



## H1 2019 results

### Record order intake and revenue and EBITDA targets raised

#### Key figures for the first half of 2019

- Revenues of €122.6 million; EBITDA of €70.9 million
- Core business: 26 LNG carrier orders
- LNG as fuel: 7 new orders
- Interim dividend payment of €1.50 per share

#### Highlights

- Excellent performance of the LNG market
- Continued growth for LNG as fuel<sup>1</sup>
- Sustained R&D effort

#### Outlook for 2019

- Revenue and EBITDA targets upgraded

**Paris – 25 July 2019.** 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 2019.

Commenting on these results, Philippe Berterottière, GTT Chairman and CEO of GTT, said: *"The first half of 2019 was characterised by intense business activity and LNG carrier orders still at record levels. In the field of LNG as fuel, the attractiveness of GTT membrane technologies to ship-owners is increasingly evident, with recent orders from ship-owner Hapag Lloyd for the conversion of one of its container ships, and 5 new very large container ships from a European ship-owner.*

*From a financial perspective, revenues were down slightly in the 1<sup>st</sup> half of 2019. However, the intake of orders from the last 24 months is beginning to bear fruit and revenues have risen 8.2% between the first quarter and the second quarter of 2019. In terms of results, while the first half of 2019 is down on last year on account of the technical and human resources deployed, GTT will feel the wider benefit of the increase in activity as from the second half of 2019. As a result, considering the backlog in our order book along with busy shipbuilding schedules, we are upgrading our projections for revenues and EBITDA for the full 2019 financial year. We are also proposing an interim dividend of 1.50 euro, up 12.8% compared to last year."*

#### Business activity

##### - Record orders for LNG carriers

During the first half of 2019, GTT's business activity was marked by multiple successes, particularly in the field of LNG carriers. With 26 orders for LNG carriers booked during the first half of 2019, GTT's core business activity now stands at a particularly high level. All of the carriers will be equipped with GTT's recent technologies (Mark III Flex+, Mark III Flex and NO96 GW). Delivery is scheduled between end-2020 and end-2022.

In addition, two orders for LNG carriers were recorded between July 1 to 25, 2019 from HHI and HSHI shipyards.

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<sup>1</sup> Solutions for using LNG as fuel for vessel propulsion



#### - LNG as fuel: many commercial successes

- In March 2019, GTT received an order from the Sembcorp Marine shipyard for the design of tanks for an LNG bunker vessel on behalf of the ship-owner Indah Singa Maritime Pte Ltd, a subsidiary of Mitsui OSK Lines (MOL). GTT will design the tanks for the vessel, which will use the Mark III Flex membrane containment solution. The vessel will have a capacity of 12,000m<sup>3</sup>.
- In April 2019, GTT received an order from the Chinese shipyard Hudong-Zhonghua to design an LNG tank as part of the conversion of a very large capacity container ship for the German ship owner Hapag Lloyd. The LNG tank of 6,500m<sup>3</sup> will allow optimal use of space.
- In June 2019, GTT received an order from the Chinese shipyard Jiangnan Shipyard (Group) Co., Ltd. for the design of LNG tanks for five new giant container ships on behalf of a European ship owner. Each with a capacity of 14,000m<sup>3</sup>, the LNG tanks will be equipped with Mark III Flex technology developed by GTT.

#### Order book

Since 1 January 2019, GTT's order book excluding LNG as fuel, which at the time stood at 97 units, has evolved as follows:

- 14 deliveries of LNG carriers;
- 2 FSRU deliveries;
- 26 LNG carrier orders.

At June 30, 2019, the order book excluding LNG as fuel, stood at 107 units, split as follows:

- 95 LNG carriers;
- 7 FSRUs;
- 2 FLNGs;
- 3 onshore storage tanks.

Regarding LNG as fuel, with 7 additional orders in the 1<sup>st</sup> half, the number of vessels in the order book stood at 18 units as at June 30, 2019.

