



GTT Investor Presentation: H1 2015

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Highlights, Forecast and Update

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Chairman and CEO, GTT

Key highlights

Good morning everybody; Philippe Berterottiere here, Chairman and CEO of GTT. First of all, I would like to spend a bit of time on the highlights for the first six months of this year.

We obtained 31 orders in the first half of 2015: 28 LNG carriers, two FSRUs and one LNG bunker barge of 2,200m³. The order book has increased by €207 million in the last six months, and so it is a very significant increase as it represents a 35% increase compared to the level we reached in December 2014.

We achieved major milestones on the Mark V programme, with cooperation agreements signed with Samsung and signed with Hyundai for the industrialisation of this new technology. We created also a subsidiary in Singapore in order to promote our technologies in South-East Asia. There is plenty of LNG in South-East Asia; that is where North-East Asia used to get its LNG. There are also plenty of islands, and LNG could be an ideal energy for providing electricity to the archipelagos of Indonesia and the Philippines.

We are going to pay an interim dividend of €1.30, which is going to be paid at the end of September. We have also welcomed some new Board Members: Olivier Jacquier from the ENGIE Group; Sandra Lagumina, also from ENGIE Group; and Ms Michèle Azalbert from ENGIE Group. Besides that, we have welcomed Christian Germa as an independent Director of the company, and have already communicated about that at the time of the General Assembly.

So, that is the number of orders we received since the beginning of this year. You can see an American flag, it is the barge of 2,200m³ – I will talk a bit more about that in a moment – and a Japanese flag also, for Imabari, and the end user is the Mitsui Group and so we are beginning to see that our technologies are, more and more, penetrating the Japanese market. You know that in Japan, they like to build the other technology, the Moss technology, and here with this contract, for the first time, we have a major trading house relying on our technology for bringing LNG to Japan.

So, otherwise, I will say that the orders are coming from the three large Korean shipyards. We are long-time partners, with LNG carriers and FSRUs, and it is fairly well-balanced, with a large number of orders coming from DSME but also orders coming from the Hyundai Group.

Well, thanks to that, we have a well-balanced portfolio, with a strong order book. You can see that we have now quite long-term visibility in terms of orders, with deliveries going to 2020 and a very significant number of deliveries in 2016 and 2017, secured by the orders we signed for in the recent months.

It is a point that Mr Burdeau, the Innovation VP, will talk about in a moment, but the new technologies, technologies we have introduced since 2011, are representing more than three-quarters of our order book. In this pie chart here, you can see the slices with red lines around; that is new technologies that we have introduced since 2011. So our capability to

develop new technologies and to make sure that they are going to meet the market is further confirmed by this percentage.

Sector forecasts

As for our sector forecasts, you have probably read our press release and I said in this press release that these first six months have been contrasted. I think that whenever you want to assess the company, you should have a long-term view, as LNG is for the long-term. You need to make very significant investments for having a liquefaction plant and you can amortise these very large investments only on very long periods, and for that you need long-term purchase contracts.

So the short-term is a bit misleading for assessing the company. Still, we saw many changes, quite a lot of movements in the oil price in the last six months, and for a large part, at least in Asia, the LNG price is derived from oil. So I think that we should spend time on that in order to see what could be the consequences.

Trends in energy consumption

So, first of all, on the upper part, we see the trends in terms of energy consumption, with a decrease in oil and a decrease in coal, which are considered as the two energies which are generating a lot of CO₂ emissions. In addition to that, oil is considered, despite some phenomena, as being supposed to become more and more expensive in the years to come, and so the use of that, according to the International Energy Agency, should reduce. Besides that, we see that gas should increase; gas is representing now about 23% of the primary energy consumption in the world, and should increase to something higher than 25% in the next years.

Inside that, we will see that LNG is representing about 10% of gas, so only something like 2% of the international energy consumption for a very clean energy and an energy which is more affordable than oil. So that is leading us to believe that gas is going to continue to develop, and gas as an energy will take a larger share of the energy consumption in the world.

