



# 2014 First-Half Results Presentation

July 25, 2014

Safety

Excellence

Innovation

Teamwork

Transparency

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# Agenda

- ▶ **An excellent first half: key highlights**
- ▶ **1. Company Overview: GTT a global leader in LNG containment**
- ▶ **2. Sector Forecasts & Business Update**
  - ▶ Market trends continue post-IPO
  - ▶ New businesses showing promise
- ▶ **3. Results: Highlights & Financials for H1 2014**
- ▶ **4. Strategy & Outlook**
  - ▶ Core business on track; New businesses ramping up
  - ▶ FY outlook confirmed
- ▶ **Appendices**

# An excellent first half: key highlights

- ▶ **Successful IPO**
- ▶ **Excellent performance: H1 Revenues up 20%, net margin at 51%**
- ▶ **Strong order intake leading to increased visibility**
- ▶ **Diversity of new orders and new contracts**
- ▶ **Return to LNGC market for historic licensee**
- ▶ **Creation of a UK subsidiary for training, successful inception of new training courses**

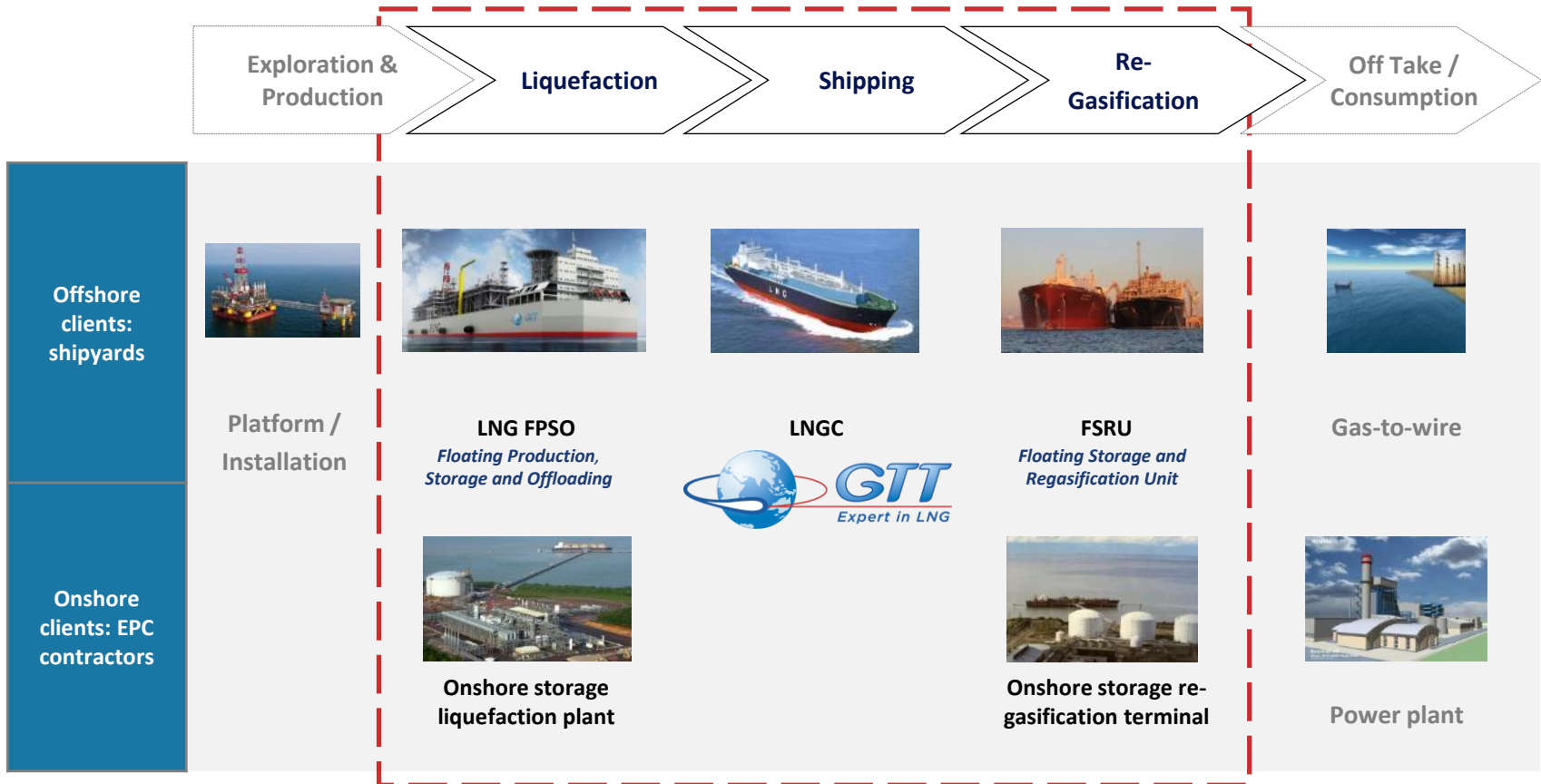


## Company Overview:

**GTT a global leader in LNG containment**

# GTT, leading engineering at the core of the LNG sector

GTT offers broad exposure across the LNG shipping and storage value chain



Source: Company data

# Deep relationships with all stakeholders of the LNG sector

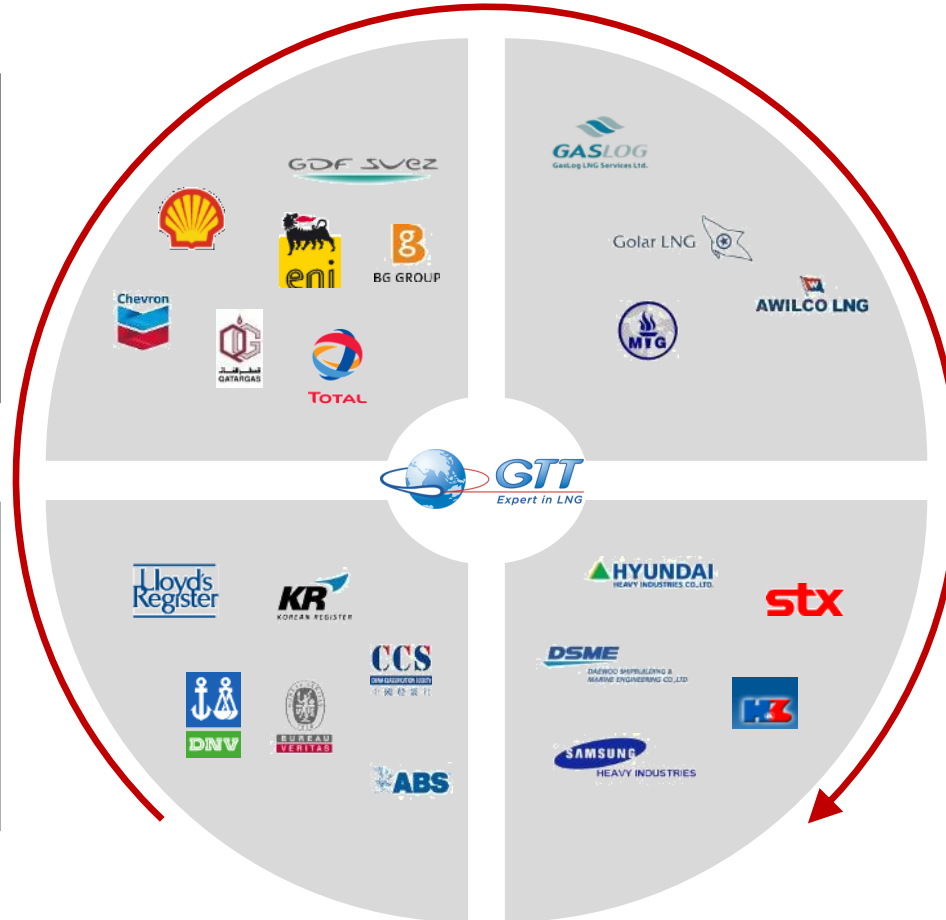
## Oil & Gas Companies

- ▶ O&G companies are end users and prescribers of LNG vessels
- ▶ GTT provides services including modification, feasibility, and FEED project services

## Classification Societies

- ▶ Societies provide regulatory oversight of the industry
- ▶ GTT maintains close relationships with principal societies

## Prescription of containment technology



## Ship-owners

- ▶ Ship-owners order vessels from shipyards
- ▶ GTT provides modification, feasibility and FEED<sup>(1)</sup> services, plus maintenance and testing

## Shipyards

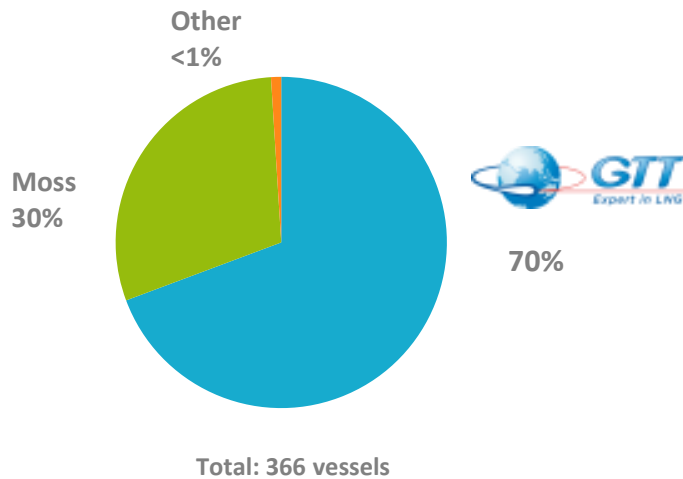
- ▶ GTT licences its membrane technology and receives royalties from shipyards
- ▶ Offers on-site technical and maintenance assistance

Source: Company data

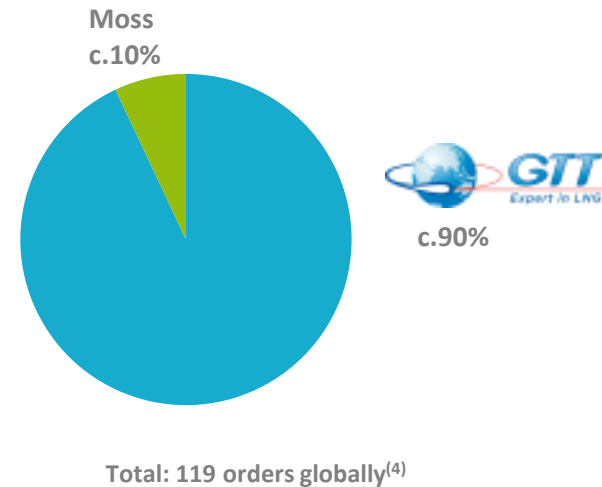
(1) Front End Engineering Design

# GTT, the global leader in LNG containment technologies

Current Global LNG Fleet <sup>(1)</sup>



Global LNGC Orders (2008 – 2013)



Source: Company data, Wood Mackenzie

LNGC (Liquefied Natural Gas Carrier); FPSO (Floating Production, Storage and Offloading); FSRU (Floating Storage and Regasification Unit)















(1) Share as of July 2013, including LNGCs and FSRUs based on Wood Mackenzie data; incl. 352 LNGCs and 14 FSRUs

