over-year, driven by impairment expenses of $66.5 million primarily due to the impairment of tangible and intangible assets in our Canadian surface integrated service business related to the downturn in the energy market in Canada and restructuring expenses of $45.7 million as a result of our company-wide reduction in workforce and facility consolidation that began in 2015.

During 2014 we recognized a net $84.3 million gain on the sale of our material handling products business.

Other income (expense), net, reflected foreign currency losses in 2015 primarily related to the devaluation of the Angolan new kwanza. In 2014, other income (expense), net reflected foreign currency losses primarily related to a $33.4 million loss related to the remeasurement of an intercompany foreign currency transaction and other foreign currency losses primarily due to the strengthening of the U.S. dollar.

Our provision for income taxes reflected an effective tax rate of 21.5% and 34.0% in 2015 and 2014, respectively. The decrease in our effective tax rate in 2015 from 2014 was primarily due to a favorable change in mix of earnings, partially offset by an increase in the valuation allowance for certain intercompany interest costs and a settlement of an IRS audit. Our effective tax rate can fluctuate depending on our country mix of earnings, since our foreign earnings are generally subject to lower tax rates than in the United States. In certain jurisdictions, primarily Singapore and Malaysia, our tax rate is significantly less than the relevant statutory rate due to tax holidays which are set to expire after 2018 in Singapore and 2017 and 2020 in Malaysia. The difference between the effective tax rate and the statutory U.S. federal income tax rate primarily related to differing foreign and state tax rates.

OPERATING RESULTS OF BUSINESS SEGMENTS
YEARS ENDED DECEMBER 31, 2016, 2015, AND 2014

Segment operating profit is defined as total segment revenue less segment operating expenses. The following items have been excluded in computing segment operating profit: corporate staff expense, net interest income (expense) associated with corporate debt facilities, income taxes, stock-based compensation, other employee benefits, LIFO adjustments, certain foreign exchange gains and losses, and the impact of unusual or strategic transactions not representative of segment operations.

We report our results of operations in U.S. dollars; however, our earnings are generated in various currencies worldwide. For example, we generate a significant amount of revenue, and incur a significant amount of costs, in Norwegian krone, Brazilian real, Singapore dollar, Malaysian ringgit, British pound, Angolan new kwanza and the euro. In order to provide worldwide consolidated results, the earnings of subsidiaries functioning in their local currencies are translated into U.S. dollars based upon the average exchange rate during the period. While the U.S. dollar results reported reflect the actual economics of the period reported upon, the variances from prior periods include the impact of translating earnings at different rates.

Subsea Technologies

	Year Ended December 31,			Favorable/(Unfavorable)			
(In millions, except %)	2016	2015	2014	2016 vs. 2015		2015 vs. 2014	
Revenue	$ 3,314.0	$ 4,509.0	$ 5,266.4	$ (1,195.0)	(27)%	$ (757.4)	(14)%
Operating profit	$ 430.4	$ 630.2	$ 748.2	$ (199.8)	(32)%	$ (118.0)	(16)%
Operating profit as a percent of revenue	13.0%	14.0%	14.2%		(1.0) pts.		(0.2) pts.

2016 Compared With 2015

Subsea Technologies' revenue decreased $1,195.0 million in 2016 compared to the prior year. Revenue for 2016 included a $58.6 million unfavorable impact of foreign currency translation. Subsea Technologies revenue is primarily impacted by the amount of beginning backlog entering the year, the pace of backlog conversion and the orders received during the year. Revenue decreased across all subsea regions primarily due to lower inbound orders achieved during 2015 that affected the backlog coming into the current year and lower subsea service revenue year-over-year. Additionally, the decrease in revenue was attributable to lower sales volumes in our Schilling Robotics and Multi Phase Meters businesses as a result of lower market activity.

Subsea Technologies' operating profit totaled $430.4 million, or 13.0% of revenue, in 2016, compared to the prior-year's operating profit as a percentage of revenue of 14.0%. The margin decline was primarily driven by the following:

- Subsea Systems - 0.2 percentage point decrease due to losses from equity earnings in affiliates related to our FTO Services and Forsys Subsea joint ventures, partially offset by higher margin project backlog conversion in our Western Region and Asia Pacific subsea business and lower restructuring and severance charges recorded in 2016; and
- Schilling Robotics and Multi Phase Meters - 0.8 percentage point decrease due to the decline in crude oil price and its related effect on market activity in 2016.

Subsea Technologies' operating profit in 2016 included a $4.8 million unfavorable impact of foreign currency translation and $39.4 million in impairment, restructuring and other severance charges. Subsea Technologies' operating profit in 2015 included $49.7 million in impairment, restructuring and other severance charges.

2015 Compared With 2014

Subsea Technologies' revenue decreased $757.4 million in 2015 compared to the prior year. Revenue for 2015 included a $540.6 million unfavorable impact of foreign currency translation, primarily as a result of the Brazilian real and Norwegian krone. Excluding the impact of foreign currency translation, Subsea Technologies' revenue decreased by $216.8 million during 2015 compared to the prior year. We entered 2015 with a strong backlog; however, during the latter part of 2014 and throughout 2015, crude oil prices experienced a precipitous decline. The decline in crude oil price had an unfavorable effect on the subsea market which led to decreased order activity for subsea systems and services. Additionally, the decrease in revenue was attributable to lower sales volumes in our Schilling Robotics and Multi Phase Meters businesses as a result of lower market activity.

