Technology for a Sustainable World

H1 2020 results

Revenue and earnings up sharply; annual targets confirmed

Key figures for the first half of 2020

- Revenue: €203.8 million (+66.2%) and EBITDA: €136.6 million (+92.7%)
- 18 orders (12 LNG carriers, 2 FSUs, 1 FSRU, 3 onshore storage tanks)
- Interim dividend payment of €2.50 per share

Highlights

- Orders that span the entire value chain
- New service provision agreements
- Sustained patenting effort
- Continued targeted acquisitions

Outlook for 2020

- Confirmation of 2020 targets, in terms of revenue, EBITDA and dividend

Paris – July 29, 2020. Gaztransport & Technigaz (GTT), an engineering and technology 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 2020.

Commenting on the results, Philippe Berterottière, Chairman and Chief Executive Officer of GTT, said: *"In a context of health and economic crisis, the first half of 2020 was characterised by sustained business activity. After two years of very strong activity, LNG carrier orders remain at satisfactory levels and are accompanied by orders for floating units and onshore storage tanks that demonstrate GTT's ability to cover the entire LNG market value chain. This level of activity is reassuring as to the dynamics of the LNG market and its long-term prospects. However, GTT keeps a special focus on developments in the markets in which it operates.*
In the field of LNG as fuel, the decline in fuel prices and the decline in new shipbuilding weighed on the six-month period. However, GTT continues to explore and support all possibilities for the development of this activity, which is a positive contributor to sustainable environmental improvement. In this regard, in order to highlight the importance of environmental factors in the Group's conduct, we are now adopting a new base line for our logo: "Technology for a Sustainable World".
From a financial perspective, revenue for the 1st half of 2020 benefited from the flow of orders over the last two years and results were up sharply. As a result, considering the backlog in our order book and shipbuilding schedules, we are confirming our outlook for revenues and EBITDA for the full 2020 financial year. We are also proposing an interim dividend of €2.50, in line with our long-term policy."

Business activity

- Resumption of orders for LNG carriers

During the first half of 2020, GTT's sales activity was marked by a number of successes, in particular in the field of LNG carriers: With 12 orders for LNG carriers booked during the first half of 2020, GTT's core business activity now stands at a very satisfactory level, particularly given the context (Covid 19 and lower energy prices) that is very unfavourable to investment decisions. All of the carriers will be equipped with GTT's recent technologies (Mark III Flex+, Mark III Flex and NO96 GW). They will be delivered between the beginning of 2022 and the end of 2023. It is worth noting, among these orders, those of two medium-capacity LNG carriers on behalf of the ship-owner "K" LINE destined for the Chinese market.

- A semester also marked by order diversification throughout the LNG chain

- In early June 2020, GTT received an order from the Korean shipyard Daewoo Shipbuilding & Marine Engineering (DSME) to equip a storage and regasification unit (FSRU) on behalf of Japanese ship-owner Mitsui OSK Lines Ltd. (MOL). This FSRU with a capacity of 263,000 m3 will be positioned in Wilhelmshaven, Germany.

- In June 2020, GTT received an order from China Huanqiu Contracting & Engineering Co. Ltd. (HQC) for the design of two LNG membrane storage tanks, using GST® technology developed by GTT. Each with a capacity of 220,000 m3, they will be the largest onshore storage tanks in China. They will be located in the southern industrial zone of the port of Tianjin in China.

- At the end of June 2020, GTT received an order from the Korean shipyard Daewoo Shipbuilding & Marine Engineering (DSME) to design tanks for two floating LNG storage units (FSUs), the largest units ever built (361,600 m3), on behalf of the Russian company GTLK. These two FSUs will contribute to the Yamal and Arctic LNG 2 projects of Russian LNG producer Novatek.

- At the end of June, GTT also received an order from China Petroleum Engineering and Construction Corp. North China Company (CPECCNC), for the design of a membrane onshore LNG storage tank that will incorporate GTT's GST® technology. With a capacity of 29,000 m3, this tank is intended for the Heijan LNG Peak shaving project, located in the Chinese province of Hebei.

- New license agreement

At the end of June 2020, GTT signed a Technical Assistance and License Agreement (TALA) with the Russian yard Zvezda Shipbuilding Complex (Zvezda) for the construction of LNG carriers using GTT membrane tank systems. This contract represents another step forward in the deployment of GTT technologies in Russia. In July, five ARC7 icebreaking LNG carriers, equipped with GTT's membrane containment system, were ordered. These highly innovative and unique LNG carriers are intended for the transport of LNG produced in Russia.

- Four new service provision contracts since the beginning of the year

- In February 2020, GTT signed a service and support contract with the CMA CGM Group for the commissioning, operation and maintenance of its future giant LNG propelled container ships equipped with GTT membrane containment technologies. The GTT service provides training for the crews of the CMA CGM fleet through the provision of the G-Sim® training simulator, specially adapted to replicate the LNG operations of CMA CGM vessels.