(2) Incl. 1 LNGC ordered in 2012 and subsequently reclassified in 1 FSRU



# First-Half vessel orders



Technology	Ship owner	Number	Shipyard	Type	Delivery Year
Mark III Flex	KNUTSEN	2	Hyundai 	LNGC	2016
Mark III Flex	J3 + SCI	1	Hyundai 	LNGC	2016
Mark III	BW Maritime	1	Samsung 	FSRU (RV)	2016
NO 96	MOL	1	Daewoo 	FSRU	2016
Mark III	PETRONAS	1	Samsung 	FPSO	2017
NO 96 L03	MARAN GAS	2	Daewoo 	LNGC	2016
NO 96 GW	SOVCOMFLOT	1	Daewoo 	LNGC	2016
Mark III Flex	TRINITY LNG Carrier	2	Imabari 	LNGC	2017
Mark III Flex	GASLOG	2	Samsung 	LNGC	2017
Mark III Flex	GASLOG	2	Hyundai 	LNGC	2017
NO 96	TEEKAY (CNOOC)	4	Hudong Zhonghua 	LNGC	2017/19
SPB	MOL/Tokyo LNG Tanker	1	Japan Marine United 	LNGC	2017
SPB	NYK/Tokyo LNG Tanker	1	Japan Marine United 	LNGC	2017
Moss	NYK	1	MI LNG (Mitsubishi-Imabari JV) 	LNGC	2017
<b>TOTAL</b>			<b>22 (19 GTT, 2 SPB and 1 Moss)</b>		

► Yamal orders not taken into account (except one received in H1 2014)

Source: Company (based on public sources for competitors)

# GTT Business Model: Robust and sustainable

- ▶ High barriers to entry and significant market shares
- ▶ Engineering expertise with a 50-year track record
- ▶ Long term visibility on revenue stream
- ▶ Lean cost base offering high operating leverage
- ▶ Highly cash generative business and negative working capital



## Sector Forecasts & Business Update

Market trends continue post-IPO

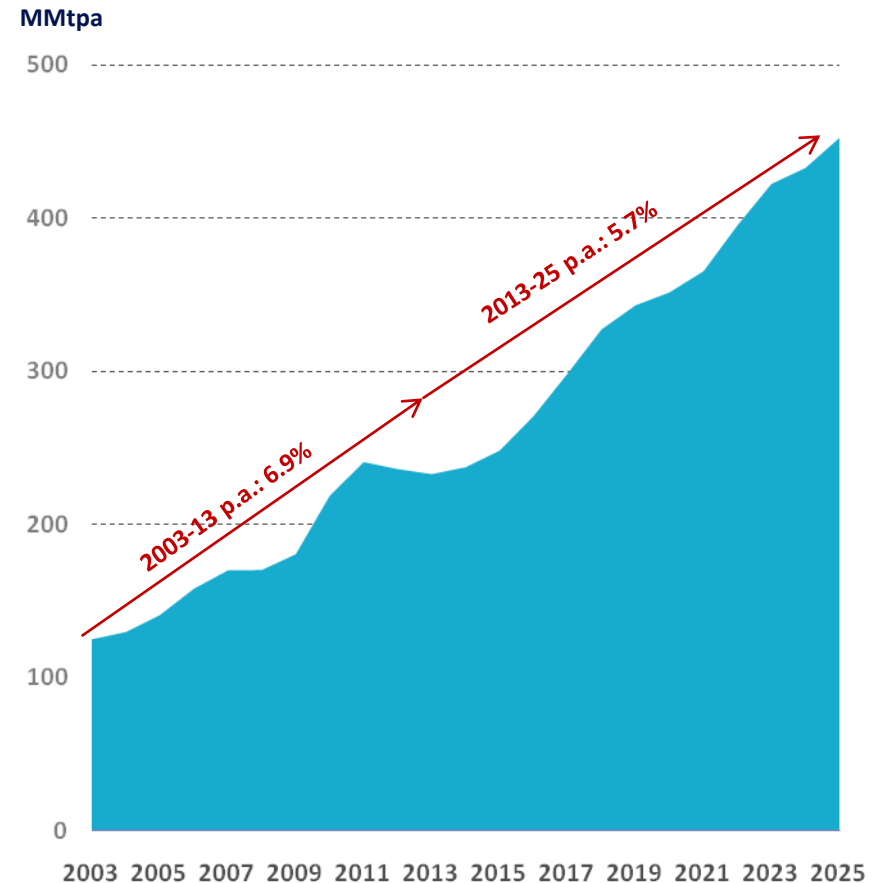
New businesses showing promise

# Sector Forecasts 1/3: Strong demand dynamics underpin LNG growth

## Advantages of natural gas

- ▶ Natural gas is the **fastest growing major energy source**
- ▶ **Cost competitiveness**, especially compared to fuel oil
- ▶ **Abundant, widespread resources**, equivalent to c. 230 years of demand based on current levels
- ▶ **Run-off of nuclear power** in various parts of the world post Fukushima
- ▶ **Least carbon intensive fossil fuel**, with future use expected to be less affected by environmental policies
- ▶ Shale gas production expected to result in **North America becoming an LNG exporter** in the near future
- ▶ **Emissions regulations** encouraging use of **LNG as bunker fuel**

## Strong global LNG demand growth



Source: IEA data

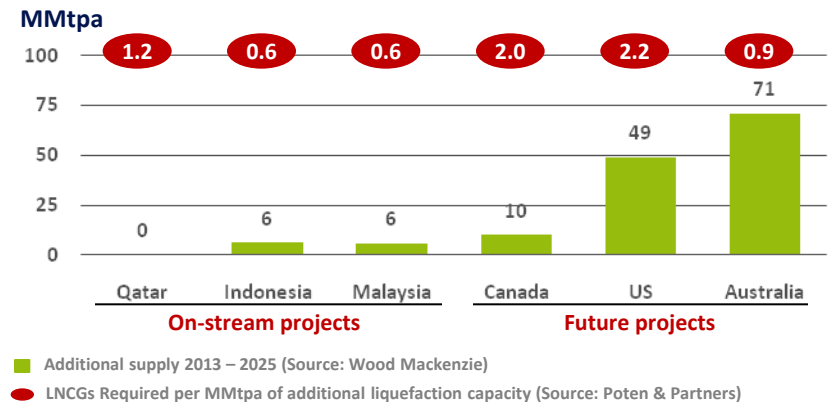
Source: Wood Mackenzie

# Sector Forecasts 2/3: Increasing need for LNG shipping and storage

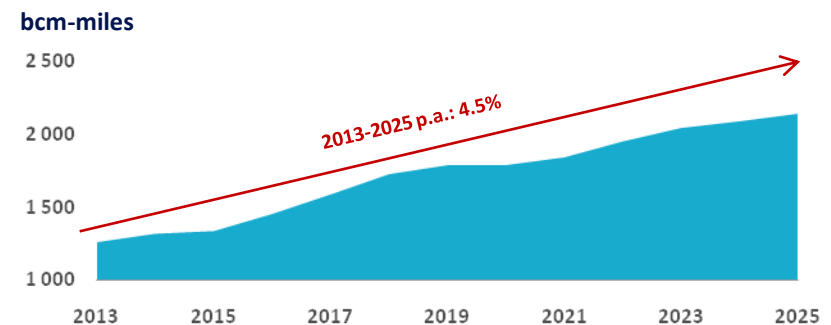
## Drivers of increase in shipping activity

- ▶ **Regional supply dynamics**
  - ▶ Significant growth in supply from **new emerging regions**
  - ▶ 120 MMtpa increase (2013-2025) in Australia and the US
- ▶ **More complex LNG trade routes**
  - ▶ **Increasing cross-basin trade**; growth in use of flexible contracts/spot trading
  - ▶ **Emerging routes** account for an increasing proportion of total LNG global trade
    - \* **US exports into Pacific Basin via Panama Canal and into Atlantic Basin**
    - \* **Start-up of exports from East Africa and Yamal**
- ▶ **Medium term start-up of US exports**
  - ▶ Expected to target high demand Asian markets and involve **longer shipping distances**
  - ▶ High number of LNGCs required per unit of new project liquefaction capacity (2.2 LNGCs / MMtpa)
- ▶ **Development of small and medium capacity LNGC sector**

## LNGCs required in selected key regions<sup>(1)</sup>



## Forecast LNG transportation (BCM-miles)



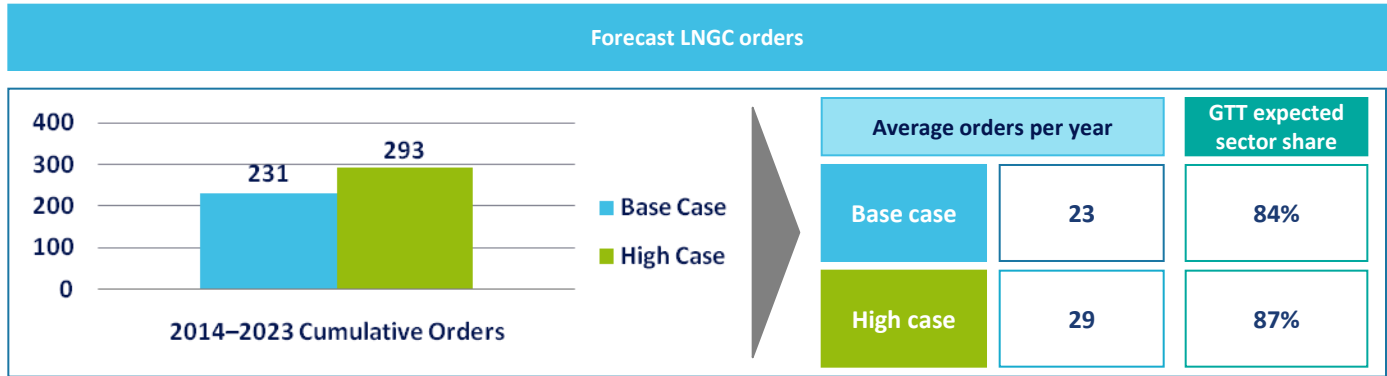
Source: Wood Mackenzie

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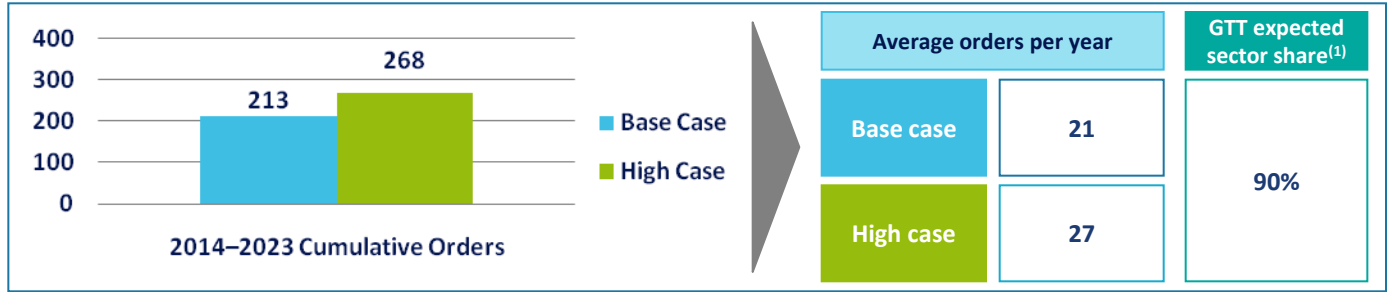
(1) Future projects based on nameplate capacity and Poten forecast vessel requirement; on-stream (existing) projects based on Poten estimates using 2012 actual trade and production