Subsea Technologies' operating profit totaled $630.2 million, or 14.0% of revenue, in 2015, compared to the prior-year's operating profit as a percentage of revenue of 14.2%. The margin decline was primarily driven by the following:

- Subsea Systems - 0.5 percentage point increase due to higher margin project backlog conversion in our Western Region and Asia Pacific subsea business, partially offset by restructuring and severance charges in 2015; and
- Schilling Robotics and Multi Phase Meters - 0.8 percentage point decrease due to the decline in crude oil price and its related effect on market activity in 2015.

Subsea Technologies' operating profit in 2015 included a $77.5 million unfavorable impact of foreign currency translation and $49.7 million in impairment, restructuring and other severance charges.

Surface Technologies

	Year Ended December 31,			Favorable/(Unfavorable)			
(In millions, except %)	2016	2015	2014	2016 vs. 2015		2015 vs. 2014	
Revenue	$ 935.3	$ 1,487.6	$ 2,130.7	$ (552.3)	(37)%	$ (643.1)	(30)%
Operating profit (loss)	$ (69.2)	$ 60.6	$ 393.0	$ (129.8)	(214)%	$ (332.4)	(85)%
Operating profit (loss) as a percent of revenue	(7.4)%	4.1%	18.4%		(11.5) pts.		(14.3) pts.

2016 Compared With 2015

Surface Technologies' revenue decreased $552.3 million in 2016 compared to the prior year. Revenue decreased in all of our Surface Technologies businesses year-over-year. The decrease in revenue was primarily driven by lower market activity in North America which decreased demand for our well service pumps and flowline products in our fluid control business and conventional wellheads in our surface integrated services business. Additionally, the revenue decrease in our surface integrated services business was also attributable to the divestiture of our wireline business during the second quarter of 2016. Foreign currency translation unfavorably impacted Surface Technologies revenue by $28.8 million in 2016.

Surface Technologies' operating loss totaled $69.2 million, or (7.4)% of revenue, in 2016, compared to the prior-year's operating profit as a percentage of revenue of 4.1%. The margin decline was primarily driven by the following:

- Surface Integrated Services - 10.3 percentage point decrease due to $22.2 million in restructuring and other severance charges and lower market activity in North America, partially offset by lower impairment charges taken in 2016; and
- Fluid Control - 2.1 percentage point decrease due to decreased sales volumes for our well service pumps and flowline products resulting from lower activity in the North American shale markets.

Surface Technologies' operating loss in 2016 included a $3.6 million unfavorable impact of foreign currency translation, $65.7 million in impairment, restructuring and other severance charges, and $14.7 million in excess and obsolescence inventory charges. Surface Technologies' operating profit in 2015 included $73.7 million in impairment, restructuring and other severance charges, and $41.1 million in excess and obsolescence inventory charges.

2015 Compared With 2014

Surface Technologies' revenue decreased $643.1 million in 2015 compared to the prior year. The decrease in revenue was primarily driven by lower market activity in North America which decreased demand for our well service pumps and flowline products in our fluid control business and conventional wellheads in our surface integrated services business. Foreign currency translation unfavorably impacted revenue by $74.3 million in 2015.

Surface Technologies' operating profit totaled $60.6 million, or 4.1% of revenue, in 2015, compared to the prior-year's operating profit as a percentage of revenue of 18.4%. The margin decline was primarily driven by the following:

- Surface Integrated Services - 10.2 percentage point decrease due to $59.0 million in asset impairment charges primarily in Canada, excess and obsolescence inventory charges, and lower market activity in North America; and
- Fluid Control - 5.6 percentage point decrease due to decreased sales volumes for our well service pumps and flowline products resulting from lower activity in the North American shale markets and related excess and obsolescence inventory charges and restructuring expense.

Surface Technologies' operating profit in 2015 included a $7.6 million favorable impact of foreign currency translation, $73.7 million in impairment, restructuring and other severance charges, and $41.1 million in excess and obsolescence inventory charges.

Energy Infrastructure

	Year Ended December 31,			Favorable/(Unfavorable)			
(In millions, except %)	2016	2015	2014	2016 vs. 2015		2015 vs. 2014	
Revenue	$ 316.9	$ 395.4	$ 557.4	$ (78.5)	(20)%	$ (162.0)	(29)%
Operating profit	$ 2.9	$ 3.2	$ 52.5	$ (0.3)	(9)%	$ (49.3)	(94)%
Operating profit as a percent of revenue	0.9%	0.8%	9.4%		0.1pts.		(8.6) pts.

2016 Compared With 2015

Energy Infrastructure's revenue decreased $78.5 million in 2016 compared to the prior year. The decrease in revenue was due to lower sales volumes primarily in our measurement solutions business driven by the continued reduction in market activity in 2016. Foreign currency translation unfavorably impacted revenue by $1.9 million in 2016.

Energy Infrastructure's operating profit totaled $2.9 million, or 0.9% of revenue, in 2016, compared to the prior-year's operating profit as a percentage of revenue of 0.8%. The margin improvement was primarily driven by the following:

- Measurement Solutions - 2.6 percentage point increase due to lower restructuring charges and inventory write-downs in 2016; and
- Loading Systems - 2.1 percentage point decrease due to lower sales volumes and restructuring costs taken in 2016.

Energy Infrastructure's operating profit in 2016 included $3.4 million in restructuring and other severance charges and $0.8 million in excess and obsolescence inventory charges. Energy Infrastructure's operating profit in 2015 included $8.5 million in restructuring and other severance charges and $7.4 million in excess and obsolescence inventory charges.

