



Full Year 2016 Results

Revenues up at €236 million and a net margin ratio of over 50%

2016 key figures

- Revenues up 4% to €235.6 million
- Net margin of 50.8%
- Proposed dividend of €2.66 per share¹

Highlights

- 5 new orders booked in 2016, including the first LNGC equipped with Mark V technology
- 27 deliveries, including the first floating liquefied natural gas production and storage facility (FLNG) and the first multi-gas carrier
- New representative office opened in Shanghai

Outlook

- Revenue target for 2017 of €225-240 million
- Net margin target for 2017 above 50%
- Dividend target for 2017: amount at least equivalent to 2015 and 2016

Paris, 23 February 2017 - GTT (Gaztransport & Technigaz), world leader in the design of membrane containment systems for the maritime transportation and storage of LNG (Liquefied Natural Gas), announces its results for the full-year 2016.

2016 summary income statement

(in thousands of euros, except for EPS)	2015	2016	Change
Revenues from operating activities	226,458	235,552	+4.0%
Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA ²)	142,160	144,237	+1.5%
EBITDA margin (on revenues, %)	62.8%	61.2%	-1.6pt
Operating income (EBIT)	139,275	140,921	+1.2%
EBIT margin (on revenues, %)	61.5%	59.8%	-1.7pt
Net income	117,257	119,745	+2.1%
Net margin (on revenues, %)	51.8%	50.8%	-1.0 pt
Net earnings per share ³ (euros)	3.16	3.23	+2.2%

¹ Subject to approval by the Annual General Meeting of Shareholders on May 18, 2017

² EBITDA corresponds to EBIT plus depreciation on fixed assets under IFRS.

³ As at 31 December 2015, net earnings per share were calculated on the weighted average number of shares outstanding, or 37,064,407 shares.

As at 31 December 2016, net earnings per share were calculated on the weighted average number of shares outstanding, or 37,036,945 shares.

Philippe Berterroitière, Chairman and Chief Executive Officer of GTT, commented: *“2016 was marked by wait-and-see behaviour on the part of charterers and operators, limiting the number of orders for LNGCs.*

Towards the end of the financial year, in a market environment that remains difficult for the transport of LNG, we observed an improvement in some market indicators such as the vessel charter rates. We will continue to be attentive to these indicators in the months ahead. This being said, growth in demand for LNG, especially in Asia, and orders for FRSUs received in early 2017, show that the LNG market continues to see growth.

In view of this, GTT has continued its R&D work and has successfully marketed its very latest Mark V membrane technology. Regarding the outlook for the current year, we estimate that 2017 revenues should be in the range of €225-240 million, and are forecasting a net margin ratio above 50%, and the same level of dividend in 2017 as in previous year.”

Activity summary

- Sustained industrial activity

In 2016, construction was completed on 27 new vessels, including 25 LNGCs and ethane carriers, at shipyards under GTT license, including:

- Reliance Industries’ October inauguration at the Samsung Heavy Industries Goeje shipyard of two new Very Large Ethane Carriers (VLECs) equipped with GTT technology. One of these ethane carriers was delivered by SHI in late 2016.
- The delivery in May of the first Floating Liquefied Natural Gas storage facility by the DSME shipyard to the Petronas group of Malaysia. The facility, named Satu, went into production in December 2016. To date, GTT technology has been chosen to equip all of the three FLNG facilities ordered so far worldwide.
- The delivery of its tenth LNGC equipped with GTT technology by Chinese shipyard Hudong-Zonghua, confirming a long-term partnership with GTT.

- Five new orders in 2016, including the first commercialisation of Mark V membrane technology

GTT booked five new orders for LNGCs from South Korean shipyards Hyundai Heavy Industries (2 orders), Daewoo Shipbuilding & Marine Engineering (2 orders), and Samsung Heavy Industries (1 order).

This latest order, received in October 2016, involves equipping an LNGC with the new Mark V membrane technology on behalf of shipowner GasLog.

- Resumption of orders for new FSRUs in 2017

Since the start of 2017, **four orders have been announced by GTT** to equip **FSRUs** being built by GTT’s three main South Korean shipyard partners with its membrane technologies.

- Initiatives to deploy GTT technology on growth markets

Several partnerships have been signed to accelerate the development of LNG as a fuel:

- GTT has signed license and technical assistance agreements with two new outfitters, AG&P in the Philippines and Endel in France.
- A strategic LNG cooperation agreement was signed in December 2016 between China Merchant Heavy Industries, Gabadi, and Aojiheng.
- GTT has participated in several cooperation agreements with shipbuilders, shipowners, LNG companies and classification societies to promote its technologies and LNG as a marine fuel.

A license agreement was signed with Matrix PDM Engineering to equip onshore LNG storage tanks with GTT technology.

A GTT representative office was opened in Shanghai in 2016.

- Marketing of new services

GTT Training Ltd has received its first orders to supply its G-Sim Liquid Gas Handling Simulator. GTT Training and GTT North America will train teams at TOTE, the owner of the LNG bunker barge currently under construction in the United States.

