

# **Investor Presentation**



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# GTT designs containment systems with cryogenic membranes









# Key highlights of the first half 2015

- 31 orders received in H1 2015 (vs 19 in H1 2014)
  - > 28 LNGC orders, 2 FSRU orders, 1 LNG bunker barge order
- Order book in value +€207 M in 6 months, up to c. €800 M as of June 30, 2015
- The LNG bunker barge is the first one dedicated to the North-American marine market
- Signature of cooperation agreements aiming at the industrialization of the new technology Mark V
- Creation of a new subsidiary in Singapore
- ▶ Interim dividend to be paid in September: €1.30 per share
- New board members:
  - Olivier Jacquier: co-opted at Board meeting dated 12 February 2015,
  - Michèle Azalbert and Christian Germa (independent Director): named at AGM (19 May 2015)
  - Sandra Lagumina: co-opted at Board meeting dated 21 July 2015



# 32 orders received since the beginning of 2015

Technology	Ship owner	Number	Shipyard/EPC	Shipyard/EPC		Delivery Year
NO 96 GW	Teekay LNG	4	Daewoo	<b>*</b> •*	LNGC	2017-2018
NO 96 GW	Maran Gas Maritime	4	Daewoo		LNGC	2018-2019
NO 96 GW	Yamal Trade	5	Daewoo	<b>*</b> •*	Ice-breaker LNGC	2017-2019
NO 96 GW	Chandris (Hellas) INC.	2	Daewoo		LNGC	2018
NO 96 GW	Undisclosed owner	6	Daewoo	<b>*</b> •*	LNGC	2018-2019
NO 96 GW	MOL	1	Daewoo		LNGC	2018
NO 96 GW	K-Line	2	Daewoo	<b>*</b> •*	LNGC	2016-2017
NO 96 GW	Hyundai LNG	2	Daewoo		LNGC	2017
Mark III Flex	CME-Wespac	1	Conrad		LNG bunker barge	2016
Mark III Flex	Undisclosed owner	1	Hyundai		FSRU	2017
Mark III	Hoegh LNG	1	Hyundai	<b>*</b> •*	FSRU	2018
Mark III Flex	Teekay LNG	2	Hyundai	<b>*</b> •*	LNGC	2019
Mark III Flex	Mitsui	1	Imabari		LNGC	2020
	TOTAL	32 orders				

#### ▶ 31 orders, out of 32, with recently developed GTT technologies

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# A well-balanced portfolio and strong order book as at June 30, 2015

#### Strong order book of 128 units

- ► 113 LNGC/VLEC ► 3 FLNG
- 8 FSRU/RV > 3 onshore storage
- 1 LNG bunker barge

#### H1 2015 movements in the order book

- Deliveries: 15 LNGC
- New orders: 31
  - 28 LNGC, 2 FSRU and 1 LNG bunker barge
- Cancellations: 2 LNGC

#### Long term visibility, deliveries up to 2020



Note : 2015 deliveries include 15 LNGC delivered until June 30, 2015; Delivery dates could move according to the shipyards/EPCs' building timetables.





## Sector Forecasts 1/5: Strong demand dynamics: natural gas consumption

#### Natural gas demand drivers

- Natural gas is the fastest growing major energy source
- Second source of energy in 2040, at the same level as coal

#### Why?

- Abundant, widespread resources
- Least carbon intensive fossil fuel
- Geopolitical and regional drivers

Source: IEA data

Long term energy consumption trends







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# Sector Forecasts 2/5: Strong demand dynamics: specific to LNG



## Sector Forecasts 3/5: Strong demand dynamics: additional capacity to meet demand



# Sector Forecasts 4/5 : Major liquefaction projects to come

Significant additional capacity

- 6 major projects with a FID reached in 2014 and 2015:
   ≈46 Mtpa of additional capacity
- 2 projects with a FID expected in 2015:
   ~14 Mtpa of additional capacity
- 14 projects with a FID possible in 2015 or 2016:
   ≈90 Mtpa of additional capacity



- Several decisions have been taken despite oil & gas prices fall: Corpus Christi (trains 1 & 2), Freeport LNG (train 3), Sabine Pass (train 5)...
- No LNG project cancelled



 Note: FID – Final Investment Decision

 Main sources: Wood Mackenzie , Aspen Institute

 (\*) Sabine Pass Phase 3 includes train 5 (FID obtained) and train 6 (FID expected)

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# Sector Forecasts 5/5: Pricing environment



Crude oil prices should regain to about \$70/Bbl in 2020 and \$90/Bbl in 2025

► EU NG and Japan LNG prices should recover with crude oil prices, with a lag of 6 to 9 months.