2015 Compared With 2014

Energy Infrastructure's revenue decreased $162.0 million in 2015 compared to the prior year. The decrease in revenue was due to lower sales volumes primarily in our measurement solutions business driven by the market downturn in 2015. Foreign currency translation unfavorably impacted revenue by $38.7 million in 2015.

Energy Infrastructure's operating profit totaled $3.2 million, or 0.8% of revenue, in 2015, compared to the prior-year's operating profit as a percentage of revenue of 9.4%. The margin decline was primarily driven by a 6.5 percentage point decrease in our measurement solutions business as a result of lower sales volumes due to the market downturn in 2015 and restructuring expense, severance charges and excess and obsolescence inventory charges recorded in 2015. Energy Infrastructure's operating profit in 2015 included $8.5 million in restructuring and other severance charges and $7.4 million in excess and obsolescence inventory charges.

Corporate Items

(In millions, except %)	Year Ended December 31, 2016	2015	2014	Favorable/(Unfavorable) 2016 vs. 2015		2015 vs. 2014	
Corporate expense	$ (57.3)	$ (60.2)	$ (66.3)	$ 2.9	5%	$ 6.1	9%
Other revenue and other (expense), net	(149.0)	(100.8)	(33.7)	(48.2)	(48)%	(67.1)	(199)%
Net interest expense	(30.0)	(32.3)	(32.5)	2.3	7%	0.2	1%
Total corporate items	$ (236.3)	$ (193.3)	$ (132.5)	$ (43.0)	(22)%	$ (60.8)	(46)%

2016 Compared With 2015

Our corporate items reduced earnings by $236.3 million in 2016, compared to $193.3 million in 2015. The year-over-year increase primarily reflected the following:

- unfavorable variance of $41.7 million related to business combination transaction and integration costs related to the merger with Technip;
- unfavorable variance of $23.8 million related to transition and facility consolidation costs;
- unfavorable variance of $10.6 million related to corporate restructuring and impairment expenses; and a
- favorable variance of $25.0 million associated with foreign currency gains and losses.

2015 Compared With 2014

Our corporate items reduced earnings by $193.3 million in 2015, compared to $132.5 million in 2014. The year-over-year increase primarily reflected the following:

- unfavorable variance of $84.3 million related to the gain on sale of our Material Handling Products business in 2014;
- favorable variance of $8.0 million related to inventory LIFO and valuation adjustments; and a
- favorable variance of $13.9 million associated with lower pension expense, primarily related to settlement charges in our U.S. defined benefit plan in 2014.

Inbound Orders and Order Backlog

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

(In millions)	Inbound Orders Year Ended December 31, 2016	2015
Subsea Technologies	$ 1,650.5	$ 3,102.7
Surface Technologies	835.9	1,289.8
Energy Infrastructure	232.3	379.3
Intercompany eliminations and other	(23.5)	(17.3)
Total inbound orders	$ 2,695.2	$ 4,754.5

Order backlog—Order backlog is calculated as the estimated sales value of unfilled, confirmed customer orders at the reporting date. Foreign currency translation positively affected backlog by $140.0 million and negatively affected backlog by $655.6 million for the years ended December 31, 2016 and 2015, respectively.

(In millions)	Order Backlog December 31, 2016	2015
Subsea Technologies	$ 2,241.7	$ 3,761.8
Surface Technologies	329.3	432.8
Energy Infrastructure	79.8	163.9
Intercompany eliminations	(2.3)	(2.9)
Total order backlog	$ 2,648.5	$ 4,355.6

Subsea Technologies. Order backlog at December 31, 2016, decreased by $1.5 billion compared to December 31, 2015, primarily due to lower inbound orders during 2016. Subsea Technologies backlog of $2.2 billion at December 31, 2016, was composed of various subsea projects, including BP's Shah Deniz Stage 2; Petrobras' pre-salt tree and manifold award; Shell's Appomattox; Statoil's Johan Sverdrup Phase 1; Total's Egina; and Woodside's Greater Western Flank Phase 2. The above listed projects represented 44% of our Subsea Technologies backlog as of December 31, 2016. We expect to convert approximately 60% to 65% of December 31, 2016 backlog into revenue during 2017.

Surface Technologies. Order backlog at December 31, 2016 decreased by $103.5 million compared to December 31, 2015. The decrease in backlog was due to lower inbound orders primarily in our surface international business during 2016. We expect to convert substantially all December 31, 2016 backlog into revenue into 2017.

Liquidity and Capital Resources

Substantially all of our cash balances are held outside the United States and are generally used to meet the liquidity needs of our non-U.S. operations. Most of our cash held outside the United States could be repatriated to the United States, but under current law, any such repatriation would be subject to U.S. federal income tax, as adjusted for applicable foreign tax credits. We have provided for U.S. federal income taxes on undistributed foreign earnings where we have determined that such earnings are not indefinitely reinvested.

We expect to meet the continuing funding requirements of our U.S. operations with cash generated by such U.S. operations, cash from earnings generated by non-U.S. operations that are not indefinitely reinvested and our existing revolving credit facility. If cash held by non-U.S. operations is required for funding operations in the United States, and if U.S. tax has not previously been provided on the earnings of such operations, we would make a provision for additional U.S. tax in connection with repatriating this cash, which may be material to our cash flows and results of operations.

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

The following is a reconciliation of our cash and cash equivalents to net (debt) cash for the periods presented.

(In millions)	December 31, 2016	December 31, 2015
Cash and cash equivalents	$ 1,015.9	$ 916.2
Short-term debt and current portion of long-term debt	(317.3)	(21.9)
Long-term debt, less current portion	(908.1)	(1,134.1)
Net debt	$ (209.5)	$ (239.8)

The change in our net debt position was primarily due to cash-generated income from operations and proceeds from the disposition of businesses, partially offset by capital expenditures, treasury stock repurchases, negative changes in our working capital position from operations, investments in Angolan bonds and cash requirements to fund our joint ventures.