Gas in the energy mix

On the lower part, you see the gas in the energy mix in different countries. You see that gas should represent a more significant part in most of the countries, except maybe in Japan, and you know that Japan is heavily relying on gas currently due to Fukushima, as all the nuclear power plants are stopped still. We are four years since Fukushima, and we do not see any nuclear power plants restarting. But in all the other energy mix, gas should increase and this is favourable to LNG. In fact, here on this graph provided by Wood Mackenzie, we see that the average growth forecast should be of 6% per year, so a very significant increase, with the bulk of the market in Asia and with a certain increase which should come in the next decade in Europe.

Well, in fact, each year there are new importing countries for LNG. I do not know whether you remarked, but each year we are selling FSRUs. FSRUs are floating terminals for importing LNG. We sold already two this year; we sold three last year. Each year it means that countries are going to receive these FSRUs and are going to be able to receive LNG, so good news for the development of LNG, and of course if countries have these facilities, there will be a need for LNG carriers to deliver LNG to these FSRUs. So this year we are quite glad to welcome three new countries – Egypt, Jordan and Pakistan – who have joined the club of

countries importing LNG. Egypt used to be a country which was exporting LNG, and I could talk about Indonesia, where that is also the case; it was the largest exporter of LNG and which is now importing. There is also the case of Abu Dhabi, which is exporting and importing from other Gulf countries.

Of course, the emission regulations are going to further reinforce the drive towards LNG.

Market dynamics

So, if we look at the dynamics of the market, we see here that there are countries which are providing LNG but fields are getting depleted, so there is a need for additional sources. Well, we feel that in the next years shale gas in the US will provide the bulk of this need, but we know that there are huge reservoirs in East Africa, in Mozambique and Tanzania, which may take a bit more time to be developed but which could be developed in order to address the market.

On this graph, we see that by 2020–2021 we need additional capacity of LNG in order to cope with the demand. Once more, due to the fact that this energy is affordable and clean, we expect that it continues to grow in the current environment.

Upcoming decided projects

Now a look at the projects which have been decided. First of all, in this contrasted first six months of the year, we saw three FIDs, two for Corpus Christi which are greenfield; it means everything has to be built in Corpus Christi in Texas. So there was no receiving terminals, so the tanks have to be built, the piping network has to be built, the ship terminal has to be built. So it is a major investment; it has been decided, representing 9.5 million tonnes to be compared with 250 million tonnes produced last year. In terms of LNG, it is very significant. Freeport in the US have also decided a third train – it is a brownfield – and Sabine Pass has decided train number five. It is also a brownfield.

So we saw in the first six months of this year close to 19 million tonnes decided; it is about 8% of the current LNG production. I think it is a major signal of confidence in the development of LNG. It means that there are buyers in order to be able to take these decisions, and for us it is very well-located because the US, as you know, is very far away from countries which are needing LNG, so if they are very far away, you need a lot of ships.

Pricing environment

On the pricing environment, you know that, at least in Asia, the decrease in the oil price entails a decrease in LNG price, so when the oil price is low, LNG price is low. In the US, it is depending on the demand and supply mechanism. We see currently the LNG price in Asia at a fairly low level, which is probably making decisions for major projects, for example in East Africa, a bit difficult to decide, as major investments are difficult to amortise with the current price level, and in addition to that with the current CAPEX discipline of the majors.

Well, what does that mean for the American exports, relying on Henry Hub? You can see very well what it means on this graph, and we try to see the equivalent between Henry Hub and the Asian prices. So, at \$14.00, we arrived to a Henry Hub of \$6/MBtu, while for the time being we are at \$3/MBtu. It means that Henry Hub is still very competitive compared to the Asian price. To the Henry Hub you have to add the cost of liquefying gas and the cost of

transporting gas to Asia. So it is why we think that there is a very strong driver for liquefying and exporting the American gas to other countries and mainly to Asia.