- In March 2020, GTT announced the signing of a framework service provision agreement between its subsidiary GTT North America and the shipowner Excelerate Energy. GTT will assist Excelerate Technical Management – ETM with the maintenance and operation of 9 FSRUs equipped with NO96 technology. This agreement provides on-site technical assistance to GTT teams during inspections, maintenance, repairs, operations and engineering, as well as access to the HEARS® emergency hotline.

- In July 2020, GTT signed a framework service provision agreement with the Norwegian shipowner KNUTSEN OAS SHIPPING AS. This new contract covers a fleet of 17 vessels by 2022 (12 currently in service and 5 under construction), all equipped with Mark III Flex or NO96 technologies, developed by GTT. GTT will assist KNUTSEN with the maintenance and operation of the vessels. KNUTSEN will also have access to the HEARS® emergency hotline.

- At the end of July 2020, GTT announced the signing of a new framework service provision contract with Fleet Management, based in Hong Kong, for the construction monitoring, maintenance and operation of vessels under management. Fleet Management is currently overseeing the construction of the next generation of very large capacity ethane carriers in Korea.

- Continued targeted acquisitions as part of the Group's digital strategy

- In February 2020, GTT announced the acquisition of Marorka. This company, based in Iceland and specialised in Smart Shipping, designs operational reporting and energy performance improvement systems aimed at reducing the environmental footprint of vessels. More than 600 ships are now equipped with a Marorka system.

- In addition, GTT today announced the acquisition of French company OSE Engineering, specialising in artificial intelligence applied to transport. This acquisition complements the Group's expertise in modelling complex systems, optimising engineering processes and reducing emissions. Its customers include leading names in the shipping, automotive and aerospace industries. Funded in cash, the transaction will have no significant impact on the Group’s financial structure.

Order book

Since January 1, 2020, GTT’s order book, excluding LNG as fuel, which at the time stood at 133 units, has evolved as follows:

- 13 deliveries of LNG carriers
- 2 FSRU deliveries
- 1 FLNG delivery
- 12 LNG carrier orders
- 1 FSRU order
- 2 FSU orders
- 3 orders for onshore storage tanks

At June 30, 2020, the order book excluding LNG as fuel, stood at 135 units, split as follows:

- 112 LNG carriers
- 6 ethane carriers
- 5 FSRUs
- 2 FSUs
- 1 FLNGs
- 3 GBS
- 6 onshore storage tanks

Regarding LNG as fuel, the number of vessels in the order book stood at 18 units as at June 30, 2020.

Change in consolidated revenues during H1 2020

(in thousands of euros)	**H1 2019**	**H1 2020**
Revenue	**122,637**	**203,767**
Of which royalties (new buildings)	**115,715**	**197,739**
From services	**6,922**	**6,027**

Consolidated revenues for the first half of 2020 were €203.8 million, up 66.2% compared to the first half of 2019.

- Revenues from new construction were €197.7 million, up by 70.9%.

- Royalties from LNG carriers rose by 84.3% to €176.2 million and royalties from FSRU by 12.2% to €14.3 million. Revenues for the first half of 2020 benefit fully from the flow of orders over the last two years.
- Other royalties include FLNGs for €2.5 million (-0.6%), GBS for €1 million and LNG as fuel for €3.7 million (+19.2%).

- Revenue from services decreased by 12.9% in the first six months due to the sharp decrease in maintenance and work on vessels in operation during the Covid crisis.

Analysis of the consolidated income statement for the first half of 2020

Summary consolidated income statement

(in € thousands, except earnings per share)	H1 2019	H1 2020
Revenue	122,637	203,767
Operating income before allocations for depreciation of fixed assets (EBITDA[1])	70,855	136,553
EBITDA margin (on revenue, %)	57.8%	67.0%
Operating income (EBIT[2])	68,870	133,870
EBIT margin (on revenue, %)	56.2%	65.7%
Net income	56,603	115,527
Net margin (on revenue, %)	46.2%	56.7%
Basic net earnings per share[3] (in euros)	1.53	3.12

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) reached €136.6 million during the first half of 2020, up 92.7% compared to the first half of 2019. The EBITDA margin on revenue increased from 57.8% in the first half of 2019 to 67.0% in the first half of 2020. External expenses were up compared to the previous half year (+28.3%), mainly due to the increase in R&D and subcontracting costs linked to the increase in business. It should be noted, however, that travel expenses were down 20.1% due to traffic restrictions related to the Covid crisis. Personnel expenses also increased by 33.2 %, reflecting the growth in incentive plans and profit-sharing and, to a lesser extent, the growth in the headcount.