Cash Flows

Cash flows for each of the years in the three-year period ended December 31, 2016, were as follows:

(In millions)	Year Ended December 31, 2016	2015	2014
Cash provided by operating activities	$ 273.2	$ 932.6	$ 894.8
Cash required by investing activities	(192.3)	(275.2)	(285.1)
Cash provided (required) by financing activities	0.5	(345.8)	(357.7)
Effect of exchange rate changes on cash and cash equivalents	18.3	(34.2)	(12.3)
Increase in cash and cash equivalents	$ 99.7	$ 277.4	$ 239.7

Operating cash flows—During 2016, we generated $273.2 million in cash flows from operating activities, which represented a $659.4 million decrease compared 2015. Our cash flows from operating activities in 2015 were $37.8 million higher than 2014. The year-over-year decrease in 2016 was due to a negative change in our working capital position driven by our portfolio of projects and lower cash-generated income during the year. The year-over-year increase in 2015 was due to a positive change in our working capital position driven by our portfolio of projects, partially offset by lower cash-generated income during the year. Our working capital balances can vary significantly depending on the payment terms and timing on key contracts.

Investing cash flows—Our cash requirements for investing activities in 2016 were $192.3 million, primarily reflecting cash required by our capital expenditure program of $118.1 million during 2016 related to continued investments in our subsea equipment business, $60.0 million related to the purchase of Angolan bonds which were classified as held-to-maturity investments and $57.8 million in investments in our Forsys Subsea and FTO Services joint ventures, partially offset by $35.5 million in proceeds related to the dispositions of businesses.

Our cash requirements for investing activities in 2015 were $275.2 million, primarily reflecting cash required by our capital expenditure program of $250.8 million during 2015 related to continued investments in service asset primarily in our Subsea Technologies segment and $34.5 million in investments in our Forsys Subsea and FTO Services joint ventures.

Our cash requirements for investing activities in 2014 were $285.1 million, primarily reflecting cash required by our capital expenditure program of $404.4 million related to continued investments in capacity expansion and service asset investments primarily in our Subsea Technologies segment, partially offset by $105.6 million of proceeds related to the sale of our Material Handling Products business in the second quarter of 2014.

Financing cash flows—Cash generated by financing activities was $0.5 million in 2016. The increase in cash generated from financing activities from the prior year was due to an increase in our commercial paper position and lower repurchases of our common stock during 2016. Pursuant to the business combination agreement executed by FMC Technologies and Technip related to the merger, repurchases of common stock were suspended during the period prior to the close of the merger.

Cash required by financing activities was $345.8 million in 2015. The decrease in cash required from financing activities from the prior year was driven by decreased purchases of treasury stock in 2015 and the payment of the Multi Phase Meters earn-out obligation in 2014, partially offset by higher payments to reduce our commercial paper position in 2015.

Debt and Liquidity

Total borrowings at December 31, 2016 and 2015, comprised the following:

	December 31,	
(In millions)	2016	2015
Revolving credit facility	$ —	$ —
Commercial paper	410.1	337.2
2.00% Notes due 2017	299.6	299.1
3.45% Notes due 2022	497.9	497.5
Term loan	—	15.6
Foreign uncommitted credit facilities	17.4	5.9
Property financing	0.3	0.7
Total borrowings	$ 1,225.3	$ 1,156.0

Credit Facilities—On September 24, 2015, we entered into a new $2.0 billion revolving credit agreement ("credit agreement") with Wells Fargo Bank, National Association, as Administrative Agent. The credit agreement is a five-year, revolving credit facility expiring in September 2020. Subject to certain conditions, at our request the aggregate commitments under the credit agreement may be increased by an additional $500 million.

Borrowings under the credit agreement bear interest at the highest of three base rates or the London interbank offered rate ("LIBOR"), at our option, plus an applicable margin. Depending on our senior unsecured credit rating, the applicable margin for revolving loans varies (i) in the case of LIBOR loans, from 1.00% to 1.75% and (ii) in the case of base rate loans, from 0.00% to 0.75%.

In connection with the new credit agreement, we terminated our previously existing $1.5 billion five-year, revolving credit agreement.

The following is a summary of our revolving credit facility at December 31, 2016:

(In millions) Description	Amount	Debt Outstanding	Commercial Paper Outstanding (a)	Letters of Credit	Unused Capacity	Maturity
Five-year revolving credit facility	$ 2,000.0	$ —	$ 410.1	$ —	$ 1,589.9	September 2020

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

Committed credit available under our revolving credit facility provides the ability to issue our commercial paper obligations on a long-term basis. We had $410.1 million of commercial paper issued under our facility at December 31, 2016. As we had both the ability and intent to refinance these obligations on a long-term basis, our commercial paper borrowings were classified as long-term in the accompanying consolidated balance sheet at December 31, 2016.

Among other restrictions, the terms of the credit agreement include negative covenants related to liens and our total capitalization ratio. As of December 31, 2016, we were in compliance with all restrictive covenants under our revolving credit facility.

On January 12, 2017, FMC Technologies and Technip Eurocash SNC (the "Borrowers") entered into a $2.5 billion five-year unsecured revolving credit facility agreement ("facility agreement") with JPMorgan Chase Bank, National Association, as agent and arranger, SG Americas Securities LLC as an arranger, and the lenders party thereto. The agreement provides that we would act as initial guarantor and TechnipFMC would accede as an additional borrower and an additional guarantor following the consummation of the business combination between FMC Technologies and Technip.