I am regularly visiting Asia and mainly Japan, and 37% of the LNG is exported to Japan. For the utilities there is also a unique opportunity for diversifying their portfolio of procurement contracts, thanks to the export of American LNG. So we think that the phenomenon that we saw will continue, and maybe it will take a bit of time. We saw a very strong flow of new projects in the first six months, but we think that in the years to come, LNG is for the US.

Business Update

Now, the business update. This is a map of the world; we see on the upper part that, at a certain point of time, Yamal will start export from the North-West of Russia towards the market in Europe and Asia. We also see that at a certain point of time there could be a trade between Mozambique and Asia, but the main driver is export from the US – Gulf of Mexico, and also probably, at a certain point of time, the West Coast – to Asia.

LNG carriers

Well, I guess you are quite familiar with this graph, and in particular the grey ovals, where we indicate what is the shipping intensity. It is a shipping intensity based on 160,000m³ LNG carriers, while the LNG carriers are now fairly standardised around 175,000m³. That does not also take into account the hedging possibility, whether you swap a cargo for Japan against a cargo for Europe, which may have an impact on the shipping intensity. But still, at the end of the day, the US are far away from the main areas of consumption of LNG, so if they are far away, you need a lot of ships for transporting the American LNG to the markets, and once more, that is what is currently supporting the demand for LNG carriers. Having in mind the competitiveness of the American LNG, I have the feeling that it is going to continue over the years to come.

Offshore market FSRUs

On offshore markets, I was telling you that each year there are new countries buying or having FSRUs and importing LNG through FSRUs. We see that in many different areas: in South-East Asia; we see that in South America; we see that in Northern Europe, where we obtained an FSRU for Kaliningrad. You know that Kaliningrad is more or less in Europe, but it is a Russian territory, and in order to have access to energy in an independent manner they ordered an FSRU this year, but also Poland, also Lithuania ordered FSRU. So we see that in Europe, where Italy also has an FSRU. So we think that is going to continue, and it is supporting our forecast of three FSRUs per year on average over the next decade, which means a lot of new re-gasification capacity, new re-gasification capacity, every year.

Offshore market: FNLG

We obtained three big FNLGs with, to name the first one, Prelude. They are going to be delivered in the next years; we can see them, actually, in the Korean shipyards. I would say that we are working on different new projects, but of course I do not know when they are going to be decided. As there are different opportunities for new-field developments, it will be American liquefaction projects and the different projects in Asia, but it is still a very active segment.

Onshore market

Onshore tanks is an area of growth. We could show you pictures of our two tanks currently built in the Philippines and in Indonesia, because the walls are quite built and we are already preparing the containment systems inside, so that could be a good illustration. Still, the fact that we are heavily relying on existing facilities is for the time being limiting the demand; I guess it is not going to last like that forever.

First order for an LNG bunker barge

Well, something quite dramatic in the change of this industry: we sold during this first six months a barge of 2,200m³ in the US, with the Conrad shipyard. It is a shipyard which is based in Louisiana and Texas, and you know that there is a regulation in the US where such kinds of floating structures have to be built in the US. We could not rely on our usual industrial partners, so we found one in the US. It is a small one; it is for delivering LNG to ocean-going vessels, relying on LNG, so it is the beginning. We were talking to you about LNG as a fuel for a while, and some of you were asking, 'When are you going to get orders?' We got one. We are working actively with them, we are working actively with different American entities, the coast guards, different people on the East Coast, West Coast and the Mississippi River, as this structure could apply very well to different applications in the US.

So we are very bullish about that. We entirely designed the barge. It means we arrived with a complete design, and on top of the containment system or the cargo-handling system, we did not ask the shipyard to work on the novel architecture side of the barge; we did it.

On another specific topic of this barge: we designed the transfer arm that you can see here, which is transferring LNG from the barge to the ocean-going vessel. It is a cryogenic arm, and it is the first time such a structure is existing for such a small barge. We expect that it is going to be a selling point for the structure in the years to come.

So it is an entire design that we have provided, and we are quite pleased. We worked with the ship owners, Wespac and Clean Marine Energy, and this barge has been classified by the American classification society, ABS.