#### Change in consolidated revenues during H1 2019

(in thousands of euros)	H1 2018	H1 2019
Revenue	127,245	122,637
Of which royalties (new buildings)	120,433	115,715
From services	6,812	6,922

Consolidated revenues for the first quarter of 2019 were €122.6 million, down 3.6% compared to the first quarter of 2018. It should be noted, however, that, between the first quarter and the second quarter of 2019, revenues rose by 8.2%.

- Revenues from new construction were €115.7 million, down by 3.9%.
  - o Royalties from LNG carriers declined by 8.9% to €95.6 million, and royalties from FSRU by 10.8% to €12.7 million. Revenues for the first half of 2019 have not yet felt the full benefit of the inflow of orders that began in the second half of 2017, while the figure for the first half of 2018 relied essentially on orders taken prior to 2016. However, as shown in the table below, we can see significant growth in royalties from LNG carriers and FSRU quarter-on-quarter:

(in thousands of euros)	Q1 2019	Q2 2019	Change %
LNG carriers	46,215	49,410	+6.9%
FSRU	5,234	7,475	+42.8%

- o Other royalties are increasing. They are primarily from FLNGs for €2.5 million (+154.4%) and from LNG as fuel for €3.1 million.
- Revenues linked to services grew by 1.6% over the first six months. Services business in the first half-year was boosted by fairly good performance from our maintenance and engagements activities on vessels in operation and, to a lesser extent, by the contribution from Ascenz.

## Analysis of the consolidated income statement for the first half of 2019

### Summary consolidated income statement

(in € thousands, except earnings per share)	H1 2018	H1 2019
Revenue	127,245	122,637
Operating profit before allocations for depreciation of fixed assets (EBITDA <sup>2</sup> )	84,152	70,855
EBITDA margin (on revenue, %)	66.1%	57.8%
Operating income (EBIT <sup>3</sup> )	82,407	68,871
EBIT margin (on revenue, %)	64.8%	56.2%
Net income	75,725	56,603
Net margin (on revenue, %)	59.5%	46.2%
Basic net earnings per <sup>4</sup> share (in euros)	2.04	1.53

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) reached €70.9 million during the first half of 2019, down 15.8% compared to the first half of 2018. The EBITDA margin on sales decreased from 66.1% in the first half of 2018 to 57.8% in the first half of 2019, mainly due to the increase in external expenses (€5.7 million), and in particular to the increase in R&D and subcontracting costs linked to the increase in business. Personnel expenses also increased by 4.7%, mainly due to the growth in the number of employees, as announced previously by the Group

Operating income amounted to €68.9 million in the first half of 2019 compared with €82.4 million in the first half of 2018, down 16.4%.

Net income fell from €75.7 million in the first half of 2018 to €56.6 million in the first half of 2019, and the net margin from 59.5% to 46.2%. The drop in net income is explained, in particular, by a base effect in the first half

<sup>2</sup> EBITDA defined as EBIT before amortisations and impairments of fixed assets.

<sup>3</sup> EBIT means "Earnings Before Interest and Tax".

<sup>4</sup> For the first half of 2019, earnings per share were calculated based on the weighted average number of shares outstanding (excluding treasury shares), i.e. 37,061,663 shares.



of 2018. A claim lodged by GTT S.A. for the cancellation of the 3% tax on dividends effectively resulted in an exceptional reduction in income tax last year.

#### Other consolidated financial data

(in thousands of euros)	H1 2018	H1 2019
Investment expenditures	(1,380)	(3,108)
Acquisition of non-current assets		
Dividends paid	(49,270)	(66,275)
<b>Cash position</b>	<b>125,273</b>	<b>155,616</b>

As at June 30, 2019, the Group had a positive cash position of €155.6 million.

#### Outlook for 2019

The Group has good visibility on its royalty revenues<sup>5</sup> from now to 2022 thanks in particular to a full order book for its core business as at end June 2019. This corresponds to revenues of €713 million over the 2019-2022 period<sup>6</sup> (€257 million in 2019<sup>6</sup>, €333 million in 2020, €114 million in 2021 and €9 million in 2022).