# Sector Forecasts 3/3: Strong growth in LNGC sector

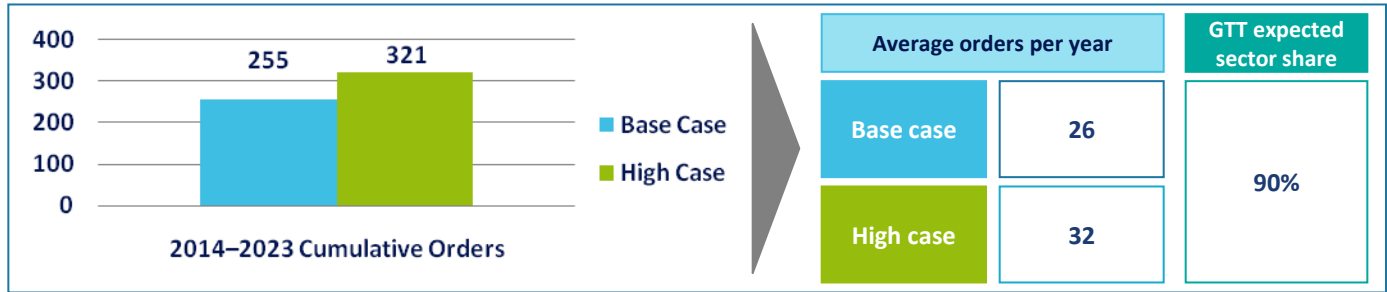
## POTEN PARTNERS



## WOOD MACKENZIE



## GTT OPERATIONAL SENSITIVITY (WOOD MACKENZIE MODEL)



Source: Poten & Partners, Wood Mackenzie

(1) Wood Mackenzie assumes no alternative containment systems are sufficiently developed and commercialised to seriously challenge GTT. Wood Mackenzie believes that the status quo is a strong statement for GTT's future market position

# Business Update 1/4: Offshore market - GTT a leader with strong growth potential

FSRU: GTT, the solution of choice



- ▶ 100% of ordered FSRUs will be equipped with GTT's technologies<sup>(1)</sup>
- ▶ Already 2 new orders received since January 2014
  - ▶ Including the largest FSRU in the world with a capacity of 263,000 m<sup>3</sup>

FPSO: the new frontier of the LNG World



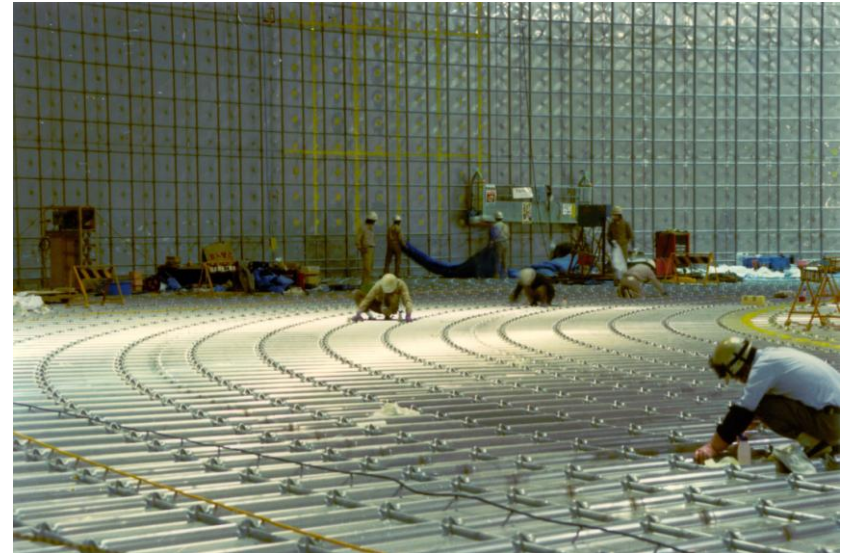
- ▶ Three LNG FPSOs are currently on order for Petronas Malaysia and Shell Prelude<sup>(1)</sup>
- ▶ These FPSOs will be fitted with GTT technology (100% GTT share)<sup>(2)</sup>

(1) As at June30, 2014

(2) Excludes vessel orders below 50,000 m<sup>3</sup>

# Business Update 2/4: Onshore market - A large and attractive sector

Membrane tanks, a proven containment storage solution



- ▶ **Demand drivers:** re-gasification and liquefaction projects; larger LNGCs; peak-shaving facilities (China and Canada), LNG as a fuel harbour storage
- ▶ **Key advantages:**
  - **Cost effective:** low storage costs, competitive for large tanks, economies of scale with common suppliers for onshore and LNGC applications, high level of prefabrication
  - **Ease of construction**
  - **Efficient operation and maintenance:** no specific maintenance, fast decommissioning
- ▶ **Two tanks currently under construction, 33 tanks already in operation using GTT technology**



# Business Update 3/4:

## Services provided by GTT meet the LNG sector needs

### Broad range of services provided by GTT

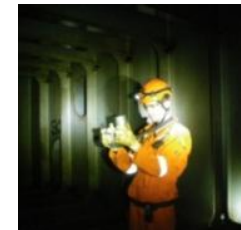
- ▶ **Pre-project studies**
  - ▶ Vessel modification
  - ▶ Feasibility studies
  - ▶ Front End Engineering Design (FEED) studies
- ▶ **Advanced training on GTT technologies**
  - ▶ To licensees' engineers and representatives of ship-owners, classification societies and repair shipyards
- ▶ **Training tool for crew members**
  - ▶ To apprehend the functioning of LNG membrane tanks
- ▶ **Maintenance and Repair**
  - ▶ Services to repair shipyards
  - ▶ Services to ship-owners
- ▶ **Materials suppliers approval**
  - ▶ Ensuring compliance with various criteria (materials specifications, GTT procedures)

### Innovative services provided by Cryovision

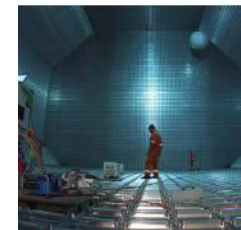
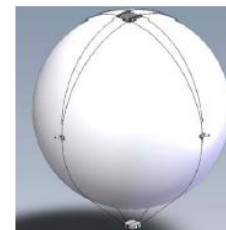
- ▶ **Cryovision provides innovative membrane integrity tests MOON and TAMI to ship owners**



**Secondary membrane:** Thermal Assessment of Membrane Integrity (TAMI) test

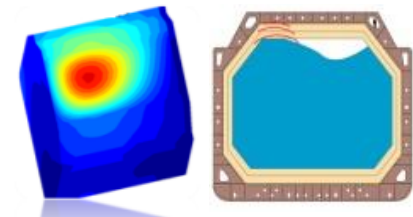


**Primary membrane:** MOtorized BalloON



# Business Update 4/4: Inception of new services

- ▶ **Enhancement of the training offering**
  - ▶ Qualifying training for crews according to professional standards
  - ▶ Customized training provided on-site to ship-owners, classification societies and LNG companies
  - ▶ Creation of GTT Training as a subsidiary in UK
- ▶ **Launch of TIBIA as a service**
  - ▶ An articulated arm fixed on the gas dome to inspect and intervene
  - ▶ The system has been fully developed
  - ▶ It is offered as a service to FLNG operators on a yearly subscription basis
  - ▶ Cryovision ships, installs and operates the TIBIA system
- ▶ **Launch of Sloshield**
  - ▶ The system monitors the liquid motion inside the tanks and informs the crew
  - ▶ Cryovision will install the system





# Results: Highlights & Financials for H1 2014

# An excellent financial performance

## Summary financials

As of 30/06, in € MM	H1 2013	H1 2014	Change (%)
<b>Total Revenues</b>	96	115	20%
<b>EBITDA</b>	61	73	20%
Margin (%)	63%	63%	
<b>Operating Income</b>	59	71	21%
Margin (%)	62%	62%	
<b>Net Income</b>	50	59	18%
Margin (%)	52%	51%	
<b>Change in Working Capital</b>	9	(16)	nm
<b>Capex</b>	(1)	(2)	nm
<b>Free Cash Flow</b>	68	55	-20%
FCF conversion (% EBITDA)	112%	75%	
<b>Dividend paid</b>	40	75	88%
<b>in € MM</b>	<b>31/12/2013</b>	<b>30/06/2014</b>	<b>Change (%)</b>
<b>Cash Position</b>	87	63	-28%
<b>Working Capital Requirement</b>	(21)	(5)	nm

## Key comments

- ▶ High level of revenues : **increase of 20%** compared to H1 2013.
  - ▶ 82% of revenue derived from licenses
  - ▶ Increase of 38% for revenues from services
- ▶ **Strong net margins**
  - ▶ EBITDA, EBIT and Net income grew between 18 to 20% over the same period last year
  - ▶ Strong cost-base fundamentals remain : a mostly fixed cost-base, low corporate tax, limited depreciation & amortization charges
- ▶ Structurally **negative working capital** requirements
- ▶ **Unlevered capital structure**
  - ▶ **High** cash position of €63 M despite the payment of €75 M as dividends in May 2014
  - ▶ Available for sales financial assets of €13.8 M

(1) Defined as trade and other receivables + other current assets – trade and other payables – other current liabilities

# A well-balanced portfolio, and strong order book at end H1

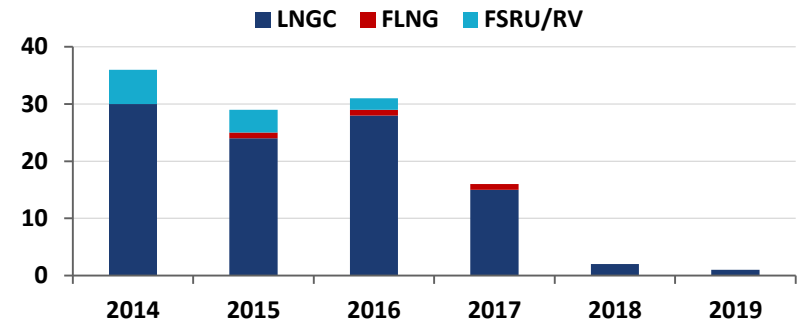
## Strong order book

- ▶ 89 LNGCs
- ▶ 8 FSRU/RV (regasification vessels)
- ▶ 3 FPSO
- ▶ 2 onshore storages

### First-half movements in the order book

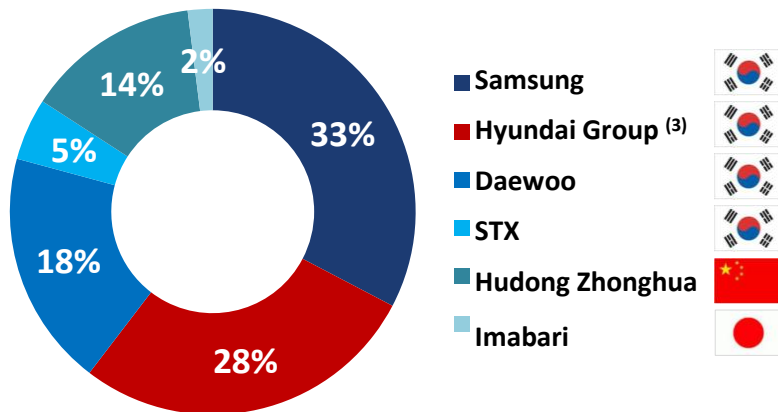
- ▶ **Deliveries: 15** (11 LNGCs and 4 FSRUs)
- ▶ **New orders: 19** (16 LNGCs, 2 FSRUs and 1 FPSO)

## Visibility goes now up to 2019 (2017 at the time of IPO)

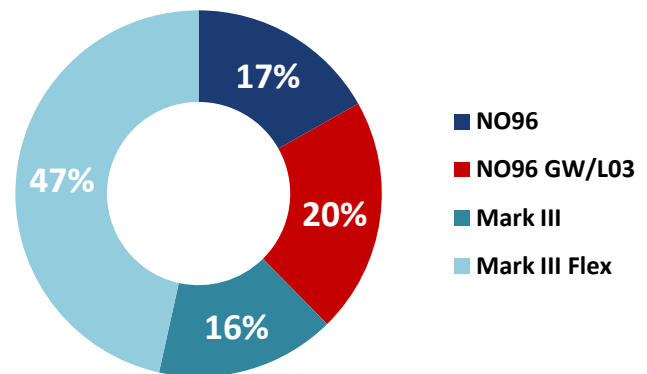


Note : 2014 deliveries include 11 LNGCs and 4 FSRUs delivered during 2014 First Half. Delivery dates could move according to the shipyards/EPCs' building timetables.