US HH NG prices are expected to recover around \$4/MBtu in 2020 and \$6/Mbtu in 2025

#### US HH linked\* LNG vs Crude Oil linked LNG in Asia



#### US HH

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Higher enough to make shale gas production profitable in the US

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Lower enough to compete with Asian oil indexed LNG

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#### LNG Prices should inch up to 2025 in the wake of oil price and US HH

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# Business Update 1/7: LNGC: Key emerging trade routes



# Business Update 2/7 : LNGC: increasing need for LNG shipping

Drivers of increase in shipping activity

LNGC required in selected key countries <sup>(1)</sup>

#### More complex LNG trade routes

- ► Increasing cross-basin trade
- Emerging routes
  - US exports into Pacific Basin via Panama Canal and into Atlantic Basin
  - Start-up of exports from East Africa and Yamal

#### Development of small and medium capacity LNGC sector



- Additional LNG production 2015 2025, from operational, under construction and probable projects, in Mtpa (Wood Mackenzie projection, June 2015)
- Required LNGC per Mtpa (Poten & Partners projection, October 2014)

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(1) Future projects based on nameplate capacity according to Wood Mackenzie (June 2015) and, forecast vessel requirement and existing projects based on Poten estimates (October 2014), using an average LNGC capacity of 160,000 cbm.

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# **Business Update 3/7: Offshore market: FSRU**



- In order: 7, of which 3 orders received in 2014 and 2 in 2015
- **Outlook: 55 FSRU**
- Technologies: 100% GTT for FSRU in order
- Each year new countries open up to LNG, thanks to FSRU



Volume optimisation

High return of experience

# Business Update 4/7: Offshore market: FLNG

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# **Business Update 5/7: Onshore market - A large and attractive sector**

#### Membrane tanks, a proven containment storage solution

#### What is an Onshore Storage?

 A tank installed next to LNG loading and unloading terminals in order to transport, re-gasify and distribute LNG

#### **Drivers:**

- Development of re-gasification and liquefaction projects
- ► Increasing average size of LNGC
- Growing need for peak-shaving facilities (China and Canada)
- Development of LNG as a fuel

#### **GTT key advantages:**

- Cost effective: cost-savings of 10% to 35%
- **Ease of construction**
- **Efficient operation and maintenance**



- Existing GTT tanks:
   33 in operation
- In order:
  - 3, of which 1 received in 2014
- GTT Licensees: 16

#### Recently, GTT has managed to enter into the small and very small onshore tanks market



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# Business Update 6/7: First order for an LNG bunker barge dedicated to the North American market

• A strong partnership:



Fully designed by GTT, this barge will be built with the innovative Mark III Flex technology and will be equipped with the bunker mast REACH<sub>4</sub>

#### Delivery expected during the first half of 2016







# H1 2015 financial performance

#### **Summary financials** in € M S1 2014 S1 2015 Variation **Total Revenues** 114.9 104.9 -8.7% EBITDA<sup>(1)</sup> -9.4% 72.8 66.0 Margin (%) 63.4% 62.9% **Operating Income** 71.1 64.6 -9.2% Margin (%) 61.8% 61.5% Net Income 58.9 54.2 -7.9% 51.2% Margin (%) 51.7% Change in Working (15.7) (10.1) nm Capital Capex (2.4) (3.8) +58.3% Free Cash Flow<sup>(2)</sup> 54.7 52.2 -4.8% **Dividend paid** 75.3 43.0 -42.9% in€ M 30/06/2014 30/06/2015 **Cash Position** 61.8 52.4 nm Working Capital (4.8) (3.5) nm Requirement<sup>(3)</sup>

#### Key highlights

	A slight decrease in revenues						
		Revenues derived from royalties					
			Still represent 92% of total revenues				
			Decrease resulting from a comparatively high first half 2014 and from time lag in				
		Increas	a of 78.4% for revenues from services				
	Strong	margin					
		<ul> <li>EBITUA, EBIT and Net margins remained at a high level</li> </ul>					
	Main variations in cost-base						
			increase in subcontracted test and studies compensated by decrease in staff expenses				
			lower corporate tax level				
			limited depreciation & amortization charges				
	Struct	urally ne	egative working capital requirements				
•	Unlevered capital structure						
	•	High cash position of €52M despite the €43M dividend payment in H1 2015					
		Financial investments of €24.5M					
•	High d	lividend	payout				
ther navables -	- other currer	nt liabilities					