The facility agreement provides for the establishment of a multicurrency, revolving credit facility, which includes a $1.5 billion letter of credit subfacility. Subject to certain conditions, the Borrowers may request the aggregate commitments under the facility agreement be increased by an additional $500 million. The facility agreement expires in January 2022. The facility agreement contains usual and customary covenants, representations and warranties and events of default for credit facilities of this type, including financial covenants. Our previously existing $2.0 billion five-year revolving credit agreement was terminated upon availability of the facility agreement. Refer to Note 25 to our consolidated financial statements for the year ended December 31, 2016 for additional information related to the facility agreement.

Senior Notes—On September 21, 2012, we completed the public offering of $300.0 million aggregate principal amount of 2.00% senior notes due October 2017 and $500.0 million aggregate principal amount of 3.45% senior notes due October 2022 (collectively, the "Senior Notes"). Interest on the Senior Notes is payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2013. Net proceeds from the offering of $793.8 million were used for the repayment of outstanding commercial paper and indebtedness under our revolving credit facility. Refer to Note 11 to our consolidated financial statements for the year ended December 31, 2016 for additional information related to the Senior Notes.

Outlook for 2017

Historically, we have generated our liquidity and capital resources primarily through operations and, when needed, through our existing credit facility. The capacity available under our revolving credit facility provides the necessary liquidity should working capital needs temporarily increase in response to changes in market demand. The volatility in credit, equity and commodity markets creates some uncertainty for our businesses. However, management believes, based on our current financial condition, existing backlog levels and current expectations for future market conditions, that we will continue to meet our short- and long-term liquidity needs with a combination of cash on hand, cash generated from operations and access to capital markets. Although, we will continue to reach payment milestones on many of our projects, we expect our consolidated operating cash flow position in 2017 to decrease as a result of the negative impact the decline in commodity prices will have on our overall business. The downturn in the oilfield services industry as a result of the decrease in commodity prices has led some of our customers to request price concessions or delays in backlog delivery. Consequently, any discounts or material product delivery delays that may ultimately be mutually agreed with our customers may adversely affect our results of operations and cash flows.

We expect to make contributions of approximately $9.5 million to our international pension plans during 2017. We do not expect to make any contributions to our U.S. Qualified Pension Plan or our U.S. Non-Qualified Defined Benefit Pension Plan in 2017. Actual contribution amounts are dependent upon plan investment returns, changes in pension obligations, regulatory environments and other economic factors. We update our pension estimates annually or more frequently upon the occurrence of significant events.

We project spending approximately $120 million in 2017 for capital expenditures, largely towards expenditures in our subsea equipment business.

On January 16, 2017, the business combination of FMC Technologies and Technip was completed, and consequently, FMC Technologies delisted its shares from the New York Stock Exchange. Refer to "Merger of FMC Technologies and Technip" for further information related to the business combination.

Contractual Obligations

The following is a summary of our contractual obligations at December 31, 2016:

(In millions) Contractual obligations	Payments Due by Period Total payments	Less than 1 year	1-3 years	3 -5 years	After 5 years
Long-term debt [(a)]	$ 1,207.9	$ 299.8	$ 410.2	$ —	$ 497.9
Short-term debt	17.4	17.4	—	—	—
Interest on long-term debt [(a)]	109.6	23.3	34.5	34.5	17.3
Operating leases [(b)]	381.8	80.4	120.3	79.6	101.5
Purchase obligations [(c)]	508.6	435.0	73.5	0.1	—
Pension and other post-retirement benefits [(d)]	9.5	9.5	—	—	—
Unrecognized tax benefits [(e)]	50.2	50.2	—	—	—
Total contractual obligations	$ 2,285.0	$ 915.6	$ 638.5	$ 114.2	$ 616.7

(a) Our available long-term debt is dependent upon our compliance with covenants, including negative covenants related to liens and our total capitalization ratio. Any violation of covenants or other events of default, which are not waived or cured, or changes in our credit rating could have a material impact on our ability to maintain our committed financing arrangements. Refer to "Liquidity and Capital Resources" for information related to our entrance into a new $2.5 billion five-year unsecured revolving credit facility agreement on January 12, 2017.

Due to our intent and ability to refinance commercial paper obligations on a long-term basis under our revolving credit facility and the variable interest rates associated with these debt instruments, only interest on our Senior Notes is included in the table. During 2016, we paid $33.9 million for interest charges, net of interest capitalized.

(b) In 2014 we entered into construction and operating lease agreements to finance the construction of manufacturing and office facilities located in Houston, TX. In January 2016, construction of the facilities was completed and rental payments under the operating lease commenced. Upon expiration of the lease term in September 2021, we have the option to renew the lease, purchase the facilities or re-market the facilities on behalf of the lessor, including certain guarantees of residual value under the re-marketing option.

(c) In the normal course of business, we enter into agreements with our suppliers to purchase raw materials or services. These agreements include a requirement that our supplier provide products or services to our specifications and require us to make a firm purchase commitment to our supplier. As substantially all of these commitments are associated with purchases made to fulfill our customers' orders, the costs associated with these agreements will ultimately be reflected in cost of sales on our consolidated statements of income.

(d) We expect to contribute approximately $9.5 million to our international pension plans, representing primarily the U.K. and Norway qualified pension plans, in 2017. We do not expect to make any contributions to our U.S. Qualified Pension Plan or our U.S. Non-Qualified Defined Benefit Pension Plan in 2017. Required contributions for future years depend on factors that cannot be determined at this time.

