

2018 first-half results

Many orders received, new success in LNG fuel and solid financial performance

Key figures for the first half of 2018

- 21 orders received during the first six months of the year
- 12% growth in revenues linked to royalties
- Interim dividend payment of 1.33 euro per share

Highlights

- LNG market strong
- Growth in LNG fuel¹
- New partnerships

Outlook

- Confirmation of revenue, EBITDA and dividend objectives

Paris – July 26, 2018. Gaztransport & Technigaz (GTT), an engineering company specialised in the design of membrane containment systems for maritime transportation and storage of liquefied gas, hereby presents its results for the first half of 2018.

Summarised consolidated income statement for H1 2018

(in € thousands, except earnings per share)	Proforma ² H1 2017	H1 2018
Revenue	113,745	127,245
Operating profit before allocations for depreciation of fixed assets (EBITDA ³)	77,348	84,152
EBITDA margin (on revenue, %)	68.0%	66.1%
Operating income (EBIT ⁴)	75,402	82,407
EBIT margin (on revenue, %)	66.3%	64.8%
Net income	63,087	75,725
Net margin (on revenue, %)	55.5%	59.5%
Basic net earnings per share ⁵ in euros	1.70	2.04

Commenting on these results, Philippe Berterottière, Chairman and CEO of GTT, declared: *"The first half of 2018 was characterised by the growth in the LNG market, with a very satisfying number of orders for LNG carriers, which confirms the trends that began last year. In the field of LNG fuel, the success recorded by GTT confirmed the attraction of ship-owners for its membrane technologies. After the order for nine giant container carriers from CMA CGM at the end of last year, in January the Group obtained one order for a bunker ship to be operated by TOTAL to supply the LNG to these container carriers. In early July, GTT obtained a major success with the order of LNG tanks intended for the future Ponant icebreaker cruiser. In this particular case, GTT will be responsible for the construction of these tanks, thereby offering its partners a true turnkey solution. From a financial perspective, the cost reductions implemented in 2017 place us in a favourable position to manage closely the effects of the increase in activity. These elements lead us to confirm our revenues, EBITDA and dividend objectives for FY 2018 as a whole."*

¹ Solutions for using LNG as fuel for vessel propulsion

² Proforma accounts include adjustments related to the consolidation of the subsidiaries owned in 2017 and to the application of IFRS 15 and IFRS 9.

³ EBITDA defined as EBIT before amortisations and impairments of fixed assets.

⁴ EBIT means "Earnings Before Interest and Tax".

⁵ For the first half of 2018, earnings per share were calculated based on the weighted average number of shares outstanding (excluding treasury shares), i.e. 37,035,724 shares.



Business activity

- Main “vessel” activity

During the first half of 2018, GTT’s sales activity was marked by a number of successes, in particular in the field of LNG carriers:

- 18 orders for LNG carrier tank design. These vessels are most often intended for liquefaction projects in construction, in particular in the USA. They will all be equipped with recent GTT technologies (NO 96 GW, Mark III Flex and Mark III Flex+);

To that can be added three orders for LNG carriers recorded from 1st to 26 July 2018 from SHI and HSHI.

- two orders for FSRU tank designs. The pace of these orders is consistent with the Group's forecasts. The new LNG importer countries continue to favour these regasification vessels that are a flexible and economical solution.

- LNG fuel activity

- One order for a bunker ship with a capacity of 18,600 m³. It will be equipped with the Mark III Flex technology and built at the Chinese shipyard Hudong Zhonghua. Positioned in northern Europe, its purpose will be in particular to supply LNG for the future CMA CGM container carriers. It will be operated by the Mitsui OSK Lines Ltd. ship owner and chartered by the dedicated bunker subsidiary Total Marine Fuels Global Solutions (TMFGS).
- In July 2018, GTT also recorded one order from Vard to build LNG tanks for the PONANT Icebreaker, the first LNG-powered cruiser icebreaker. This is a new step in the development of the LNG fuel activity, as it is an especially new and environmentally-friendly vessel.

- New TALA (Technical Assistance and License Agreement)

- In April 2018, GTT signed a Technical Assistance and License Agreement (TALA) with Sembcorp Marine, a company based in Singapore, to design and build FSRUs, average-size LNG carriers and Sembcorp Marine’s Gravifloat platforms using GTT’s membrane containment systems.