Given the size of the backlog in our order book and assuming there are no major delays or cancellations of orders, GTT is raising its targets for revenues and EBITDA for the 2019 financial year, i.e.:

- consolidated revenues in 2019 of between €260 and €280 million (versus the earlier figure of €255 to €270 million);
- consolidated EBITDA in 2019 of between €160 and €170 million (versus the earlier figure of €150 to €160 million).

Additionally, the Group is confirming its dividend distribution policy, i.e. for 2019 and 2020 financial years, a minimum distribution rate of 80% of consolidated net income.

#### Interim dividend payment

The Board of Directors of 25 July 2019 decided the distribution of an interim dividend of €1.50 per share for the 2019 financial year, to be paid in cash according to the following schedule:

- 25 September 2019: Ex-dividend date;
- 27 September 2019: Payment date.

<sup>5</sup> Royalties from core business, i.e. excluding LNG fuel and services. Of which 111 million euros recognised for the first half of 2019.

<sup>6</sup> Of which 111 million euros recognised for the first half of 2019.



## Presentation of H1 2019 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, 26 July 2019, 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 76 70 07 94;
- United Kingdom: + 44 207 192 8000;
- United States of America: + 1 631 510 7495.

Confirmation code: **6485755**

This conference call will also be broadcast live on GTT's website ([www.gtt.fr](http://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 €1.50 per share for the 2019 financial year: 27 September 2019
- Publication of the Q3 2019 revenues: 17 October 2019 (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.

## Investor Relations Contact

[information-financiere@gtt.fr](mailto:information-financiere@gtt.fr) / +33 1 30 23 20 87

## Press Contact

[press@gtt.fr](mailto:press@gtt.fr) / +33 1 30 23 42 26

**For further information, please consult [www.gtt.fr/en](http://www.gtt.fr/en), and, in particular, the presentation to be uploaded online for the conference call of 26 July 2019.**



**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 filed with the AMF on 30 April 2019, and the half-year financial report released on 25 July 2019. 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	31 December 2018	30 June 2019
Intangible assets	2,457	2,641
Goodwill	4,291	4,291
Property, plant and equipment	16,634	17,568
Non-current financial assets	3,158	5,006
Deferred tax assets	3,049	1,832
<b>Non-current assets</b>	<b>29,590</b>	<b>31,338</b>
Inventories	7,394	9,164
Customers	96,006	97,590
Income tax assets	34,079	28,734
Other current assets	6,556	10,903
Financial current assets	16	9
Total cash and cash equivalent	173,179	155,616
<b>Current assets</b>	<b>317,229</b>	<b>302,016</b>
<b>TOTAL ASSETS</b>	<b>346,819</b>	<b>333,354</b>

In thousands of euros	31 December 2018	30 June 2019
Share capital	371	371
Share premium	2,932	2,932
Treasury shares	-1,529	(244)
Reserves	34,852	110,983
Net income	142,798	56,603
<b>Total equity, Group share</b>	<b>179,424</b>	<b>170,645</b>
Total equity - share attributable to non-controlling interests	17	18
<b>Total equity</b>	<b>179,441</b>	<b>170,663</b>
Non-current provisions	4,075	3,942
Financial liabilities - non-current part	2,100	2,101
Deferred tax liabilities	210	124
<b>Non-current liabilities</b>	<b>6,385</b>	<b>6,167</b>
Current provisions	3,372	1,426
Suppliers	11,483	13,210
Current tax debts	6,988	2,522
Current financial liabilities	337	124
Other current liabilities	138,813	139,242
<b>Current liabilities</b>	<b>160,993</b>	<b>156,524</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>346,819</b>	<b>333,354</b>