(e) It is reasonably possible that $50.2 million of liabilities for unrecognized tax benefits will be settled during 2017, and this amount is reflected in income taxes payable in our consolidated balance sheet as of December 31, 2016. Although unrecognized tax benefits are not contractual obligations, they are presented in this table because they represent demands on our liquidity.

Other Off-Balance Sheet Arrangements

The following is a summary of other off-balance sheet arrangements at December 31, 2016:

(In millions) Other off-balance sheet arrangements	Amount of Commitment Expiration per Period — Total amount	Less than 1 year	1-3 years	3-5 years	After 5 years
Letters of credit and bank guarantees [a]	$ 643.9	$ 212.2	$ 357.5	$ 1.6	$ 72.6
Surety bonds [a]	5.7	5.1	—	—	0.6
Total other off-balance sheet arrangements	$ 649.6	$ 217.3	$ 357.5	$ 1.6	$ 73.2

(a) As collateral for our performance on certain sales contracts or as part of our agreements with insurance companies, we are liable under letters of credit, surety bonds and other bank guarantees. Our ability to generate revenue from certain contracts is dependent upon our ability to obtain these off-balance sheet financial instruments. These off-balance sheet financial instruments may be renewed, revised or released based on changes in the underlying commitment. Historically, our commercial commitments have not been drawn upon to a material extent; consequently, management believes it is not reasonably likely there will be material claims against these commitments. However, should these financial instruments become unavailable to us, our operations and liquidity could be negatively impacted.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates, judgments and assumptions about future events that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenue and expenses during the periods presented and the related disclosures in the accompanying notes to the financial statements. Management has reviewed these critical accounting estimates with the Audit Committee of our Board of Directors. We believe the following critical accounting estimates used in preparing our financial statements address all important accounting areas where the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change. See Note 1 to our consolidated financial statements for the year ended December 31, 2016 for a description of our significant accounting policies.

Percentage of Completion Method of Accounting

We recognize revenue on construction-type manufacturing projects using the percentage of completion method of accounting whereby revenue is recognized as work progresses on each contract. There are several acceptable methods under U.S. generally accepted accounting principles of measuring progress toward completion. Most frequently, we use the ratio of costs incurred to date to total estimated contract costs at completion to measure progress toward completion.

We execute contracts with our customers that clearly describe the equipment, systems and/or services that we will provide and the amount of consideration we will receive. After analyzing the drawings and specifications of the contract requirements, our project engineers estimate total contract costs based on their experience with similar projects and then adjust these estimates for specific risks associated with each project, such as technical risks associated with a new design. Costs associated with specific risks are estimated by assessing the probability that conditions arising from these specific risks will affect our total cost to complete the project. After work on a project begins, assumptions that form the basis for our calculation of total project cost are examined on a regular basis and our estimates are updated to reflect the most current information and management's best judgment.

Revenue recognized using the percentage of completion method of accounting was approximately 62%, 60% and 52% of total revenue recognized for the years ended December 31, 2016, 2015 and 2014, respectively. A significant portion of our total revenue recognized under the percentage of completion method of accounting relates to our Subsea Technologies segment, primarily for subsea exploration and production equipment projects that involve the design, engineering, manufacturing and assembly of complex, customer-specific systems. The systems are not entirely built from standard bills of material and typically require extended periods of time to design and construct.

Total estimated contract cost affects both the revenue recognized in a period as well as the reported profit or loss on a project. The determination of profit or loss on a contract requires consideration of contract revenue, change orders and claims, less costs incurred to date and estimated costs to complete. Profits are recognized based on the estimated project profit multiplied by the percentage complete. Adjustments to estimates of contract revenue, total contract cost, or extent of progress toward completion are often required as work progresses under the contract and as experience is gained, even though the scope of work required under the contract may not change. The nature of accounting for contracts under the percentage of completion method of accounting is such that refinements of the estimating process for changing conditions and new developments are continuous and characteristic of the process. Consequently, the amount of revenue recognized using the percentage of completion method of accounting is sensitive to changes in our estimates of total contract costs. For each contract in progress at December 31, 2016, a 1% increase or decrease in the estimated margin earned on each contract would have increased or decreased total revenue and pre-tax income by $23.2 million for the year ended December 31, 2016.

The total estimated contract cost in the percentage of completion method of accounting is a critical accounting estimate because it can materially affect revenue and profit and requires us to make judgments about matters that are uncertain. There are many factors, including, but not limited to, the ability to properly execute the engineering and designing phases consistent with our customers' expectations, the availability and costs of labor and material resources, productivity and weather, that can affect the accuracy of our cost estimates, and ultimately, our future profitability. In the past, we have realized both lower and higher than expected margins and have incurred losses as a result of unforeseen changes in our project costs; however, historically, our estimates have been reasonably dependable regarding the recognition of revenue and profit on contracts using the percentage of completion method of accounting.

Inventory Valuation

Inventory is recorded at the lower of cost or market. We evaluate the components of inventory on a regular basis for excess and obsolescence. We record the decline in the carrying value of estimated excess or obsolete inventory as a reduction of inventory and as an expense included in cost of sales in the period in which it is identified. Our estimate of excess and obsolete inventory is a critical accounting estimate because it is highly susceptible to change from period to period. In addition, the estimate requires management to make judgments about the future demand for inventory.