- Services: engineering studies on new projects for GBS terminals

- Two FEED (Front End Engineering Design). GTT was mandated by two large companies to conduct preliminary engineering studies on new GBS (*Gravity Based System*) terminal projects. The first project, signed with a European EPC, concerns a large liquefaction unit including several concrete chambers with liquefied gas membrane confinement tanks. The second project, carried out by an Asian partner to supply energy to an island, concerns a smaller metallic GBS chamber.



Order book

Since January 1, 2018, GTT's order book – which comprised 89 units at the time – has changed as follows:

- 25 deliveries:
 - o 24 LNG carriers
 - o 1 FSRUs
- 20 orders received:
 - o 18 LNG carriers
 - o 2 FSRUs

At June 30, 2018, the order book stood at 84 units:

- 66 LNG carriers
- 13 FSRUs
- 2 FLNGs
- 2 onshore storage tanks
- 1 barge

In addition, as part of its LNG fuel activity, GTT received, in the first half of 2018, an order to equip a bunker ship, in addition to the 9 container carriers signed in 2017.

Change in consolidated revenues during H1 2018

(in thousands of euros)	Proforma H1 2017	H1 2018
Revenue	113,745	127,245
Of which royalties (new buildings)	107,384	120,433
From services	6,361	6,812

Revenues totalled 127.2 million euros at June 30, 2018, compared with 113.7 million euros at June 30, 2017, i.e. an 11.9% increase over the period.

- Revenues linked to royalties for the first half of 2018 were 120.4 million euros, up by 12.2% from the first half of 2017. LNG carriers were up by 12.4%, totalling 104.9 million euros, and FSRU royalties were grew by 37.9% to 14.3 million euros. Other royalties amounting to 1.2 million euros were derived from FLNGs and the bunker barge.
- Revenues linked to services grew by 7.1% over the first six months. In the second quarter, the Services activity benefited from the growth in engineering studies and the contribution from Ascenz business, thereby compensating the delay recorded in the 1st quarter.

Analysis of the consolidated income statement

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) reached 84.2 million euros during the first half of 2018, up 8.8% compared to the first half of 2017. The EBITDA margin on revenues went from 68.0% in the first half of 2017 to 66.1% in the first half of 2018, mainly due to the decrease in the research tax credit (CIR); the Group had in fact benefited in the first half of 2017 from a non-recurring CIR profit for claims on prior years.



Operating income amounted to 82.4 million euros for the first half of 2018 versus 75.4 million euros for the first half of 2017, a 9.3% increase.

Net income increased from 63.1 million euros for the first half of 2017 to 75.7 million euros for the first half of 2018 and the net margin grew from 55.5% to 59.5%.

The growth in net income is explained by a good management of operating expenses, particularly out-sourcing, transport and fee items, as well by as a one-off decrease in income tax following the favourable outcome of the claim filed by GTT S.A. in relation to the cancellation of the 3% tax on dividends.

Other consolidated financial data

(in thousands of euros)	Proforma H1 2017	H1 2018
Capital expenditure (acquisitions of fixed assets)	(1,532)	(1,380)
Dividends paid	(49,291)	(49,270)
Cash position	77,712	125,273

As at June 30, 2018, the Group had a positive cash position of 125.3 million euros.

Outlook

The Group has visibility concerning its royalties revenues up to 2022 based on its order book at the end of June 2018. In the absence of any significant order delays or cancellations, this corresponds to a revenue of 554 million euros⁶ for the 2018-2022⁷ period (228 million euros⁶ in 2018, 201 million euros in 2019, 102 million euros in 2020, 22 million euros in 2021 and 1 million euros in 2022).

Based on these items, the Group confirms its objectives for the 2018 financial year, i.e.:

- 2018 consolidated revenues of 235 to 250 million euros;
- 2018 consolidated EBITDA⁸ for 2018 within a range of 145 to 155 million euros;
- a 2018 dividend⁹ amount at least equivalent to the ones paid in 2015, 2016 and 2017 and, for 2019, a minimum payout rate of at least 80% of distributable net income.