Operating income totalled €133.9 million for the first half of 2020 versus €68.9 million for the first half of 2019, equivalent to a 94.4% increase.

Net income went from €56.6 million for the first half of 2019 to €115.5 million for the first half of 2020 (+104.1%) and the net margin from 46.2% to 56.7%.

Other consolidated financial data

(in thousands of euros)	H1 2019	H1 2020
Investment expenditures (acquisition of fixed assets, including acquisition of Marorka)	(3,108)	(6,994)
Dividends paid	(66,275)	(64,873)
Cash position	**155,616**	**199,049**

As at June 30, 2020, the Group had a positive cash position of €199 million.

[1] EBITDA defined as EBIT before amortisation and impairment of fixed assets.
[2] EBIT means "Earnings Before Interest and Tax".
[3] For the first half of 2020, earnings per share were calculated based on the weighted average number of shares outstanding (excluding treasury shares), i.e. 37,064,997 shares.

Outlook for 2020

The Group has good visibility on its royalty revenues[4] from now to 2023 thanks in particular to the order book for its core business as at the end of June 2020. This corresponds to revenues of 832 million euros over the 2020-2023[5] period (374 million euros in 2020[6], 266 million euros in 2021, 151 million euros in 2022 and 41 million euros in 2023).

Given the size of the backlog, and assuming there are no major delays or cancellations of orders, GTT confirms its targets for revenues and EBITDA for the 2020 financial year, i.e.:

- 2020 consolidated revenues of between €375 million and €405 million,
- 2020 consolidated EBITDA of between €235 million and €255 million

Additionally, the Group is confirming its dividend distribution policy, i.e. for the 2020 and 2021 financial years a minimum distribution rate of 80% of consolidated net income.

Interim dividend payment

The Board of Directors meeting of July 29, 2020 decided the distribution of an interim dividend of 2.50 euro per share for the 2020 financial year, to be paid in cash according to the following schedule:

- November 3, 2020: Ex-dividend date
- November 5, 2020: Payment date

Covid-19

Health of GTT employees and their families

Although no severe cases have been identified, the Group continues to implement the recommendations of the health authorities and to update them regularly as the situation evolves.

How the Group operates

Registered office: except for employees at risk or close to a person at risk, all staff have returned to work on site.

Subsidiaries and seconded employees: same policy as the registered office, subject to local directives.

Main risks

For GTT, the main risk of the coronavirus epidemic consists of possible delays to the timetable for the construction of vessels, which may lead to a shift in the recognition of revenue from one financial year to another. On the date of this press release, GTT notes some delays, but without significant impact on revenues for 2020.

The risks related to the impact of the epidemic on the worldwide economy, and particularly on the market for LNG, are currently difficult to assess. The Group nevertheless reiterates that the LNG market is mainly based on long-term prospects and financing.

GTT's activities are therefore functioning normally, despite a particularly difficult environment. The Group closely monitors any changes that could affect the markets in which it operates.

[4] Royalties from core business, i.e. excluding LNG fuel and services. Of which 194 million euros recognised for the first half of 2020.
[5] Of which 194 million euros recognised for the first half of 2020.

Presentation of H1 2020 results

Philippe Berterottière, Chairman and Chief Executive Officer, and Marc Haestier, Chief Financial Officer, will comment on GTT's results, and answer questions from the financial community during a conference call in English on Thursday, July 30, 2020, 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: 4064836

This conference will also be broadcast live on GTT's website (www.gtt.fr/finance). The presentation document will be available on the website.

Financial agenda

- Payment of an interim dividend of €2.50 per share for the 2020 financial year: November 5, 2020
- Publication of the Q3 2020 revenue: October 28, 2020 (after closing)

About GTT

GTT (Gaztransport & Technigaz) is a technology and engineering company specialised in membrane containment systems 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, and, in particular, the presentation to be uploaded online for the conference of July 30, 2020.

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 April 27, 2020, and the half-year financial report released on July 29, 2020. 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	31/12/2019	30/06/2020
Intangible assets	2,757	4,960
Goodwill	4,291	7,088
Property, plant and equipment	20,198	25,386
Non-current financial assets	5,084	4,187
Deferred tax assets	3,031	2,760
Non-current assets	**35,360**	**44,381**
Inventories	10,854	10,948
Customers	139,432	146,596
Income tax assets	41,771	31,904
Other current assets	8,496	8,339
Current financial assets	16	11
Cash and cash equivalents	169,016	199,049
Current assets	**369,585**	**396,847**
TOTAL ASSETS	**404,945**	**441,228**