Services

So, as far as services are concerned, basically we have three families of services. In assistance and intervention, we do not have anything new; however, I would say that we have our hotline HEARS where we are getting more and more customers. We have our intervention on-site, where we are dispatching our specialists. We have this arm that we call TIBIA, provided as a service in order to inspect mainly tanks in FLNGs. We have inspection and monitoring with MOON – it is a balloon moving all around the tank in order to detect possible defects in the tank – and SloShield, a software monitoring the liquid motion inside the tanks. We have installed our first systems in this first part of the year. TAMI, this thermal camera inspection test, which is quite well-demanded and performing quite well through the Cryovision subsidiary.

We are putting a lot of emphasis on performance and optimisation services with the training subsidiary that we launched last year. This is allowing us to develop new training tools and to enter more and more in the modelling aspect of the LNG carriers, and also in the pre-project aspects, where we are working a lot on vessel modifications and feasibility studies, and you will see that this aspect of the front-end engineering has significantly increased over the past

months. That is telling a lot, because finally, it is a market that we could have tapped in that manner a long time before. We did it in a very significant manner in this first six months because the answers, the deliverables, we are providing to the industry are considered as very useful, very credible, and so we are more and more asked to work in these pre-project studies. We have other services in mind, but of that I will tell you more next time.

H1 2015 Financials

Cécile Arson

CFO, GTT

Overview of financial performance

Good morning. Let me present you the summary of the financials at the end of June this year. So, first of all, we have an amount of revenues of about €105 million, as against about €115 million at the end of June last year; we have a drop of 8.7% on the period. As you know, revenues are mainly derived from royalties; they represent about 92% of the total revenues, and the decrease in revenues from royalties amounts to 12.5% at the end of June.

This is explained by two elements. First of all, a high comparison base – I remind you that last year, for the first half year, we announced an increase of 20% in revenues – and second point: because of the current rate of shipbuilding, because of our revenue recognition is directly linked to the milestones of shipbuilding, and because on the first half of this year we observed some time-lag in the shipbuilding milestones. But you also have to keep in mind that our revenues are not linear in a year.

Revenues

Moreover, on revenues, we can notice that revenues from services have grown by 78.4%, regarding June last year, at a level of €8.5 million, and this is mainly due, as Philippe Berterottiere has said, to several pre-project studies but also to services to ship owners and to suppliers' approvals.

Income margins and costs

Regarding income margins and costs, we observe a slight decrease in EBITDA, operating income and net income versus June last year. The drop represented between 8–9.5%, on average, so net income fell from €58.9 million in the first half 2014 to €54.2 million in the first half 2015.

Margins remained at a high level: 62.9% for EBITDA margin; 61.5% for EBIT margin; and the net margin rose slightly from 51.2% to 51.7%.

Regarding the cost base, there was a drop in net operating costs excluding depreciation and amortisation. This is due to a decrease in staff expenses and this, in spite of an increase in subcontracted tests and studies. So the drop in staff expenses is linked to non-recurrent costs last year because of the IPO. There were bonuses from the share management plans last year that impacted the P&L, and moreover, on staff expenses, we have now stabilised the number of employees, so there is no change between last year and this year regarding the number of employees.

The second main item on costs is studies and subcontracted tests. The increase was mainly generated by outsourced studies carried out as part of our development work, R&D studies especially and industrialisation studies. We still benefit from a low tax rate of 15% and limited amortisation and depreciation charges.

Balance sheet

Regarding the balance sheet now, we still have a negative working capital and a high cash position of €52 million as cash and cash equivalent and of €24.5 million of financial assets, so that represents a total of €76.5 million of cash at the end of June. I remind you that we have distributed the balance of the 2014 dividend in May this year.

Last point regarding dividend: yesterday, the Board of Directors decided the distribution of an interim dividend of €1.30 per share, which represents a pay-out of 86% of the June net distributable income.

The order book

So, here you have the order book at the end of December, 114 units. You see that there is a growth in our order book, 12% growth; we have now 128 units at the end of June. Based on this order book, the order book in value grew by 35%; it means that it represents about €800 million until 2020. So we have now a revenue visibility until 2020, so this visibility is improving.