## **Appendix 2: Consolidated income statement**

In thousands of euros	H1 2018	H1 2019
<b>Revenue from operating activities</b>	<b>127,245</b>	<b>122,637</b>
Costs of sales	(1,321)	(2,627)
External expenses	(18,193)	(23,932)
Personnel expenses	(23,732)	(24,859)
Taxes	(2,460)	(2,575)
Depreciations, amortisations and provisions	(1,366)	(1,943)
Other operating income and expenses	2,380	2,281
Impairment following value tests	(145)	(111)
<b>Operating profit</b>	<b>82,407</b>	<b>68,870</b>
Financial income	131	1
<b>Profit before tax</b>	<b>82,537</b>	<b>68,871</b>
Income tax	(6,812)	(12,267)
<b>Net income</b>	<b>75,725</b>	<b>56,603</b>
Basic earnings per share (in euros)	2.04	1.53
Diluted earnings per share (in euros)	2.04	1.52
In thousands of euros	H1 2018	H1 2019
<b>Net income</b>	<b>75,725</b>	<b>56,603</b>
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial Gains and Losses		
Gross amount	70	(624)
Deferred tax	(10)	92
<b>Total amount, net of tax</b>	<b>60</b>	<b>(532)</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Conversion differences	105	27
<b>Other comprehensive income for the year, net of tax</b>	<b>165</b>	<b>(505)</b>
<b>Income statement</b>	<b>75,889</b>	<b>56,098</b>



### Appendix 3: Consolidated cash flow statement

(in thousands of euros)	H1 2018	H1 2019
<b>Group profit for the year</b>	<b>75,725</b>	<b>56,603</b>
<b>Removal of income and expenses with no cash impact:</b>		
Allocation (Reversal) of amortisation, depreciation, provisions and impairment	1,610	(723)
Proceeds on disposal of assets	-	-
Financial expense (income)	(131)	(1)
Tax expense (income) for the financial year	6,812	12,267
Free shares	172	822
<b>Cash-flow</b>	<b>84,189</b>	<b>68,969</b>
Tax paid out in the financial year	(16,722)	(10,170)
Change in working capital requirement:		
- inventories;	75	(1,770)
- trade and other receivables;	8,177	(1,585)
- trade and other payables;	(2,009)	1,719
- other operating assets and liabilities.	11,431	(3,911)
<b>Net cash-flow generated by the business (Total I)</b>	<b>85,142</b>	<b>53,252</b>
<b>Investment operations</b>		
Acquisition of non-current assets	(1,380)	(3,108)
Disposal of non-current assets	-	-
Control acquired on subsidiaries net of cash and cash equivalents acquired	(8,929)	(0)
Financial investments	(2,853)	(1,839)
Disposal of financial assets	2,842	28
Treasury shares	10	582
<b>Net cash-flow from investment operations (Total II)</b>	<b>(10,310)</b>	<b>(4,338)</b>
<b>Financing operations</b>		
Dividends paid to shareholders	(49,270)	(66,275)
Repayment of financial liabilities	(224)	(46)
Increase of financial liabilities	28	3
Interest paid	(26)	(25)
Interest received	68	124
Change in bank lending	(261)	(172)
<b>Net cash-flow from finance operations (Total III)</b>	<b>(49,686)</b>	<b>(66,390)</b>
<b>Effect of changes in currency prices (Total IV)</b>	<b>237</b>	<b>(88)</b>
<b>Change in cash (I+II+III+IV)</b>	<b>25,383</b>	<b>(17,564)</b>
Opening cash	99,890	173,179
Closing cash	125,273	155,616
<b>Cash change</b>	<b>25,383</b>	<b>(17,564)</b>

**Appendix 4: Consolidated revenue breakdown**

In thousands of euros	H1 2018	H1 2019
<b>Revenue</b>	<b>127,245</b>	<b>122,637</b>
<b>Royalties (newbuilt)</b>	<b>120,433</b>	<b>115,715</b>
LNG carriers/VLEC	104,939	95,625
FSRU	14,254	12,709
FLNG	1,001	2,546
Onshore storage	-	1,355
Barges	239	349
LNG Fuel	0	3,131
<b>Services</b>	<b>6,812</b>	<b>6,922</b>

**Appendix 5: 10 year order estimates**

In units	Order estimates*
LNG carriers/VLEC	280-310**
FSRU	30-40
FLNG	>5
Onshore storage tanks and GBSs	10-15

\*2019-2028 period. 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.

\*\*Includes the replacement market