## Diversified shipyard clients<sup>(2)</sup>



## Diversified technologies<sup>(2)</sup>



(1) These movements do not mention a LNGC cancellation received during the first quarter 2014

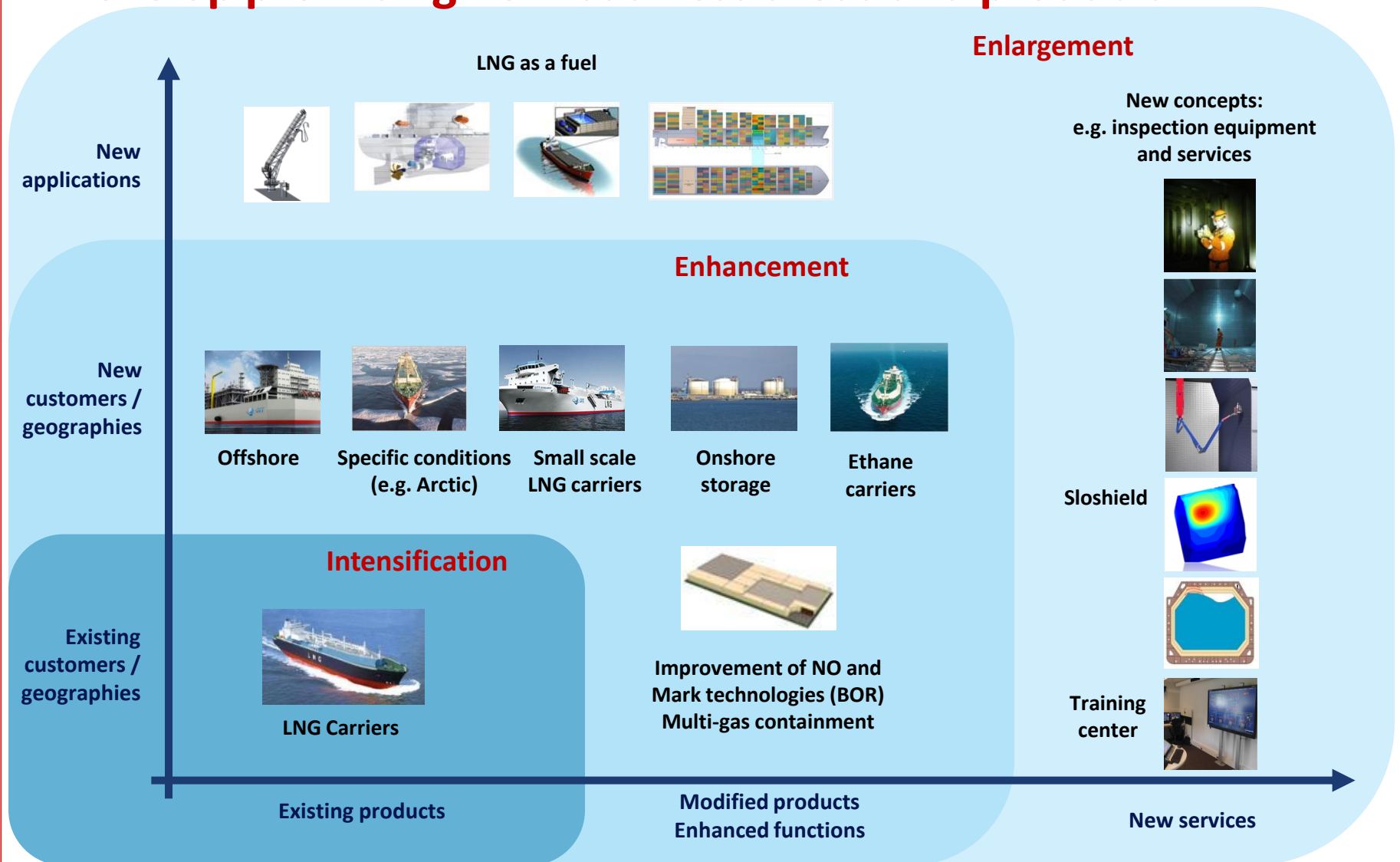
(2) Excluding onshore storages and bunkering tanks

(3) Hyundai Group includes Hyundai Heavy Industries and Hyundai Samho Heavy Industries orders



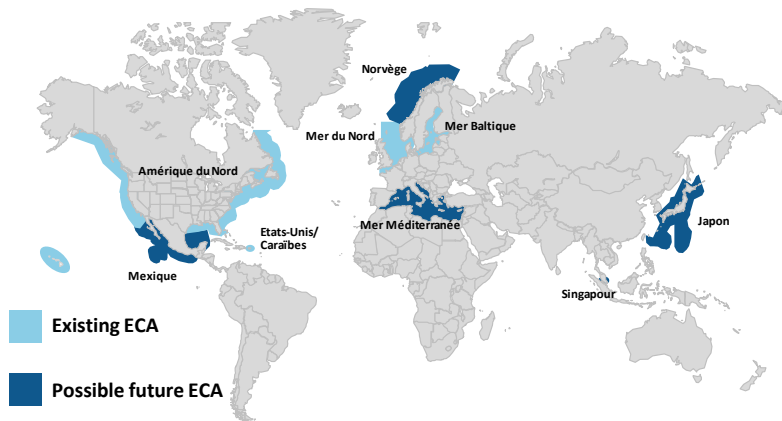
# Strategy & Outlook

# Strategic Roadmap 1/6: Develop promising new business areas and products



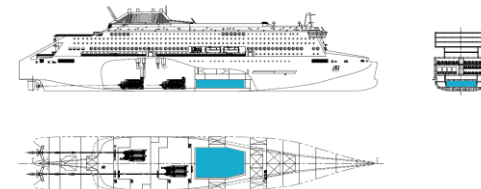
# Strategic Roadmap 2/6: LNG as a fuel - GTT technologies well-suited to benefit

Stricter emissions standards: January 2015



Source: Clarkson Research Service Limited,

Significant opportunity for GTT



- ▶ Stricter emissions standards for SO<sub>x</sub> and NO<sub>x</sub> imposed by IMO
- ▶ Fine levels currently under discussion
- ▶ Ship-owners compliance: install “scrubbers”, change to cleaner fuels

- ▶ LNG is a clean and affordable fuel
- ▶ Membrane solutions can easily be retrofitted or integrated in new builds
- ▶ Membrane solutions optimize vessel volume



# Strategic Roadmap 3/6: Small Scale applications - A Great Potential

A worldwide emerging market for small scale applications: LNGCs and onshore storage tanks



- ▶ Small LNG carriers are crucial for supplying merchant vessels with LNG
- ▶ Significant geographical potential: Caribbean, China, India, Middle East/Mediterranean, North America, South America and Southeast Asia
- ▶ Membrane solutions are flexible and cost effective
- ▶ In the past, GTT has already designed several small scale onshore tanks and LNGCs using its technologies

# Strategic Roadmap 4/6: Develop the range of services to support LNGCs throughout lifecycle



**TAMI**  
Thermal camera  
for secondary  
membrane  
inspection

Pre-project studies  
Advanced training  
Maintenance and  
Repair

**MOON**  
MOTORized BalloON  
for primary  
membrane  
inspection



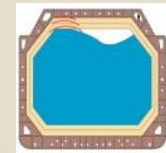
Recently launched  
innovative services



**Training**  
Training tool for  
crew members to  
apprehend the  
functioning of LNG  
membrane tanks



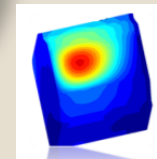
**Sloshield**  
Sloshing Prediction  
& Monitoring  
System



**HEARS**  
Hotline Emergency  
Assistance &  
Response Service

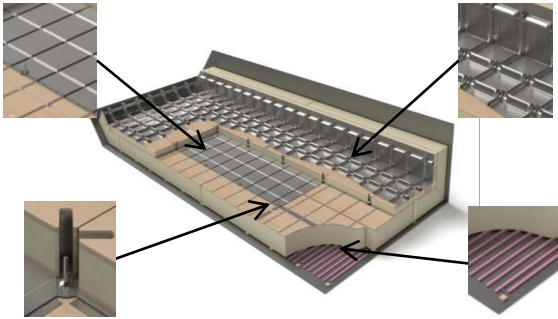


**TIBIA**  
Inspection tool for  
FLNG inspection



# Strategic Roadmap 5/6: New developments are coming up, providing enhanced operational performance and flexibility

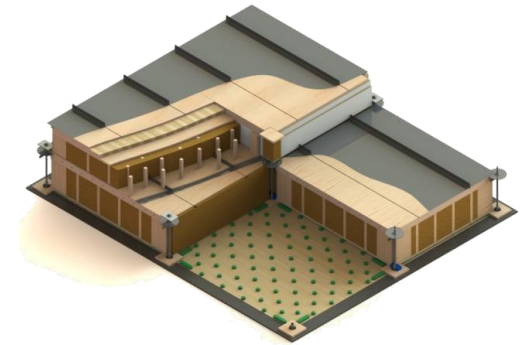
## Mark V for LNG Carriers



- ▶ Bonded triplex replaced with Invar: Innovative secondary membrane, allowing quicker industrialization
- ▶ Flexibility in thickness and load bearing materials
- ▶ **BOR 0.09%** for reference 400 mm thickness
- ▶ Available for LNGC to be constructed in 2016 (at sea in 2018)



## NO 96 Max

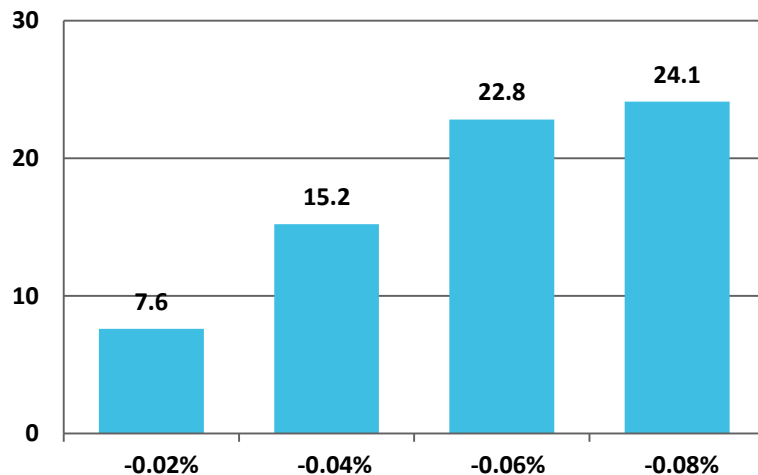


- ▶ Innovative pillar-type insulation box construction
- ▶ Flexibility in strength and insulation materials
- ▶ **BOR 0.09%** for reference GW system
- ▶ Available for LNGC to be constructed in 2016 (at sea in 2018)