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Defined as EBIT + the depreciation charge on assets under IFRS
 Defined as EBITDA - capex - change in working capital



(3) Defined as trade and other receivables + other current assets - trade and other payables - other current liabilities

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# Stronger order book and visibility on future revenues

#### Order book in units





In units \_\_\_\_37\_\_\_ 36 <mark>37</mark> 40 33 35 26 23 20 12 9 2 3 0 2015 2016 2017 2018 2019 2020 As at Dec 31, 2014 As at June 30. 2015

Order book by year of delivery (units per year)



#### Increased visibility with c.€800M of revenues between 2015 and 2020



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# Strategic Roadmap 1/5 Develop promising new business areas and products

New potential businesses



## Strategic Roadmap 2/5 Small scale and barge applications: A worldwide emerging market representing a great potential

#### GTT offers full designed vessels equipped with:

- Its NO96 et Mark III technologies (& tomorrow Mark FIT)
- Its ReaCH<sub>4</sub> bunker mast optimising GNL bunkering operations under security constraints

# Characteristics and advantages of GTT technologies/design:

- For both maritime or fluvial utilisation
- Flexibility of the design for small or large carriers
- Optimisation of cargo space in the vessel

#### ▶ In H1 2015

- First order for an LNG bunker barge dedicated to the North American market
- New subsidiary in Singapore to take advantage of the forecast development of small scale in this part of the world



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GTT North America

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# Strategic Roadmap 3/5 LNG as a fuel

A new growing market driven by regulatory, environmental and economic concerns



LNG as a fuel market is starting on medium and large ships/tanks ('000m<sup>3</sup>) where membrane is particularly relevant



# Strategic Roadmap 4/5 LNG as fuel

#### **Displays short paybacks for ship-owners**



#### In a 80\$/b oil price scenario that could occur by the end of 2016 according to Wood Mackenzie, LNG as fuel displays short paybacks for various ship types:

- Between 2 years and 4 years vs. LSMGO
- Shorter than Scrubber, up to ~4 years

#### Definitions:

HFO : Heavy Fuel Oil / LSMGO : Low Sulfur Marine Gasoil

Fuel prices calculation :

•HFO and LSMGO : Avg. price in Rotterdam, Singapore, Fujairah, Los Angeles

•LNG USA and Europe = NG price (~3,5\$/MMBtu for USA and ~8\$/MMBtu for Europe) + ~3\$/MMbtu for liquefaction + ~3\$/MMBtu for logistics/distribution

•LNG Asia = LNG Japan Spot (~8\$/MMBtu) + ~3\$/MMBtu for logistics/distribution costs



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# Strategic Roadmap 5/5 LNG as a fuel GTT technologies well-suited

#### GTT key advantages

- Fuel switch is relevant to LNG
- LNG is a clean and affordable fuel
- Membrane solutions can easily be retrofitted or integrated in new builds
- Membrane solutions optimize vessel volume vs. other technologies
- Better load vs. other technologies

# GTT performance vs other technologies









#### **Appendix 1: General information** A streamlined group and organisation



#### **Appendix 2: General information** GTT membrane technologies



## Appendix 3: General information Adding value to the LNG chain from GTT innovation

- LNG Boil Off Rate (BOR) is a parameter for the performance of LNG containment systems
- GTT has brought major improvements on its technologies and is continuously striving to enhance them
- Example: the 7.5 basis points (bp) reduction in BOR between Mark III and Mark V allows up to \$24 M saving for the ship-owner in a 10-year period