Order book

Since January 1, 2016, GTT's order book, which then numbered 118 units, has evolved, with:

- 5 new orders for LNGCs
- 27 deliveries: 25 LNGCs and ethane carriers, 1 FSRU and 1 FLNG

As at December 31, 2016, the order book comprised 96 units, including:

- 84 LNGCs and ethane carriers
- 7 FSRUs
- 2 FLNGs
- 2 onshore storage tanks
- 1 LNG bunker barge

2016 revenues

(in thousands of euros)	2015	2016	Change
Revenues	226,458	235,552	+4.0%
From royalties	209,323	223,865	+6.9%
From services	17,135	11,686	-31.8%

Revenues came in at €235.6 million in 2016, compared with €226.5 million in 2015, an increase of 4.0% over the year.

- Revenues from royalties totalled €223.9 million in 2016, up 6.9% compared with 2015. Royalties from LNGC/ethane carriers rose 10.9% to €200.1 million, while royalties from FSRUs grew by 9.4% to €21.0 million. Other royalties amounting to €2.8 million were derived from FLNGs, onshore storage facilities, and the bunker barge.

- The 31.8% drop in service revenues was largely due to a drop in studies activity compared with a particularly dynamic activity in 2015.

Income statement analysis

Earnings Before Income, Tax, Depreciation and Amortisation (EBITDA) reached €144.2 million in 2016, up 1.5% compared to 2015.

The margin of EBITDA to revenues decreased slightly from 62.8% in 2015 to 61.2% in 2016. This is largely a result of the end of provision writebacks for “Vessel” risk representing income of €4.5 million in 2015, and by various provisions for contingencies and losses, while personnel costs fell 2.5% over the period and now account for 17.6% of revenues, compared with 18.8% in 2015.

Operating income stood at €140.9 million in 2016, against €139.3 million in 2015 – an increase of 1.2%.

Financial income amounted to €2.6 million, compared with €0.7 million in the previous year, largely due to dividends received from subsidiaries amounting to €1.3 million.

Net income rose from €117.3 million in 2015 to €119.7 million in 2016, while the net margin ratio declined slightly from 51.8% to 50.8%.

Other financial data

(in thousands of euros)	2015	2016	Change
Capital expenditure (acquisition of fixed assets)	(6,543)	(3,151)	-51.8%
Dividend paid	(91,165)	(99,654)	+9.3%
Cash and cash equivalent	73,444	74,355	+1.2%

As at 31 December 2016, the Company had cash and cash equivalent of €74.4 million. To this amount may be added €12.5 million of cash investments classified as financial assets.

Dividend for 2016

Meeting on February 23, 2017, the Board of Directors, after closing the 2016 financial statements, agreed to propose an all-cash dividend of €2.66 per share for 2016 subject to approval by the Annual General Meeting of Shareholders to be held on May 18, 2017. An interim dividend amounting to €1.33 per share having already been paid on September 30, 2016 pursuant to the decision of the Board of Directors meeting on July 21, 2016, the balance of the dividend, amounting to €1.33 per share, will be paid in cash on May 31, 2017 (with an ex-dividend on May 29, 2017). The proposed dividend corresponds to a payout ratio of 84% of net income available for distribution (French GAAP).

Furthermore, in accordance with the guidance given by the Company at the time of its listing, an interim dividend for 2017 should be paid in September 2017.

Outlook

The Company has visibility as regards its turnover from royalties out to 2020 based on its order book at the end of 2016. This corresponds to revenues of €426 million for 2017-2020 (€216 million in 2017, €160 million in 2018, €46 million in 2019 and €4 million in 2020).

On the basis of these factors, and subject to any significant order delays or cancellations, the Company:

- announces a revenue target for 2017 of €225-240 million,
- forecasts a net margin ratio above 50% in 2017⁴,
- aims to distribute for 2017 a dividend amount at least equivalent to that paid in 2015 and 2016 and, in the following two years, a payout ratio of at least 80% of net income available for distribution⁵.

⁴ Excluding potential acquisitions effect and at constant scope

⁵ Subject to approval by the Annual General Meeting of Shareholders

Financial agenda

- Release of Q1 2017 revenues: April 11, 2017 (after market close)
- Annual General Meeting of Shareholders: May 18, 2017
- Payment of balance dividend (€1.33 per share) for 2016: May 31, 2017
- Release of H1 2017 results: July 20, 2017 (after market close)

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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, shipowners, 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 the 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 SBF 120 and MSCI Small Cap indices.

Pour plus d'information, consulter le site www.gtt.fr.

NOTE

GTT's full-year IFRS financial statements have been audited, and the auditor's report will be issued before the company's registration document is filed with the AMF (scheduled for end-March 2017).