# Strategic Roadmap 6/6: Value-add from in-house GTT innovation

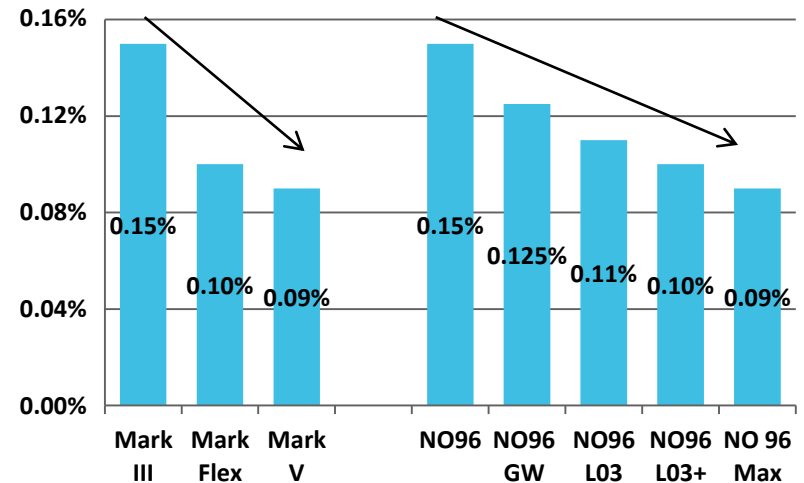
## Value of reducing BOR to a ship-owner / O&G major

10 year NPV of reduced BOR for an LNGC, in \$ MM<sup>(1)</sup>



## Performance of GTT technologies

BOR of GTT systems developed since 2010



- ▶ LNG Boil Off Rate (BOR) is a parameter for the performance of LNG containment systems
- ▶ As a result of more fuel efficient propulsion systems, O&G companies and ship owners are constantly looking for systems which offer reduced BOR
- ▶ GTT has brought major improvements to the industry in recent years, for both NO96 and Mark technologies
- ▶ GTT is continuously striving to enhance its technologies in this respect

Source: Company

(1) Assuming 160,000m<sup>3</sup> vessel equipped with NO96 membrane; using 10% discount rate; \$16.45/MMBTU Asian gas price assumption. NPV calculated vs. a BOR of 0.15%

# Outlook 1/2: Outlook confirmed for 2014

- ▶ Expected 2014 revenue of at least €223 M
- ▶ Net margin of c. 50%
- ▶ 2014 dividend payout of at least 80%<sup>(1)</sup>

(1) GTT by-laws provide that dividends may be paid in cash or in shares based on each shareholder's preference and subject to AGM approval

# Outlook 2/2: Medium-term outlook confirmed

## Medium Term

### New GTT Orders over 2014-2023

- ▶ 270-280 LNGC
- ▶ 25-35 FSRU
- ▶ 3-7 FPSO
- ▶ c. 10 onshore storage tanks

### Average revenue per vessel

- ▶ No significant change compared to 2012 and 2013 levels, except for inflationary price increase

### GTT revenue

- ▶ 2015 and 2016 revenue comparable to 2013 level
  - ▶ Variations in order intake between periods could lead to fluctuations in revenues
- ▶ Going forward, the company expects to continue to benefit from the strong dynamics of the LNG market

### Dividend Payment

- ▶ Dividend payout of at least 80% <sup>(1)</sup>

(1) GTT by-laws provide that dividends may be paid in cash or in shares based on each shareholder's preference and subject to AGM approval

# Conclusion

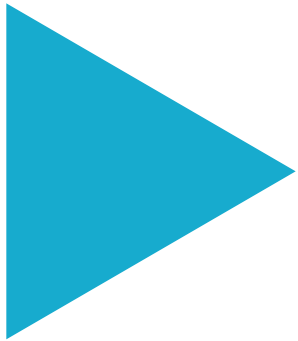
## GTT, a unique vehicle to capture LNG growth in coming years

- ▶ **Strong macro themes underpin LNG growth**
- ▶ **GTT offers pure play exposure to LNG investment theme**
- ▶ **Significant upside opportunities in adjacent sectors**
- ▶ **Highly attractive business model with high switching costs**
  - ▶ Clear sector leader
  - ▶ Trusted partner in a critical part of high value LNG sector
  - ▶ Differentiated, high value add technology offerings
  - ▶ On-going focus on R&D and product development
- ▶ **Visible and resilient revenues, strong cash flow generation**
- ▶ **Highly experienced, stable management and qualified staff**



# Q&A session





# Appendices

# Appendix 1: US projects

## Development of US LNG projects provides for significant potential export capacity

### Significant potential US LNG development projects

Projects	Expected Capacity (MMtpa)	Department of Energy				Federal Energy Regulatory Commission		
		Export to FTA		Export to non-FTA		Pre-Filed	Filed	Approved
		Filed	Approved	Filed	Approved			
Sabine Pass	22.5 (2025)	✓	✓	✓	✓	✓	✓	✓
Freeport & FLNG	22 (2027)	✓	✓	✓	✓	✓	✓	
Lake Charles Exports		✓	✓	✓	✓	✓	✓	
Dominion Cove Point		✓	✓	✓	✓	✓	✓	
Freeport & FLNG Expansion		✓	✓	✓	✓	✓	✓	
Cameron	12 (2025)	✓	✓	✓	✓	✓	✓	✓
Jordan Cove Energy	n.a.	✓	✓	✓	✓	✓	✓	

Source: Company, Wood Mackenzie

### Impact on shipping requirements

- ▶ **Significant new US LNG project start-ups expected**
- ▶ **US projects expected to target Asian demand through exports**
  - ▶ More intensive from shipping perspective given transportation distances involved
  - ▶ Approximately **2.2 LNGCs required per MMtpa of nameplate US capacity** vs. approximately 0.9 – 1.2 LNGCs per MMtpa in other developing supply regions (Canada, Australia)
- ▶ **LNG supply growth and longer, more complex trade routes increase the need for larger vessels as a more efficient solution than the current fleet**

Source: Wood Mackenzie, Poten & Partners

# Appendix 2: Forecasts

## FSRU: Leadership position with high-growth potential

### Drivers for FSRU demand



- ▶ Existing fleet of 14 FSRUs<sup>(1)</sup>
- ▶ Demand driven by competitive advantage vs. land-based terminals
  - ▶ Better acceptability
  - ▶ Reduced construction time (2 yrs vs. 3 ½ yrs)
  - ▶ Flexibility (can be used as trading ships or at another location for the rest of the year)

### GTT – a superior technology for FSRUs



- ▶ All of the newbuild FSRUs ordered to date will be equipped with GTT's technology
- ▶ Ship-owners can choose between converting old LNGCs, or ordering new-build FSRUs
  - ▶ New builds preferred given demand for increased storage (LNGC conversions tend to be smaller)

### The FSRU sector forecasts (cumulative orders for 2014-2023)

	Poten Partners	Wood Mackenzie
Base case	18	8
High case	30	18
GTT expected sector share	100%	100% <sup>(2)</sup>

Source: Poten & Partners, Wood Mackenzie

(1) Includes regasification ships. Fleet count excludes Toscana FSRU permanently stationary

(2) GTT technology has been employed in all FSRU new builds so far. Wood Mackenzie believes that GTT technology will be present in the vast majority of additional new builds unless another technology successfully commercialises

# Appendix 2: Forecasts

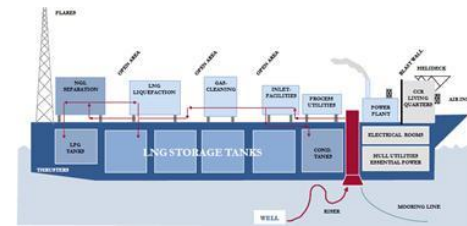
## Emergence of the FPSO sector

FPSO projects progressing



- ▶ Two LNG FPSOs are currently on order for Petronas Malaysia and Shell Prelude respectively <sup>(1)</sup>
- ▶ Demand driven by the monetisation of stranded offshore gas reserves

GTT – a superior technology for FPSOs



- ▶ The only two post-FID (Final Investment Decision) FPSO projects will be equipped with GTT technology
- ▶ GTT’s membrane technology presents significant competitive advantages with deck space available for liquefaction equipment and competitive cost

The FPSO sector forecasts (*cumulative orders for 2014-2023*)

	Poten Partners	Wood Mackenzie
Base case	1	6
High case	2 <sup>(2)</sup>	4
GTT expected sector share	100%	100% <sup>(3)</sup>

Source: Poten & Partners, Wood Mackenzie

(1) Excludes vessel orders below 15,000 m<sup>3</sup>

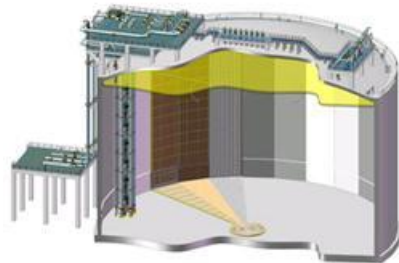
(2) Excludes one FPSO order forecasted in the High case for 2013

(3) Although there is a credible technology alternative, Wood Mackenzie is of the opinion that GTT’s track record and existing market relationships make it extremely well placed to successfully compete in this segment in the long-term

# Appendix 2: Forecasts

## Onshore storage, a large and attractive sector

GTT returning to...



... A large and growing sector



- ▶ Technology initially developed by Technigaz in the 1960s secured a total of 33 orders
- ▶ In 2006, GTT reacquired exclusive rights to its onshore storage licenses and resumed R&D; commercialization restarted in 2009
  - ▶ GTT won 2 storage orders in 2009 and in 2012 (from Energy World Corporation)
  - ▶ The number of GTT licensees has increased from 2 to 15 since 2009

- ▶ Demand driven by:
  - ▶ Development of re-gasification and liquefaction projects requiring new buffer storage tanks
  - ▶ Increasing average size of LNGC's which encourages installation of larger onshore storage
  - ▶ Growing need for peak-shaving facilities, especially in China which requires significant additional storage, and in Canada
  - ▶ Development of LNG as a fuel, leading to small tanks being located in harbours

### The onshore storage sector forecasts *(cumulative orders for 2014-2023)*

	Poten Partners	Wood Mackenzie
Base case	48	113
High case	76	129

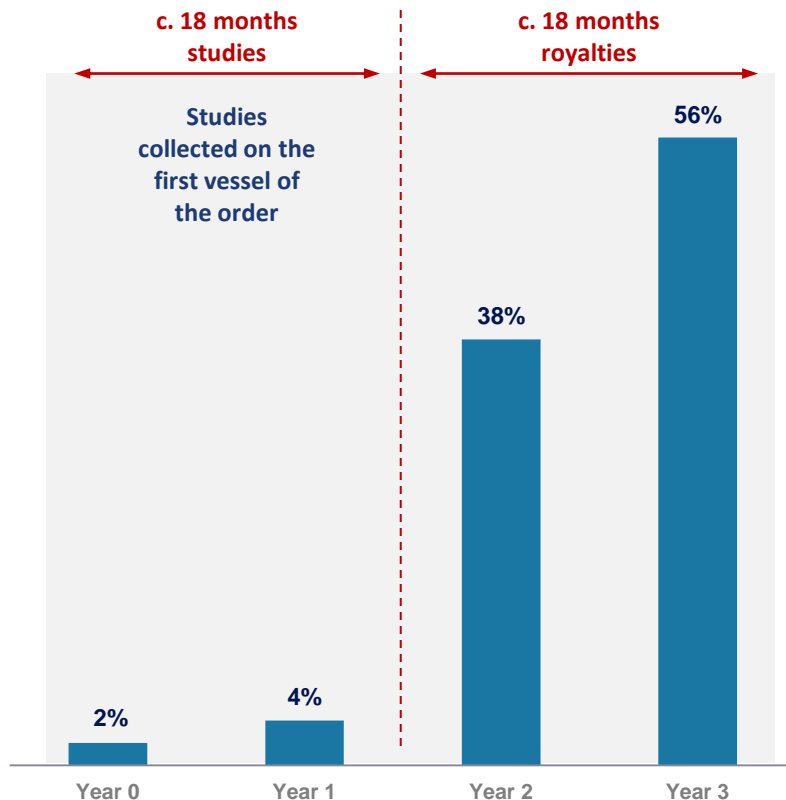
Source: Poten & Partners, Wood Mackenzie