In order to quantify excess or obsolete inventory, we begin by preparing a candidate listing of the components of inventory that have a quantity on hand in excess of usage within the most recent two-year period. The list is reviewed with sales, engineering, production and materials management personnel to determine whether the list of potential excess or obsolete inventory items is accurate. As part of this evaluation, management considers whether there has been a change in the market for finished goods, whether there will be future demand for on-hand inventory items and whether there are components of inventory that incorporate obsolete technology. Finally, an assessment is made of our historical usage of inventory previously written off as excess or obsolete, and a further adjustment to the estimate is made based on this historical experience. As a result, our estimate of excess or obsolete inventory is sensitive to changes in assumptions about future usage of inventory. Factors that could materially impact our estimate include changes in crude oil prices and its effect on the longevity of the current industry downturn, which would impact the demand for our products and services, as well as changes in the pattern of demand for the products that we offer. We believe our inventory valuation reserve is adequate to properly value potential excess and obsolete inventory as of December 31, 2016, however, any significant changes to the factors mentioned above could lead our estimate to change. Refer to Note 7 to our consolidated financial statements for the year ended December 31, 2016 for additional information related to inventory valuation adjustments recorded during 2015.

Impairment of Long-Lived and Intangible Assets

Long-lived assets, including property, plant and equipment, identifiable intangible assets being amortized and capitalized software costs are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the long-lived asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If it is determined that an impairment loss has occurred, the loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. The determination of future cash flows as well as the estimated fair value of long-lived assets involves significant estimates on the part of management. Because there usually is a lack of quoted market prices for long-lived assets, fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, or based on a multiple of operating cash flow validated with historical market transactions of similar assets where possible. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of future productivity of the asset, operating costs and capital decisions and all available information at the date of review. During 2016, we identified various assets whose carrying values were impaired due to the downturn in the oilfield services industry, driven by the decline in crude oil prices. Refer to Note 5 to our consolidated financial statements for the year ended December 31, 2016 for additional information related to asset impairment charges recorded during 2016. If future market conditions deteriorate beyond our current expectations and assumptions, additional impairments of long-lived assets may be identified if we conclude that the carrying amounts are no longer recoverable.

Impairment of Goodwill

Goodwill is not subject to amortization but is tested for impairment on an annual basis, or more frequently if impairment indicators arise. We have established October 31 as the date of our annual test for impairment of goodwill. Reporting units with goodwill are tested for impairment by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If after assessing the totality of events or circumstances, or based on management's judgment, we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a two-step quantitative impairment test is performed.

When using the two-step quantitative impairment test, determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. We estimate the fair value of our reporting units using a discounted future cash flow model. The majority of the estimates and assumptions used in a discounted future cash flow model involve unobservable inputs reflecting management's own assumptions about the assumptions market participants would use in estimating the fair value of a business. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, discount rates and future economic and market conditions. Our estimates are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and do not reflect unanticipated events and circumstances that may occur.

At December 31, 2016, recorded goodwill of $54.7 million was associated with our separation systems reporting unit. The decline in crude oil prices and its related effect on customer capital spending has led to negative margins for separation systems in 2016. Our estimate of fair value for the separation systems reporting unit relies on assumptions of lower oil and gas activity over the next few years with expected market recovery in 2019 for this business. To mitigate the impact of lower commodity prices, management is expanding the reporting unit's existing product offering in both greenfield and brownfield applications by introducing differentiating technology and expanding the system and solutions business as a growth platform. Management is monitoring the overall market, specifically crude oil prices and changes in customer capital spending, and its effect on the estimates and assumptions used in our goodwill impairment test for separation systems, which may require re-evaluation and could result in an impairment of goodwill for this reporting unit.

During the first quarter of 2016, a goodwill impairment charge of $2.8 million related to our wireline operations in our U.S. surface integrated services reporting unit was recorded in our Surface Technologies segment as a result of the sale of assets associated with the U.S. and Canadian wireline operations. Refer to Note 5 to our consolidated financial statements for the year ended December 31, 2016 for additional information related to asset impairment charges recorded in 2016.

As part of management's strategy to integrate our products and services in our Surface Technologies segment, the services of our completion services reporting unit became part of our U.S. and Canadian surface integrated services reporting units during the third quarter of 2015. A goodwill impairment charge of $8.4 million related to our Canadian surface integrated services reporting unit was recorded in our Surface Technologies segment during the third quarter of 2015 as a result of the continued deterioration in crude oil prices and its related effect on demand for services of the reporting unit. Refer to Note 5 to our consolidated financial statements for the year ended December 31, 2016 for additional information related to asset impairment charges recorded in 2015.

A lower fair value estimate in the future for any of our reporting units, specifically our U.S. surface integrated services and separation systems reporting units, could result in goodwill impairments. Factors that could trigger a lower fair value estimate include sustained price declines of the reporting unit's products and services, cost increases, regulatory or political environment changes, changes in customer demand, and other changes in market conditions, which may affect certain market participant assumptions used in the discounted future cash flow model.

Accounting for Income Taxes

Our income tax expense, deferred tax assets and liabilities, and reserves for uncertain tax positions reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgments and estimates are required in determining our consolidated income tax expense.

In determining our current income tax provision, we assess temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are recorded in our consolidated balance sheets. When we maintain deferred tax assets, we must assess the likelihood that these assets will be recovered through adjustments to future taxable income. To the extent we believe recovery is not likely, we establish a valuation allowance. We record an allowance reducing the asset to a value we believe will be recoverable based on our expectation of future taxable income. We believe the accounting estimate related to the valuation allowance is a critical accounting estimate because it is highly susceptible to change from period to period, requires management to make assumptions about our future income over the lives of the deferred tax assets, and finally, the impact of increasing or decreasing the valuation allowance is potentially material to our results of operations.