In thousands of euros	31/12/2019	30/06/2020
Share capital	371	371
Share premium	2,932	2,932
Treasury shares	(11)	(795)
Reserves	55,614	134,124
Net income	143,377	115,536
Total equity, Group share	**202,284**	**252,168**
Total equity - share attributable to non-controlling interests	(3)	(12)
Total equity	**202,280**	**252,156**
Non-current provisions	5,001	5,282
Financial liabilities - non-current part	2,089	5,822
Deferred tax liabilities	120	106
Non-current liabilities	**7,210**	**11,210**
Current provisions	1,583	1,693
Suppliers	16,791	19,552
Current tax debts	6,192	5,328
Current financial liabilities	16	675
Other current liabilities	170,872	150,613
Current liabilities	**195,454**	**177,862**
TOTAL EQUITY AND LIABILITIES	**404,945**	**441,228**

Appendix 2: Consolidated income statement

In thousands of euros	H1 2019	H1 2020
Revenue from operating activities	**122,637**	**203,767**
Costs of sales	(2,627)	(2,823)
External expenses	(23,932)	(30,700)
Personnel expenses	(24,859)	(33,107)
Tax and duties	(2,575)	(3,438)
Depreciations, amortisations and provisions	(1,943)	(2,984)
Other operating income and expenses	2,281	3,190
Impairment following value tests	(111)	(35)
Operating profit	**68,870**	**133,870**
Financial income	1	(87)
Share in the income of associated entities	-	35
Profit before tax	**68,871**	**133,818**
Income tax	(12,267)	(18,292)
Net income	**56,603**	**115,527**
Basic earnings per share (in euros)	1.53	3.12

In thousands of euros	H1 2019	H1 2020
Net income	**56,603**	**115,527**
Items that will not be reclassified to profit or loss		
Actuarial Gains and Losses		
Gross amount	(624)	139
Deferred tax	92	(14)
Total amount, net of tax	**(532)**	**125**
Items that may be reclassified subsequently to profit or loss		
Conversion differences	27	(57)
Other comprehensive income for the year, net of tax	**(505)**	**68**
Comprehensive income	**56,098**	**115,595**

Appendix 3: Consolidated cash flow statement

(in thousands of euros)	H1 2019	H1 2020
Group profit for the year	**56,603**	**116,129**
Removal of income and expenses with no cash impact:		
Allocation (Reversal) of amortisation, depreciation, provisions and impairment	(723)	2,763
Proceeds on disposal of assets	-	-
Financial expense (income)	(1)	87
Tax expense (income) for the financial year	12,267	17,655
Free shares	822	1,419
Cash-flow	**68,969**	**138,052**
Tax paid out in the financial year	(10,170)	(8,422)
Change in working capital requirement:		
- Inventories and works in progress	(1,770)	(23)
- Trade and other receivables	(1,585)	(6,371)
- Trade and other payables	1,719	1,517
- Other operating assets and liabilities	(3,911)	(21,180)
Net cash-flow generated by the business (Total I)	**53,252**	**103,573**
Investment operations		
Acquisition of non-current assets	(3,108)	(4,426)
Disposal of non-current assets	-	-
Control acquired on subsidiaries net of cash and cash equivalents acquired	(0)	(2,568)
Financial investments	(1,839)	(5)
Disposal of financial assets	28	804
Treasury shares	582	(2,189)
Change in other fixed financial assets	-	47
Net cash-flow from investment operations (Total II)	**(4,338)**	**(8,338)**
Financing operations		
Dividends paid to shareholders	(66,275)	(64,789)
Repayment of financial liabilities	(46)	(375)
Increase of financial liabilities	3	(11)
Interest paid	(25)	(18)
Interest received	124	115
Change in bank lending	(172)	-
Net cash-flow from finance operations (Total III)	**(66,390)**	**(65,079)**
Effect of changes in currency prices (Total IV)	(88)	(125)
Change in cash (I+II+III+IV)	***(17,564)***	**30,033**
Opening cash	173,179	169,016
Closing cash	155,616	199,049
Cash change	**(17,564)**	**30,033**

Technology for a Sustainable World

Appendix 4: Consolidated revenue breakdown

In thousands of euros	H1 2019	H1 2020
Revenue	**122,637**	**203,767**
Royalties (newbuilt)	***115,715***	**197,739**
LNG carriers/VLEC	*95,625*	*176,203*
FSRU	*12,709*	*14,254*
FLNG	*2,546*	*2,530*
Onshore storage	*1,355*	-
GBS	-	*1,020*
Barges	*349*	-
LNG Fuel	*3,131*	*3,733*
Services	***6,922***	***6,027***

Appendix 5: 10 year order estimates

In units	**Order estimates***
LNG carriers	285-315**
Ethane carriers	25-40
FSRU	10-20
FLNG	Up to 5
Onshore storage tanks and GBSs	15-20

* 2020-2029 period. The Company points out that the number of new orders may see large-scale variations from one semester 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.