# Appendix 3: GTT Business Model

## Illustrative LNGC revenue recognition summary

### Illustrative revenue recognition

% of total revenues – order of 4 LNGCs placed on June 30<sup>th</sup> of year 0



### 2013 key statistics

#### TOTAL LNGC ORDERS

- Total orders: **36**
- Of which first vessels: **9**

#### PRICING

- Fixed rate of **€323.64/m<sup>2</sup>** as of July 2013
- Indexed to French labour cost

#### AVERAGE REVENUE PER LNGC POST REBATE

- First vessel: **€8.7 MM**
- Second and subsequent vessels: **€6.9 MM**

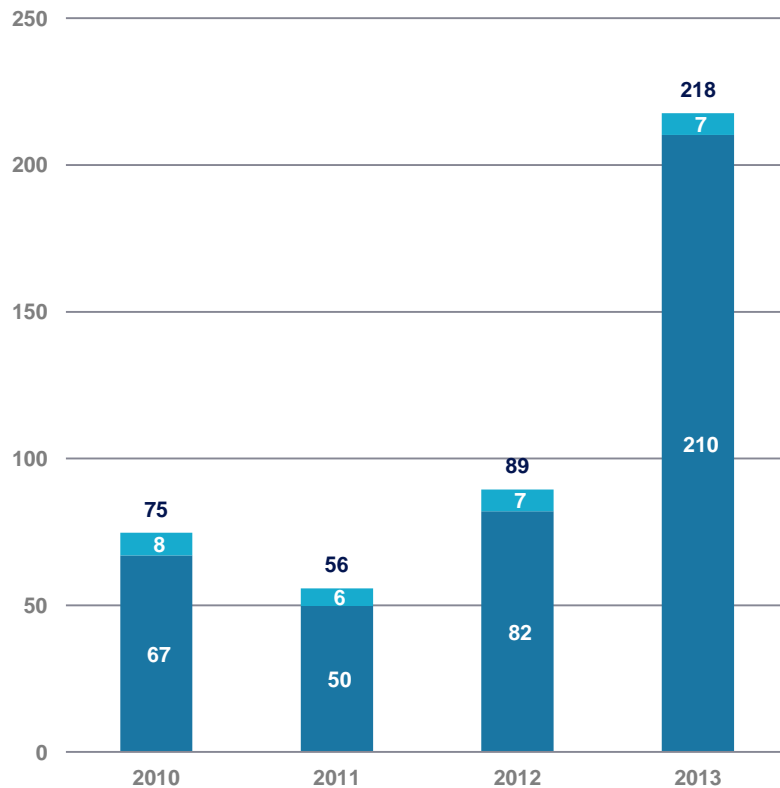
Source: Company

# Appendix 3: GTT Business Model

Strong revenue growth since 2012 reflecting recent increase in order intake

## Historical revenue development

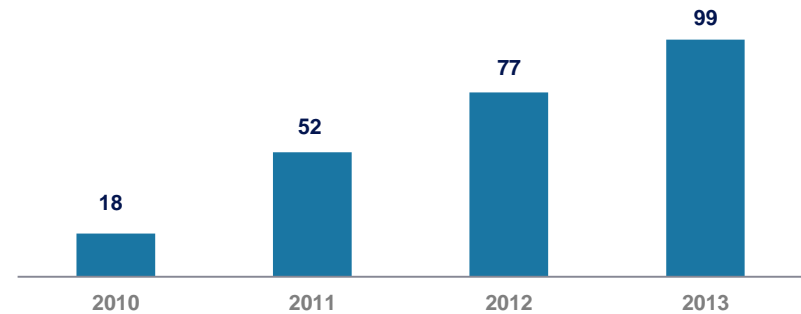
In € MM



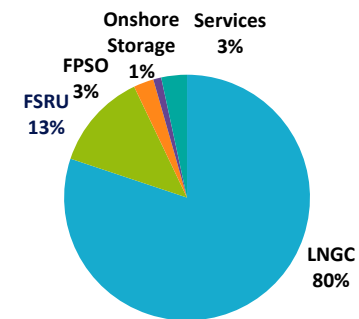
■ Revenue from licenses (€ MM)  
■ Revenue from services (€ MM)

## Order book evolution

In number of orders – at end of period



## 2013 Revenue Breakdown

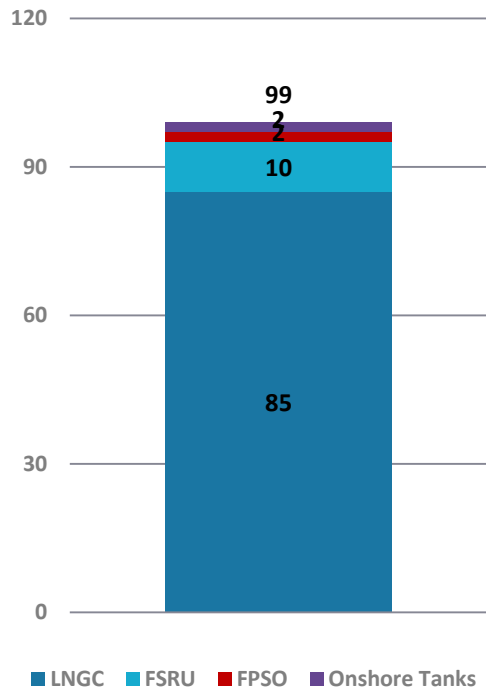


# Appendix 3: GTT Business Model

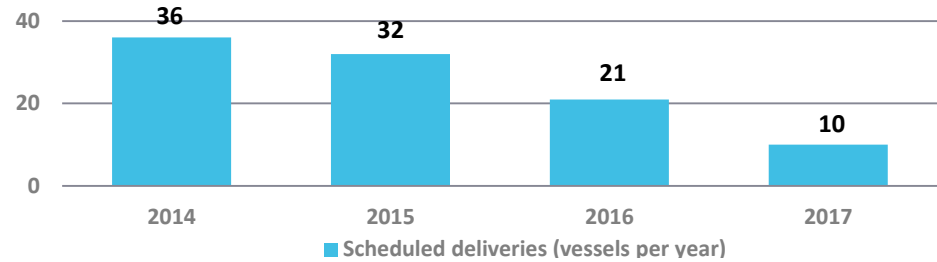
Strong order book and visibility on future revenue (as at 31/12/2013)

## Current order book <sup>(1)</sup>

Total orders to be delivered between 2014 – 2017

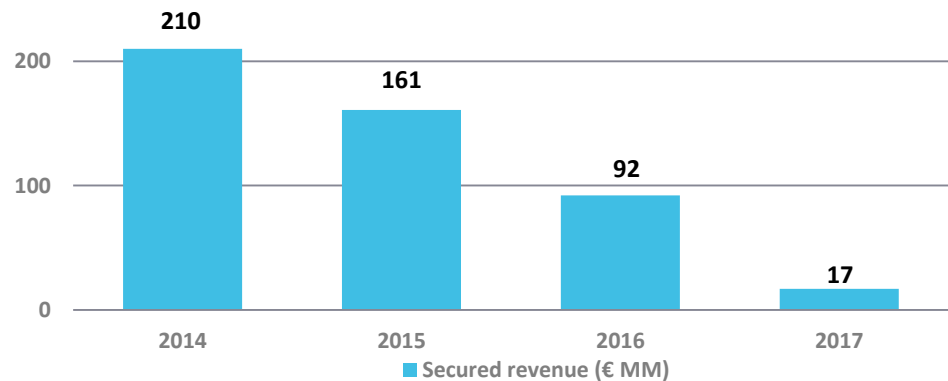


## Order book by year of delivery



## Secured revenues from current order book

In € MM



High revenue visibility with c. €480 MM of revenue secured between 2014 and 2017

(1) At of 31 December 2013



# Appendix 3: GTT Business Model

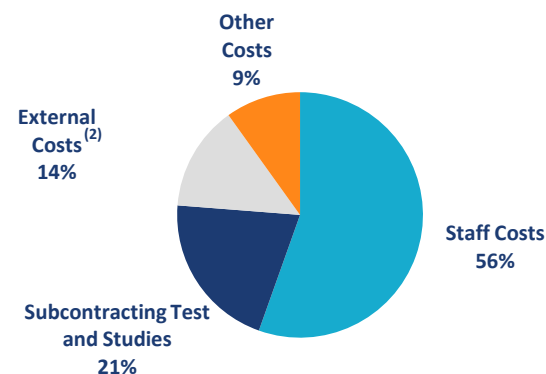
## A cost base offering a high operating leverage

GTT operational costs <sup>(1)</sup>			
As of 30/06, in € MM	H1 2013	H1 2014	Change (%)
Salaries and Social Charges	(12,9)	(20,8)	61%
Share-based payments	-	(1,4)	
Profit Sharing	(2,9)	(3,5)	68%
<b>Total Staff Costs</b>	<b>(15,9)</b>	<b>(25,7)</b>	<b>62%</b>
% costs	(42%)	(56%)	
Subcontracted Test and Studies	(10,7)	(6,4)	-40%
Rental and Insurance	(2,2)	(2,3)	5%
Travel Expenditures	(3,8)	(4,0)	3%
Other External Costs	(2,6)	(3,3)	24%
<b>Total External Costs</b>	<b>(19,3)</b>	<b>(15,9)</b>	<b>(18%)</b>
% costs	(51%)	(35%)	
Other Costs	(2,9)	(4,5)	56%
<b>Total Costs</b>	<b>(38,1)</b>	<b>(46,1)</b>	<b>21%</b>
% sales	(40%)	(40%)	

### Key comments

- ▶ **Lean cost base offering high operating leverage**
  - ▶ Total costs stable at around 40% of sales
- ▶ **Staff costs represent c. 56% of GTT's cost base<sup>(1)</sup> in H1 2014**
  - ▶ Increase in staff number average
  - ▶ Employees highly incentivized on performance with profit sharing schemes
  - ▶ Level sufficient to meet future developments
- ▶ **Recourse to subcontracting to have flexibility to adjust cost base in function of the level of activity**

### GTT 2014 First-Half costs by nature



(1) Excl. depreciation and amortization, provisions and other operating income/expenses (mainly investment/ R&D subsidies)

(2) Excl. Subcontracting Test and Studies

# Appendix 3: GTT Business Model

## A contractual framework governs and protects GTT's expertise in construction projects

### Technical Assistance and License Agreement (TALA)

- ▶ TALA is a framework agreement between GTT and the shipyard
- ▶ GTT grants non-exclusive licence to the shipyard to use its technology in LNGC, FSRU, FPSO construction
- ▶ Services to be provided on a particular order are governed by an associated Memorandum of Understanding ("MoU")