# Appendix 4: General information

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



#### **Appendix 5: US projects** Development of US LNG projects provides for significant potential export capacity

		Department of Energy				Federal Energy Regulatory			
Designed	Object -	To/From FTA		To/From non-FTA		MARAD		Nominal capacity	0((
Projects		Filed	Approved	Filed	Approved	Filed	Approved	(Mtpa) / Year *1	Status **
Gulf of Mexico (Main Pass McMoRan Exp.)		1	×	×		*	×	10,5 / na	Not under construction
<b>Offshore Florida</b> (Hoëgh LNG - Port Dolphin Energy)	Import	*	×	×	×	*	×	8,4 / na	Not under construction
Gulf of Mexico (TORP Technology-Bienville LNG)		1	×	×	×	✓	×	9,7 / na	Not under construction
Corpus Christi (LNG), TX (Cheniere)		1	×	×	×	✓	×	3 / na	Not under construction
Sabine Pass LNG, LA (Cheniere)		*	~	×	×	*	*	18 / 2016-2017 * <sup>2</sup>	In construction (Phase 1 & 2)
Cameron LNG - Hackberry, LA (Sempra)		1	×	×	×	×	×	13.5 / 2018 * <sup>3</sup>	In construction
Cove Point LNG, MD (Dominion)		1	1	×	×	×	×	5.25 / 2019	In construction
Freeport LNG, TX (Dev/Expansion/FLNG Liqu.)		1	×	×	×	×	×	10 / 2019-20	In construction
Corpus Christi LNG, TX (Cheniere)		1	×	×	×	×	×	13.5 / 2019	In construction
Southern LNG (Elba island - Shell)		1	×	×		*		2.5 / 2017	Probable
Jordan Cove - Coos Bay, OR (J. Cove Energy Project)	Export	×	×	×	×	×		6 / 2020	Possible
Lake Charles, LA (Southern Union - Trunkline LNG)		1	~	×	×	×		10 / 2020	Possible
Oregon LNG (Astoria, OR)	gon LNG (Astoria, OR)		×	×	×	*		9,6 / 2021	Possible
Alaska LNG (Nikiski - ExxonMobil)		×	×	×	×	×		18 / 2026	Possible
Magnolia LNG (Lake Charles, LA)		×	×	×		×		8 / 2019	Possible
Golden Pass, TX (ExxonMobil)		×	×	×		×		16 / 2020	Possible
Port Arthur		×		×		×		10/2021	Speculative

#### Significant potential US LNG development projects

Source : GTT synthesis from DOE and FERC. DOE information as of 01/06/2015, FERC as of 10/06/2015.

\*2 : +4.5 Probable / 2019

\*3 : +10 speculative / 2020

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\*1 : Source: Wood Mackenzie and FERC, June 2015



#### Appendix 6: GTT Business Model Illustrative LNGC revenue recognition summary



#### **Appendix 7: GTT Business Model** An attractive business model supporting high cash generation



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%)

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Source: Company

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

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#### **Appendix 8: GTT Business Model** Strong revenue growth since 2012 reflecting recent increase in order intake



#### Appendix 9: GTT Business Model Managing employee base to meet growing demand



#### **Staff levels increased in order to meet the growing demand for LNG vessels**

- Current staff level adequate to support growth in the forthcoming years
- ▶ 82% of staff are on permanent contracts; 18% non-permanent
- 25% of GTT's workforce dedicated to R&D



(1) As at December 31, 2014

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#### **Appendix 10: General information** Unique technology with key competitive advantages

#### Membrane technology overview

- GTT is the only company which widely offers LNG membrane containment technology for ships:
  - Insulated barrier which protects the ship hull against the extreme temperatures required to liquefy gas





#### GTT's technology positioning <sup>(1)</sup>

	GTT	Moss				
Technology	<ul> <li>Membrane (Mark III, NO 96, GST)</li> </ul>	<ul> <li>Spherical technology</li> </ul>				
Construction costs	<ul> <li>Requires less steel and aluminum for a given LNG capacity</li> </ul>	<ul> <li>Spherical shape and less efficient use of space leads to higher cost</li> </ul>				
Operating costs	<ul> <li>More efficient use of space results in smaller, more efficient vessels</li> </ul>	<ul> <li>Larger, heavier vessels have higher fuel / fee costs per unit capacity</li> </ul>				
Max. ordered capacity	▶ 266,000 m <sup>3</sup>	▶ 177,000 m <sup>3</sup>				
Vessels in operation	<ul> <li>273 LNGC</li> <li>16 FSRU (1 converted LNGC)</li> </ul>	<ul> <li>108 LNGC</li> <li>4 FSRU</li> </ul>				
Other	<ul> <li>Light membrane technology benefits</li> </ul>	<ul> <li>Higher centre of gravity; harder to navigate</li> </ul>				
<ul> <li>SPB is a technology developed by IHI 25 years ago. It has 4 vessels in construction and according to GTT, no significant experience and no particular advantages.</li> <li>KC-1 is a Korean technology developed by Kogas with no experience on ships and according to GTT, less thermal efficiency than GTT technologies. It has 2 vessels in order.</li> </ul>						

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Source: Company data (Dec.31, 2014) (1) Technologies other than Moss / SPB have been developed, however are not known to have obtained final certification or orders to date. Source Company and Wood Mackenzie

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# Thank you for your attention

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