Important notice

The French language version of this press release shall prevail. 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), including those listed in the "Risk Factors" section of the GTT base document (in French) registered with the AMF on April 27, 2016 under number R.16-028, and the half-yearly financial report released on July 21, 2016. 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 (IFRS financial statements)

Appendix 1: Balance sheet

In thousands of euros	December 31, 2015	December 31, 2016
Intangible assets	763	610
Property, plant and equipment	17,789	17,575
Non-current financial assets	15,445	7,937
Deferred tax assets	282	739
Non-current assets	34,279	26,863
Customers	83,254	81,530
Other current assets	31,024	30,357
Financial current assets	12,688	7,669
Cash and cash equivalents	73,444	74,355
Current assets	200,410	193,911
TOTAL ASSETS	234,690	220,774

In thousands of euros	December 31, 2015	December 31, 2016
Share capital	371	371
Share premium	2,932	2,932
Reserves	(21,520)	(1,714)
Net income	117,257	119,745
Other items of comprehensive income	1,675	(1 130)
Total Equity	100,714	120,204
Non-current provision	3,198	4,044
Financial liabilities - non-current part	1,091	626
Other non-current financial liabilities	91	582
Non-current liabilities	4,381	5,252
Current provisions	-	1,864
Suppliers	11,187	9,320
Current liabilities	561	488
Other current liabilities	117,847	83,647
Current liabilities	129,594	95,318
TOTAL EQUITY AND LIABILITIES	234,690	220,774

Appendix 2: Income statement

In thousands of euros	December 31, 2015	December 31, 2016
Revenues from operating activities	226,458	235,552
Costs of sales	(2,263)	(1,982)
External charges	(42,764)	(45,700)
Personnel expenses	(42,539)	(41,497)
Taxes	(4,150)	(4,321)
Depreciations, amortisations and provisions	(913)	(8,315)
Other operating income and expenses	5,445	7,184
Current operating income	139,275	140,921
Operating profit	139,275	140,921
Financial income	654	2,617
Profit before tax	139,929	143,538
Income tax	(22,672)	(23,793)
Net income	117,257	119,745
Basic earnings per share (in euros)	3.16	3.23
Diluted earnings per share (in euros)	3.15	3.22

In thousands of euros	December 31, 2015	December 31, 2016
Net income	117,257	119,745
Items that will not be reclassified to profit or loss:		
Actuarial Gains and Losses		
Gross amount	384	(271)
Deferred tax	(58)	41
Total amount, net of tax	326	(230)
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on equity investments		
Gross amount	1,381	(916)
Deferred tax	(32)	16
Total amount, net of tax	1,349	(900)
Other comprehensive income for the year, net of tax	1,675	(1,130)
Total comprehensive income	118,932	118,615
Basic comprehensive income per share (in euros)	3.21	3.20
Diluted comprehensive income per share (in euros)	3.19	3.19

Appendix 3 : Cash flow statement

In thousands of euros	December 31, 2015	December 31, 2016
Company profit for the year	117,257	119,745
Cancellation of income and expenses with no effect on cash-flow:		
Allocation (Reversal) of amortisation, depreciation, provisions and impairment	(240)	6,027
Proceeds on disposal of assets	-	200
Tax expense (income) for the financial year	22,672	23,793
Free shares	2,267	885
Other income and expenses	48	(41)
Cash-flow	142,004	150,608
Tax paid out in the financial year	(22,928)	(24,135)
Change in working capital requirement:		
- Trade and other receivables	(8,051)	1,724
- Trade and other payables	(3,557)	(1,867)
- Other operational assets and liabilities	13,049	(33,533)
Net cash-flow generated by the business (Total I)	120,516	92,796
Investment operations		
Acquisition of non-current assets	(6,543)	(3,151)
Disposal of non-current assets	650	-
Financial investments	(10,045)	(775)
Disposal of financial assets	1,491	12,648
Treasury shares	(5,281)	(414)
Change in other fixed financial assets	(264)	-
Net cash-flow from investment operations (Total II)	(19,991)	8,308
Financing operations		
Dividends paid to shareholders	(91,165)	(99,654)
Capital increase	-	-
Change in FSH advances	(621)	(539)
Interest paid	-	-
Change in bank lending	-	-
Net cash-flow from finance operations (Total III)	(91,786)	(100,193)
Change in cash (I+II+III)	8,739	911
Opening cash	64,705	73,444
Closing cash	73,444	74,355
Effect of changes in currency prices	-	-
Cash change	8,739	911

Appendix 4 : Revenues breakdown

In thousands of euros	December 31, 2015	December 31, 2016
Revenues from operating activities	226,458	235,552
Royalties	209,323	223,865
LNG carriers/VLEC	180,327	200,070
FSRU	19,226	21,024
FLNG	8,244	2,105
Onshore storage	1,084	267
Barges	442	399
Services	17,135	11,686

Appendix 5 : 10 year order estimates

In units	Order estimates ⁽¹⁾
LNGC Carriers/VLEC	235-255
FSRU	30-40
FLNG	5-10
Onshore storage	5-10

⁽¹⁾ Over 2017-2026. 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.