### Key features of TALA

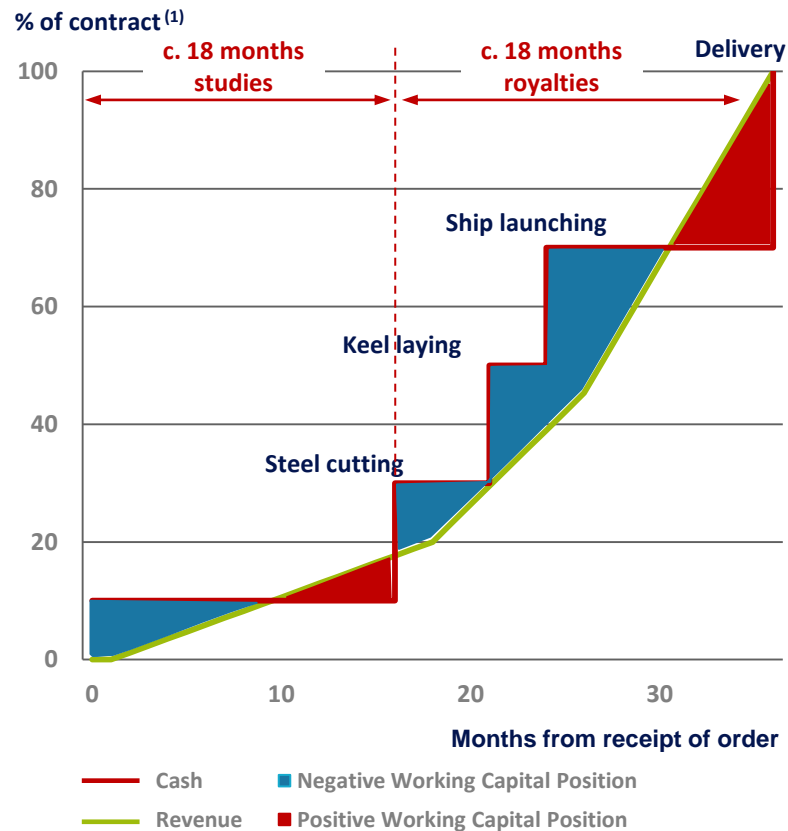
Licensed rights	Confidentiality	Services	Contractual Warranties	Other key terms
<ul style="list-style-type: none"><li>▶ Commitment to use GTT technology and confidential know-how</li><li>▶ Improvements to GTT technology are provided without payment of additional royalties</li></ul>	<ul style="list-style-type: none"><li>▶ 10 years from the date of expiry or termination of the agreement</li><li>▶ Applies to shipyard and sub-contractors of the licensee</li></ul>	<ul style="list-style-type: none"><li>▶ Access to GTT services is provided via the TALA incl. pre-project studies and technical assistance for the construction of an LNGC or floating platform</li><li>▶ Pre-project studies are invoiced to customer if require more than 100 days of work</li></ul>	<ul style="list-style-type: none"><li>▶ Warranty provided by GTT on the cryogenic performance of the membrane, assessed through two criteria<ul style="list-style-type: none"><li>▶ Absence of unsafe cold point</li><li>▶ Contractual boil-off rate</li></ul></li><li>▶ Validity of the warranty limited to 2 years post-delivery</li></ul>	<ul style="list-style-type: none"><li>▶ TALA has duration of 6 years and is extendable by periods of 5 years</li><li>▶ Construction schedule and royalties due are specified in MoU</li></ul>

# Appendix 3: GTT Business Model

## An attractive business model supporting high cash generation

### Invoicing and revenue recognition

### Business model supports high cash generation



- ▶ Revenue is recognized pro-rata temporis between milestones
- ▶ Timing of invoicing and cash collection according to 5 milestones leading to structurally **negative working capital for GTT**
  - ▶ Initial **payment collected from shipyards at the effective date of order** of a particular vessel (10%)
  - ▶ Steel cutting (20%)
  - ▶ Keel laying (20%)
  - ▶ Ship launching (20%)
  - ▶ Delivery (30%)

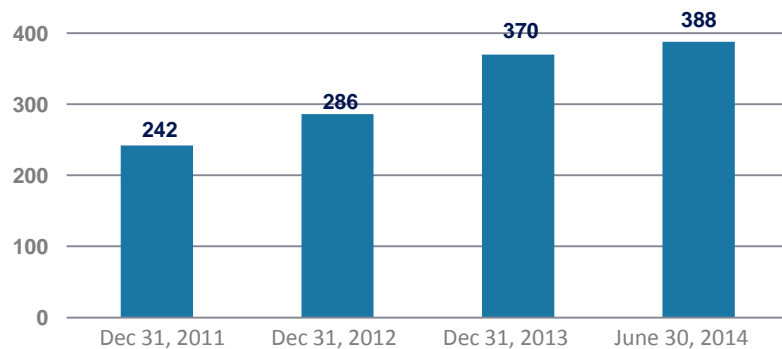
Source: Company

(1) Illustrative cycle for the first LNGC ordered by a particular customer, including engineering studies completed by GTT

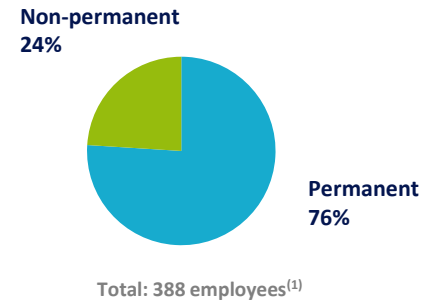
# Appendix 3: GTT Business Model

## Managing employee base to meet growing demand

Evolution of GTT staff



GTT staff by type of contract



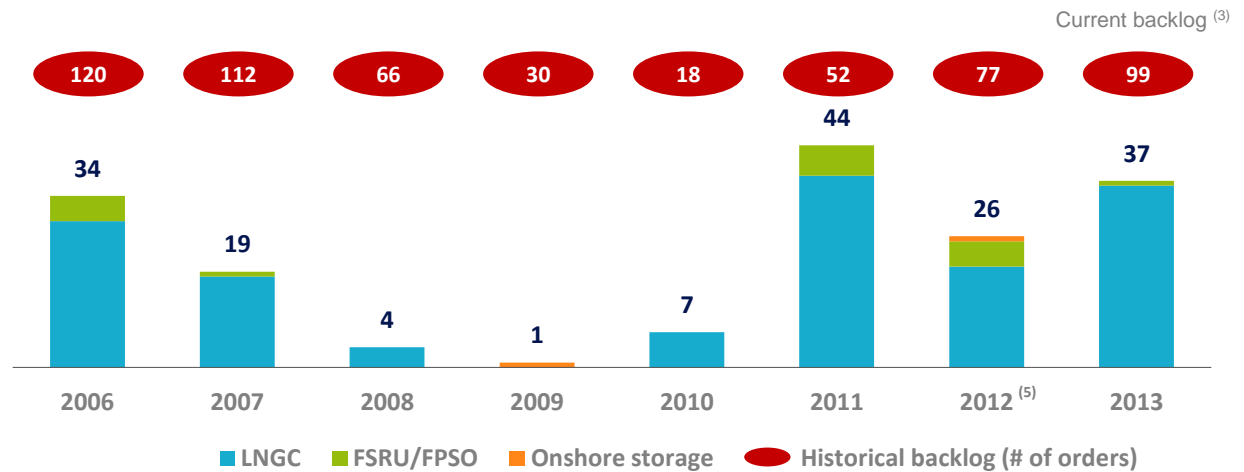
- ▶ **Staff levels increased in order to meet the growing demand for LNG vessels**
  - ▶ Current staff level adequate to support growth in the forthcoming years
  - ▶ 76% of staff are on permanent contracts; 24% non permanent
  - ▶ Slight increase between December 31, 2013 due to decrease in subcontracting workforce
  - ▶ 24% of GTT's workforce dedicated to R&D

(1) As at 30 June 2014

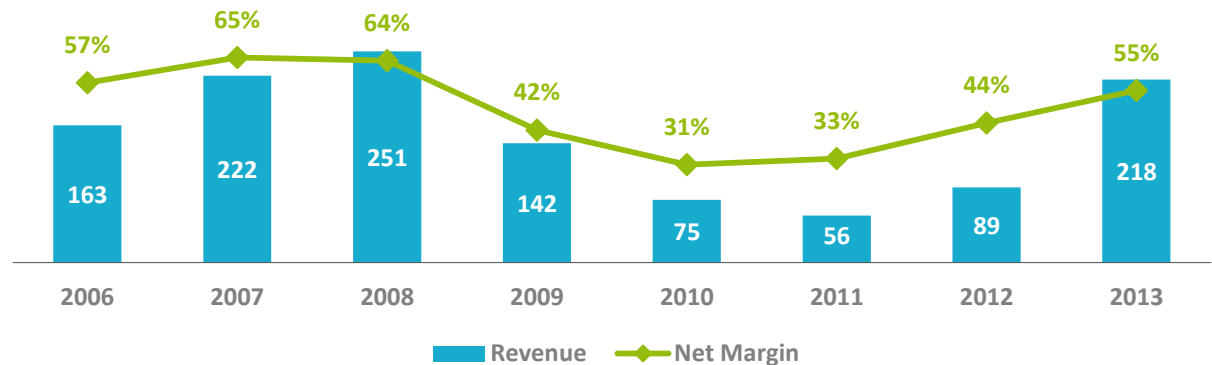
# Appendix 4: General information

## Track record of high margin and strong increase in backlog since 2010

Evolution of new GTT orders <sup>(1)(2)</sup>



Evolution of revenue and net margin <sup>(4)</sup>



Source: Company

(1) Orders received by period

(2) Excl. vessel conversions

(3) Represents order position as of December 2013 based on company data, including LNGCs, FPSOs, FSRUs and on-shore storage units