Interim dividend payment

The Board of Directors of July 26, 2018 decided the distribution of an interim dividend of 1.33 euro per share for the 2018 financial year, to be paid in cash according to the following schedule:

- September 26, 2018: Ex-dividend date;
- September 28, 2018: Payment date.

⁶ Of which 120 million euros recognised for the first half of 2018.

⁷ Royalties from the main business line, i.e. excluding LNG fuel and services.

⁸ EBITDA defined as EBIT before amortisations and impairments of fixed assets.

⁹ Subject to approval by the Shareholders' Meeting



Presentation of H1 2018 results

Philippe Berterottière, Chairman and Chief Executive Officer, and Marc Haestier, Chief Financial Officer, will comment on GTT's annual results, and answer questions from the financial community during a conference call in English on Friday, July 27, 2018, at 8:30 a.m. Paris Time.

To participate in the conference call, please dial one of the following numbers five to ten minutes before the start of the conference:

- France: + 33 1 70 72 25 50
- United Kingdom: + 44 330 336 9125
- United States: + 1 929 477 0448

Confirmation code: **8710082**

This conference call will also be broadcast live on GTT's website (www.gtt.fr) in listen-only mode (webcast). The presentation document will be available on the website.

Financial agenda

- Payment of an interim dividend of 1.33 euro per share for the 2018 financial year: September 28, 2018
- Publication of the Q3 2018 revenues: October 26, 2018 (after closing)

About GTT

GTT (Gaztransport & Technigaz) is an engineering company expert in containment systems with cryogenic membranes used to transport and store liquefied gas, in particular LNG (Liquefied Natural Gas). For over 50 years, GTT has been maintaining reliable relationships with all stakeholders of the gas industry (shipyards, ship-owners, gas companies, terminal operators, classification societies). The Company designs and provides technologies which combine operational efficiency and safety, to equip LNG carriers, floating terminals, and multi-gas carriers. GTT also develops solutions dedicated to land storage and to the use of LNG as fuel for vessel propulsion, as well as a full range of services.

GTT is listed on Euronext Paris, Compartment A (ISIN FR0011726835, Euronext Paris: GTT) and is notably included in the SBF 120 and MSCI Small Cap indexes.

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For further information, please consult www.gtt.fr/en, and, in particular, the presentation to be uploaded online for the conference call of July 27, 2018.

Important notice



The figures presented here are those customarily used and communicated to the markets by GTT. This message includes forward-looking information and statements. Such statements include financial projections and estimates, the assumptions on which they are based, as well as statements about projects, objectives and expectations regarding future operations, profits, or services, or future performance. Although GTT management believes that these forward-looking statements are reasonable, investors and GTT shareholders should be aware that such forward-looking information and statements are subject to many risks and uncertainties that are generally difficult to predict and beyond the control of GTT, and may cause results and developments to differ significantly from those expressed, implied or predicted in the forward-looking statements or information. Such risks include those explained or identified in the public documents filed by GTT with the French Financial Markets Authority (AMF – *Autorité des Marchés Financiers*), including those listed in the “Risk Factors” section of the GTT Registration Document (in French) registered with the AMF on April 27, 2017 under number R.17-030, and the half-yearly financial report released on July 20, 2017. Investors and GTT shareholders should note that if some or all of these risks are realised they may have a significant unfavourable impact on GTT.

Appendices (Consolidated IFRS financial statements)

Appendix 1: Consolidated balance sheet

In thousands of euros	Proforma December 31, 2017	June 30, 2018
Intangible assets	1,097	2,151
Goodwill		9,627
Property, plant and equipment	17,483	17,345
Non-current financial assets	3,240	3,239
Deferred tax assets	1,784	2,139
Non-current assets	23,605	34,501
Inventories	6,682	6,852
Customers	110,461	102,951
Income tax assets	18,975	29,145
Other current assets	5,098	6,968
Financial current assets	-	11
Total cash and cash equivalent	99,890	125,273
Current assets	241,105	271,200
TOTAL ASSETS	264,710	305,701