Share price evolution

Maybe a word on the evolution of the share price. Recently the share price was about €57, which represents a performance of more than 24% regarding the IPO price, which was €46. But what we wanted to underline today is the improvement in liquidity, because we have now an average daily volume of about 45,000 shares per day, versus about 35,000 shares per day last year. Considering all the criteria of liquidity – bid/ask, volatility and volume – GTT now ranks number 86 in the SBF120, versus 119 at the end of 2014.

Strategic Roadmap

Julien Burdeau

Innovation Vice-President, GTT

Overview of new business areas and applications

Good morning. I will give you some news about our report on R&D and innovation. You know how important these efforts are. We devoted something like 20–25% of our resources to innovation and development of new businesses; it is at the core of our model, really. Basically, there are three main priorities in our innovation efforts. The first one is of course to secure and to support the very strong position we have on the LNG market, and that is what is at the bottom-left part of this slide. That means continuously enhance the performance and the value of the products and the technology that we propose to the LNG chain, to the shipyards and ship owners.

Thanks to these efforts, as Philippe said earlier, we see that something like 75% of our current order book is made of new technology. That means that the products that we

propose meet the expectations of our customers, and in this area during the first half of 2015, we continue to work actively in enhancing our systems. And as we said earlier, we are at the stage of industrialising new technologies like Mark V with the major shipyards, with Samsung and Hyundai in Korea, which means that we come to a stage where soon, in the next month, these new systems will be available for shipyards for them to decide whether they are going to include these new systems in their new buildings.

Market expansion: small scale and barge applications

So they are the first priorities. I will give some illustration about the second priorities: how we can expand our market and the use of our containment systems, so onshore tanks, other cryogenic gases and small-scale LNG carriers. And beyond that, we continue to work on new products, like new services for instance, and completely new businesses, like the development of LNG as a marine fuel, on which I will come back.

Of course we will continue to explore possibilities, thanks to our technological knowledge and technological efforts, beyond the boundaries of these slides, whenever interesting opportunities arise from our innovation efforts. So, the first illustration is small-scale LNG. Why do we believe in the development of small-scale LNG transportation? When we say small-scale, we mean several thousand or several tens of thousands of cubic metres when compared to a regular LNG carrier, which is now 175,000–180,000m³. Why small-scale? It is for the downstream of the supply chain, so for the supply of LNG as a fuel but also the supply of LNG as an energy source for smaller countries and islands, where we see for instance the switch of power plants from coal or diesel to gas. In order to allow this switch, it is necessary, of course, to supply these areas with gas, and the best way to supply the gas is to bring it as LNG, thanks to the adequate supply chain. So with this type of smaller tankers, 5,000, 10,000, 20,000 or 40,000m³.

We have the technologies, our systems are completely adequate for these applications, and more than containment systems we are in a position to propose fully-designed vessels. So the vessel as a whole, the containment system of course, because that is the core of our skills but also the propulsion and all the systems that go around it. That is the type of global proposal that allows us to secure this order in the US for a 2,200m³ barge.

LNG as a fuel

Context

Some words about LNG as a fuel. There are great expectations from that, and I think it is important to give some colours in this area. So, first, what is the context? The context is the introduction of stricter environmental regulations. So, from 2015 onwards, in some selected areas – Northern Europe, or the North American coast – ships have to reduce their sulphur dioxide emissions down to below 0.1%. So this means, basically, that they cannot continue to use the regular heavy fuel oil that they have been using for decades. So, okay, as of today, these areas seem rather limited, in terms of geographical reach. However, we consider that thousands of commercial ships, ocean-going vessels, are concerned, as of today, by these regulations. That is the first point.

The second point is that in the years to come, in the long run, we expect these areas to expand. There are some new emission-controlled areas under consideration, and let us say on a more local standpoint, we see that some ports introduced strict regulations. For

instance, I think it is from June onwards this year the port of Hong Kong introduced stricter regulations regarding the emissions of pollutants in this area.