Forecasting future income requires us to use a significant amount of judgment. In estimating future income, we use our internal operating budgets and long-range planning projections. We develop our budgets and long-range projections based on recent results, trends, economic and industry forecasts influencing our segments' performance, our backlog, planned timing of new product launches and customer sales commitments. Significant changes in the expected realizability of a deferred tax asset would require that we adjust the valuation allowance applied against the gross value of our total deferred tax assets, resulting in a change to net income.

As of December 31, 2016, we believe that it is not more likely than not that we will generate future taxable income in certain foreign jurisdictions in which we have cumulative net operating losses and, therefore, we have provided a valuation allowance against the related deferred tax assets. As of December 31, 2016, we believe that it is more likely than not that we will have future taxable income in the United States to utilize our domestic deferred tax assets. Therefore, we have not provided a valuation allowance against any domestic deferred tax assets.

The need for a valuation allowance is sensitive to changes in our estimate of future taxable income. If our estimate of future taxable income was 25% lower than the estimate used, we would still generate sufficient taxable income to utilize such domestic deferred tax assets.

The calculation of our income tax expense involves dealing with uncertainties in the application of complex tax laws and regulations in numerous jurisdictions in which we operate. We recognize tax benefits related to uncertain tax positions when, in our judgment, it is more likely than not that such positions will be sustained on examination, including resolutions of any related appeals or litigation, based on the technical merits. We adjust our liabilities for uncertain tax positions when our judgment changes as a result of new information previously unavailable. Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from our current estimates. Any such differences will be reflected as adjustments to income tax expense in the periods in which they are determined.

Accounting for Pension and Other Post-Retirement Benefit Plans

Our pension and other post-retirement (health care and life insurance) obligations are described in Note 16 to our consolidated financial statements for the year ended December 31, 2016.

The determination of the projected benefit obligations of our pension and other post-retirement benefit plans are important to the recorded amounts of such obligations on our consolidated balance sheet and to the amount of pension expense in our consolidated statements of income. In order to measure the obligations and expense associated with our pension benefits, management must make a variety of estimates, including discount rates used to value certain liabilities, expected return on plan assets set aside to fund these costs, rate of compensation increase, employee turnover rates, retirement rates, mortality rates and other factors. We update these estimates on an annual basis or more frequently upon the occurrence of significant events. These accounting estimates bear the risk of change due to the uncertainty and difficulty in estimating these measures. Different estimates used by management could result in our recognition of different amounts of expense over different periods of time.

Due to the specialized and statistical nature of these calculations which attempt to anticipate future events, we engage third-party specialists to assist management in evaluating our assumptions as well as appropriately measuring the costs and obligations associated with these pension benefits. The discount rate and expected long-term rate of return on plan assets are primarily based on investment yields available and the historical performance of our plan assets, respectively. These measures are critical accounting estimates because they are subject to management's judgment and can materially affect net income.

The discount rate affects the interest cost component of net periodic pension cost and the calculation of the projected benefit obligation. The discount rate is based on rates at which the pension benefit obligation could be effectively settled on a present value basis. Discount rates are derived by identifying a theoretical settlement portfolio of long-term, high quality ("AA" rated) corporate bonds at our determination date that is sufficient to provide for the projected pension benefit payments. A single discount rate is determined that results in a discounted value of the pension benefit payments that equate to the market value of the selected bonds. The resulting discount rate is reflective of both the current interest rate environment and the pension's distinct liability characteristics. Significant changes in the discount rate, such as those caused by changes in the yield curve, the mix of bonds available in the market, the duration of selected bonds and the timing of expected benefit payments, may result in volatility in our pension expense and pension liabilities.

The expected long-term rate of return on plan assets is a component of net periodic pension cost. Our estimate of the expected long-term rate of return on plan assets is primarily based on the historical performance of plan assets, current market conditions, our asset allocation and long-term growth expectations. The difference between the expected return and the actual return on plan assets is amortized over the expected remaining service life of employees, resulting in a lag time between the market's performance and its impact on plan results.

Holding other assumptions constant, the following table illustrates the sensitivity of changes in the discount rate and expected long-term return on plan assets on pension expense and the projected benefit obligation:

(In millions, except basis points)	Increase (Decrease) in 2016 Pension Expense Before Income Taxes	Increase (Decrease) in Projected Benefit Obligation at December 31, 2016
50 basis point decrease in discount rate	$ 9.3	$ 98.0
50 basis point increase in discount rate	$ (8.6)	$ (86.0)
50 basis point decrease in expected long-term rate of return on plan assets	$ 4.3	
50 basis point increase in expected long-term rate of return on plan assets	$ (4.3)	

The actuarial assumptions and estimates made by management in determining our pension benefit obligations may materially differ from actual results as a result of changing market and economic conditions and changes in plan participant assumptions. While we believe the assumptions and estimates used are appropriate, differences in actual experience or changes in plan participant assumptions may materially affect our financial position or results of operations.

Other Matters

On March 28, 2016, we received an inquiry from the United States Department of Justice ("DOJ") related to the DOJ's investigation of whether certain services Unaoil S.A.M. provided to its clients, including FMC Technologies, violated the Foreign Corrupt Practices Act. We are cooperating with the DOJ's inquiry and are conducting our own internal investigation.

We are involved in various pending or potential legal actions or disputes in the ordinary course of our business, and management is unable to predict the ultimate outcome of these actions because of their inherent uncertainty. However, management believes that the most probable, ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Recently Issued Accounting Standards

Refer to Note 3 to our consolidated financial statements for the year ended December 31, 2016.