In thousands of euros	Proforma December 31, 2017	June 30, 2018
Share capital	371	371
Share premium	2,932	2,932
Treasury shares	(3,728)	(1,389)
Reserves	11,301	83,968
Net income	124,034	75,725
Total equity, Group share	134,910	161,607
Total equity - share attributable to non-controlling interests	-	(153)
Total equity	134,910	161,454
Non-current provisions	3,967	4,148
Financial liabilities - non-current part	244	2,172
Deferred tax liabilities	222	216
Non-current liabilities	4,433	6,536
Current provision	15,604	15,249
Suppliers	10,574	9,324
Current tax debts	6,194	6,848
Current financial liabilities	379	762
Other current liabilities	92,617	105,528
Current liabilities	125,367	137,711
TOTAL EQUITY AND LIABILITIES	264,710	305,701

Appendix 2: Consolidated income statement

In thousands of euros	Proforma H1 2017	H1 2018
Revenue from operating activities	113,745	127,245
Costs of sales	(741)	(1,321)
External expenses	(17,914)	(18,193)
Personnel expenses	(21,471)	(23,732)
Taxes	(2,262)	(2,460)
Depreciations, amortisations and provisions	(1,127)	(1,366)
Other operating income and expenses	5,443	2,380
Impairment following value tests	(271)	(145)
Operating profit	75,402	82,407
Financial income	219	131
Profit before tax	75,620	82,537
Income tax	(12,534)	(6,812)
Net income	63,087	75,725
Basic earnings per share (in euros)	1.70	2.04
Diluted earnings per share (in euros)	1.70	2.04

In thousands of euros	Proforma H1 2017	H1 2018
Net income	63,087	75,725
Items that will not be reclassified to profit or loss		
Actuarial Gains and Losses		
Gross amount	347	70
Deferred tax	(52)	(10)
Total amount, net of tax	295	60
Items that may be reclassified subsequently to profit or loss		
Conversion differences	(37)	105
Other comprehensive income for the year, net of tax	258	165
Income statement	63,444	75,889

Appendix 3: Consolidated cash flow statement

(in thousands of euros)	Proforma H1 2017	H1 2018
Group profit for the year	63,087	75,725
Removal of income and expenses with no cash impact		
Allocation (Reversal) of amortisation, depreciation, provisions and impairment	1,475	1,610
Proceeds on disposal of assets		
Financial expense (income)	(219)	(131)
Tax expense (income) for the financial year	12,534	6,812
Free shares	440	172
Cash-flow	77,317	84,189
Tax paid out in the financial year	(13,727)	(16,722)
Change in working capital requirement:		
- Inventories	(76)	75
-Trade and other receivables	(125)	8,177
-Trade and other payables	(844)	(2,009)
-Other operating assets and liabilities	(9,958)	11,431
Net cash-flow generated by the business (Total I)	52,586	85,142
Investment operations		
Acquisition of non-current assets	(1,532)	(1,380)
Disposal of non-current assets	-	-
Control acquired on subsidiaries net of cash and cash equivalents acquired	-	(8,929)
Financial investments	(1,200)	(2,853)
Disposal of financial assets	1,245	2,842
Treasury shares	(222)	10
Net cash-flow from investment operations (Total II)	(1,708)	(10,310)
Financing operations		
Dividends paid to shareholders	(49,291)	(49,270)
Repayment of financial liabilities	(239)	(224)
Increase of financial liabilities	-	28
Interest paid	(23)	(26)
Interest received	227	68
Change in bank lending	-	(261)
Net cash-flow from finance operations (Total III)	(49,326)	(49,686)
Effect of changes in currency prices (Total IV)	(48)	237
Change in cash (I+II+III+IV)	1,504	25,383
Opening cash	78,209	99,890
Closing cash	79,712	125,273
Cash change	1,504	25,383

Appendix 4: Consolidated revenues breakdown

In thousands of euros	Proforma H1 2017	H1 2018
Revenue	113,745	127,245
Royalties (newbuilt)	107,384	120,433
LNG carriers/VLEC	93,384	104,939
FSRU	10,340	14,254
FLNG	2,398	1,001
Onshore storage	1,189	-
Barges	73	239
LNG Fuel	0	0
Services	6,361	6,812

Appendix 5: 10 year order estimates

In units	Order estimates ⁽¹⁾
LNG carriers/VLEC	225-240
FSRU	30-40
FLNG	5-10
Onshore storage	5-10

⁽¹⁾ Over 2018-2027. The Company points out that the number of new orders may see large-scale variations from one quarter to another and even one year to another without the fundamentals on which its business model is based being called into question.