(4) Figures presented in IFRS from 2010 to 2013, French GAAP from 2006 to 2009

(5) 1 LNGC order placed 2012 has been modified to 1 FSRU



Safety

Excellence

Innovation

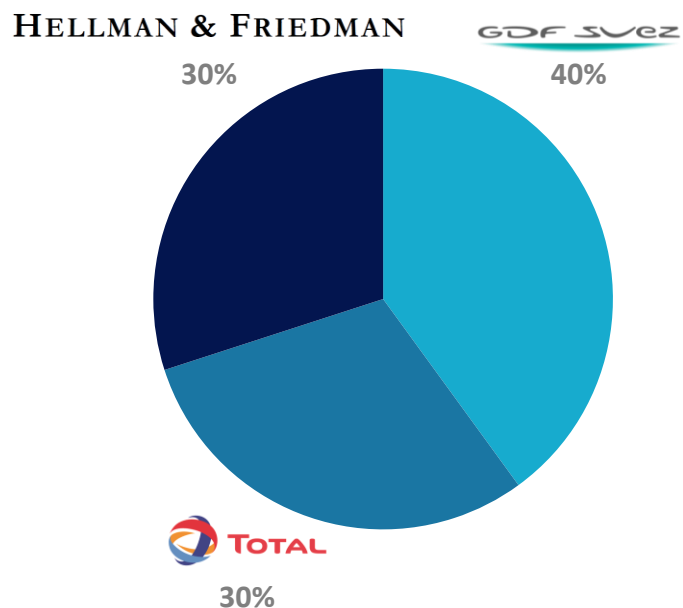
Teamwork

Transparency

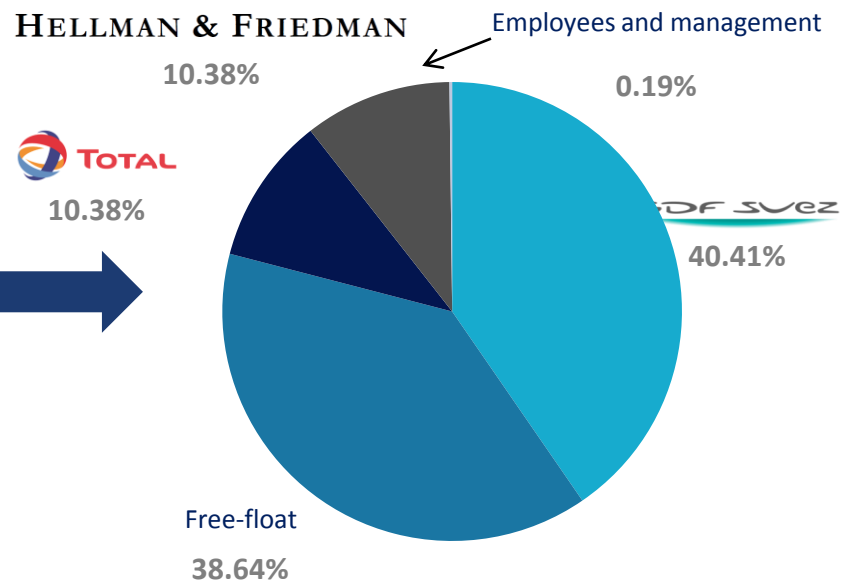
# Appendix 4: General information

## Shareholding structure (post IPO)

Before IPO and capital increase reserved for employees



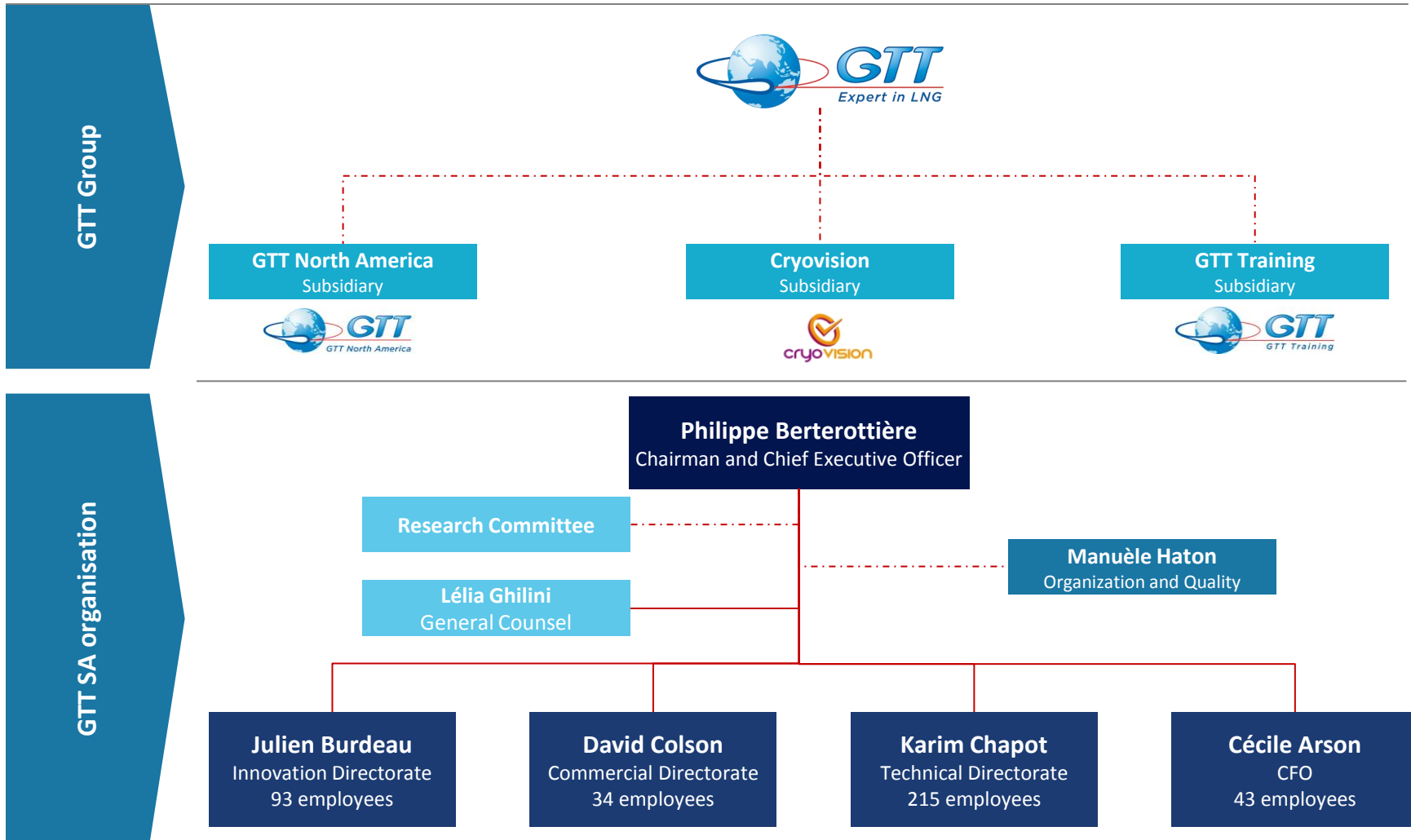
After IPO and capital increase reserved for employees



**Lock-up for Total and Hellman & Friedman until August 30<sup>th</sup>, 2014**

# Appendix 4: General information

## A streamlined group and organisation



Source: Company, as of June 30, 2014



Safety

Excellence

Innovation

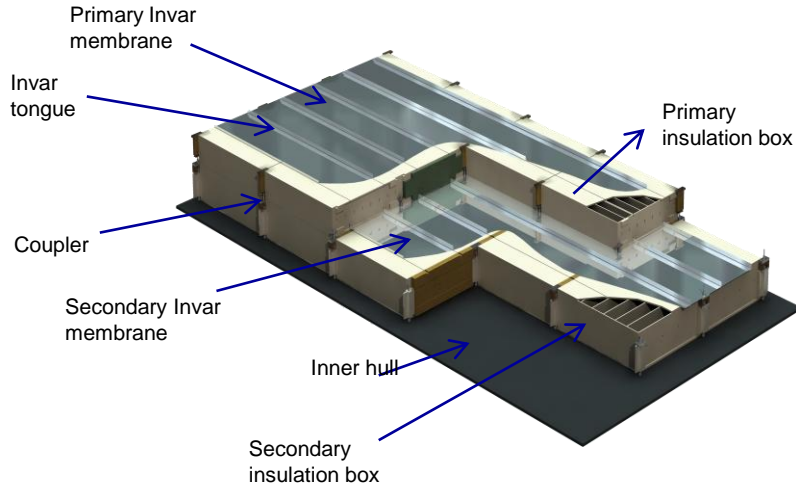
Teamwork

Transparency

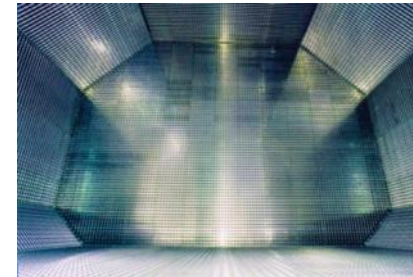
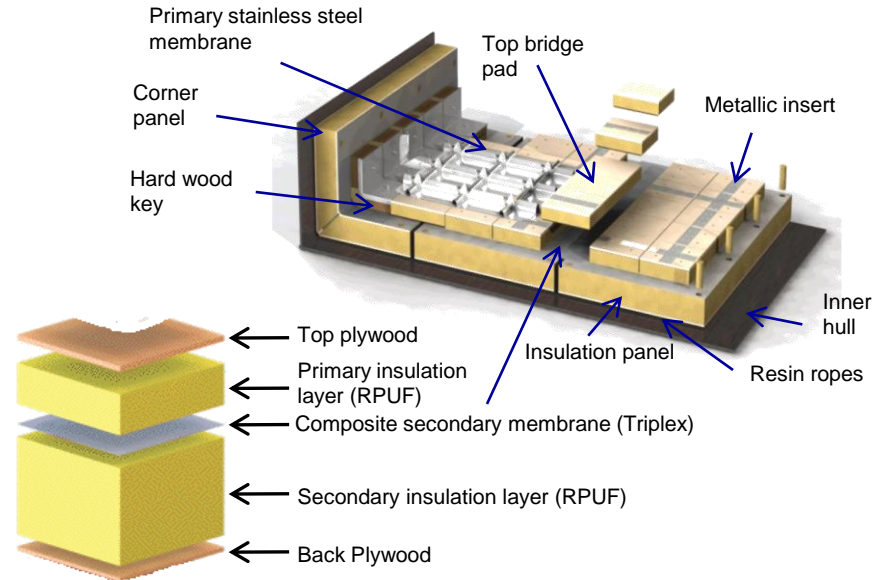
# Appendix 4: General information

## GTT membrane technologies

NO 96

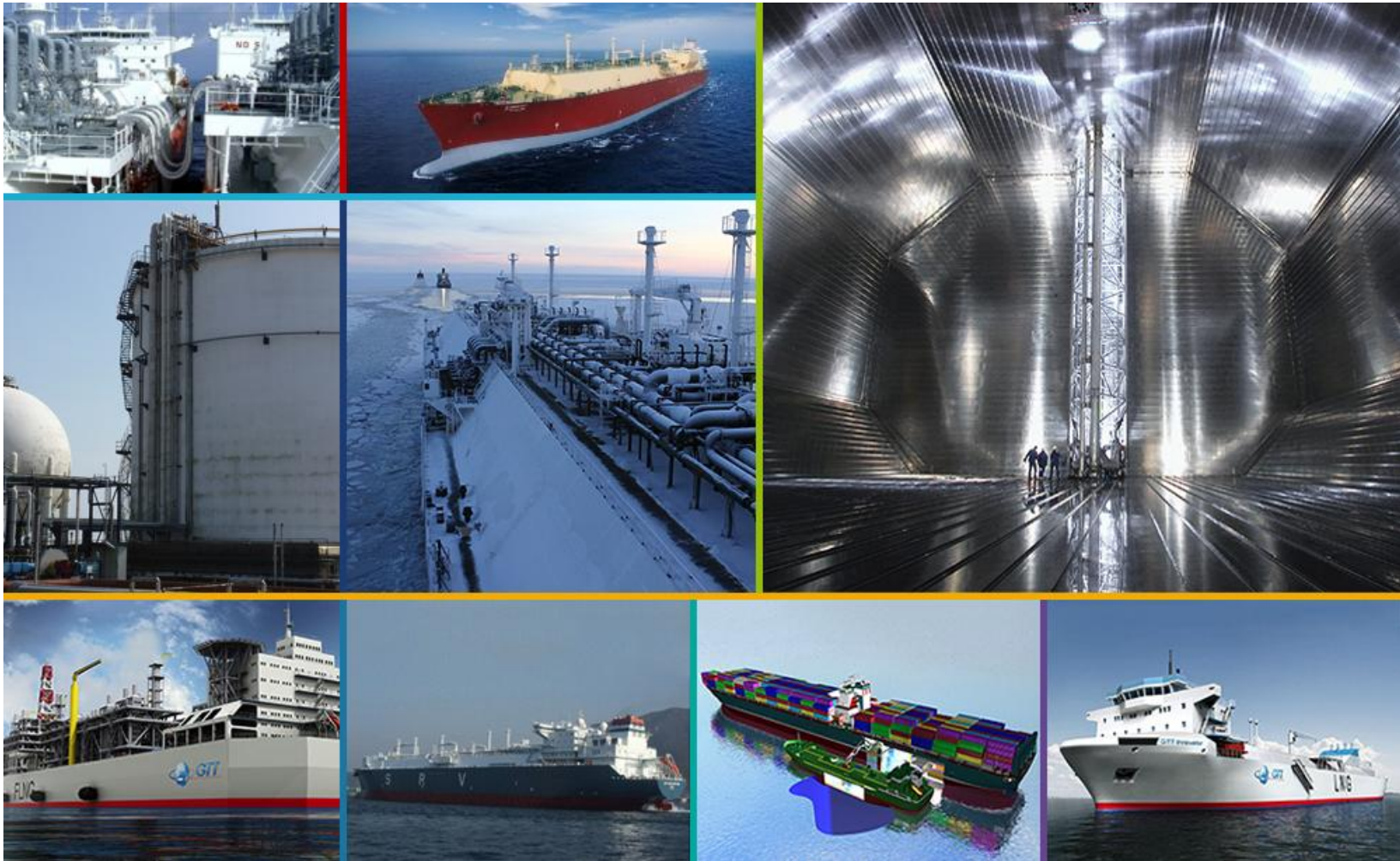


Mark III





# Thank you for your attention



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