Turning the Corner with Capital Efficiency and Delivery Certainty

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FLUOR®
Client Concerns

**BASF**

"Strict cost and expenditure discipline will therefore also be top priority in 2016. This applies in particular to cutting back on capital expenditures..."

– Dr. Kurt Bock, Chairman of the Board of Executive Directors, BASF Factbook 2016

**LyondellBasell**

“We continued to execute a strategy that remains grounded in…deliberate cost management, capital discipline, strong cash generation and focused investments...”

– Bhavesh V. (Bob) Patel, CEO and Chairman of the Management Board, 2015 Annual Report

**Phillips 66**

"Returns on our investments are important, and the reduction in capital spending from prior years reflects that fewer projects meet our return thresholds in the current business environment."

– Greg Garland, Chairman and CEO, 2017 Capital Program Announcement
Three Focus Areas for Fluor

1. Zero Base Execution℠
2. Data-Centric Execution
3. Construction Innovations
Zero Base Execution (ZBE\textsuperscript{SM})
Current capacity of 240,000 metric tons per year

Module assembly and world-class pipe and steel fabrication
ZBE Results in Reduced Costs

**PRE-FEED/FEE SERVICES**
- Value-Improving Practices
- Module Execution Plan
- Minimum Kit Specs and Standards
- Construction-Driven EPFC Schedule
- Leverage FEED Package

**ENGINEERING & PROCUREMENT SERVICES**
- Database Mobility, Automation
- Workshare Execution Model
- Construction and Fabrication Input in Design
- Value-Improving Practices

**EQUIPMENT & MATERIAL**
- Escalation Hedge Program
- Duty Avoidance
- Strategic (Best Country) Sourcing
- VIPs, Minimum Kit Specs and Standards
- Plot Optimization Reduces Quantities

**MODULE FABRICATION**
- Integrated Modules
- Increased Module Size
- Module Market Knowledge
- Houston COE for Module Execution

**CONSTRUCTION LABOR & INDIRECT COSTS**
- Self-Perform Construction
- Higher Productivity via Workface Planning, Craft Training and Phased Construction
- Complete UG and Paving Prior to AG
- Scaffold Solution
- Higher Equipment Utilization
- Lower Quantities Reduces Direct Labor
- Eliminate Redundant Staff
- Centralized Material Management

**CONTINGENCY & OWNERS COST**
- Reduced Oversight
- Integrated Teams
Global Data-Centric Transformation Strategy

- Leverages Fluor’s wealth of experience across historical data and global workforce to assess project status to:

  - Predict issues such as rising costs or schedule delays based on historical trends and patterns
  - Gain earlier insights from many sets of complex factors across project execution
  - Identify root causes of issues and potential impacts of changes
Construction Innovations
Construction Innovations

THE FUTURE OF CONSTRUCTION