So that is the context. In front of that context, the ship owners need to make a choice, they need to take a decision, and they can either change to cleaner fuels, so change the fuel they use, or they can clean the emissions of their engines thanks to the installation of scrubbers.

Strategy

So, there our strategy is twofold. First, we need to convince the industry, the ship owners, that the right decision is to go for LNG; that, in the alternatives that they have, LNG is the best one from a technical, economic and industrial standpoint. So, technically speaking, there are a number of solutions available; economically speaking, the key point for the ship owner is to see whether the spread between the price of low-sulphur marine gas oil and the price of LNG is sufficient to justify the investment in a new system, in particular in a containment system of LNG.

In the current context of low oil price, clearly the spread between low-sulphur marine gas oil and LNG is relatively small, and we see quite some reluctance from the ship owners to really decide, as of today, in the current context, to switch to LNG; there is not a lot of activity in this area. However, this question must be considered in the longer-term, and the question when deciding to use LNG is: what will be the price context in the coming years?

So, that is why we try to present here how the question has to be considered by ship owners when they have to decide whether they go for cleaner fuel, scrubbers, LNG, etc. And we say, in a mid-to-long-term price context of \$75–80 per barrel for the oil price, we have an estimate of what will be the price of the low-sulphur marine gas oil and what could be the price of LNG for the ship owner, and there we feel there is a spread which provides a very good profitability to the conversion of LNG. That is typically the type of analysis we are making, together with ship owners, in order to really help them to understand what are the key economics on the one hand, the technicalities on the other hand ; the economic aspects, and technical aspects of the decision that they see.

Advantages of GTT technologies for LNG containment

Anyhow, they have to make a choice, and we try to help them and to give them the right elements to make this choice. The first element of this strategy is to convince them that LNG is the right decision; the second element is to make sure that, when it comes to LNG, the best solution lies with the systems that we have developed. There we have some convincing, compelling arguments, regarding especially the integration of our system in the vessels. Clearly when you go from oil to LNG you lose energy density; you need more space to store the same quantity of energy. So, for ocean-going merchant vessels, there is a commercial aspect into this: as a ship owner I need to minimise the adverse effect of losing cargo space, so there the optimisation of the utilisation of space is key in the decision-making process, and from that perspective, when we compare our membrane systems with cylindrical tanks, type C tanks which are cylindrical, so which are less, let us say, versatile in terms of space utilisation and which are pressured vessels as well. We have very good arguments to make regarding the possibility of space utilisation; just one point. When you have a type C tank, a cylindrical tank, for security reasons you cannot use 100% of the tank; the limit is 90%. So this 10% is lost; that is the first element. The second element: you see that when you have

to fit a cylinder into a rectangle, you lose space. Basically, that is what we provide to ship owners: we allow them to use completely the space that they will lose for transportation.

So, regarding the development of LNG as a fuel, clearly we expect that more favourable economics come in the next months or years. From \$70-75, clearly they have very good profitability – very good – it makes sense from an economic standpoint to go for LNG. Clearly there is no doubt about that, when compared to other solutions, and when it comes to LNG, our membrane systems appear as the most compelling.

That is what I wanted to present this morning.

Concluding Remarks

Philippe Berterottiere

Chairman and CEO, GTT

Just now to conclude this presentation before your questions, I would like to confirm our outlook for 2015, with expected revenues close to €227 million. I am quite sure that some of you will challenge me on that.

Our net margin should be at about 50%, as I said at the beginning of this year, and the dividend pay-out should be of at least 80%.

For the medium-term outlook, as far as the size of the market is concerned, we do not change our forecasts. For 2016 we maintain our guidance of at least €250 million, which should represent an increase by about 10% compared to 2015. Over the next years we saw that we have revenues of about €800 million which are already contracted, and we will maintain our dividend policy of at least 80% of the distributable result.

Questions and possibly answers. Who would like to open?

Q&A

Alain parent (Natixis): I have a question about the backlog and the new FID legislation in the US. These new projects in the US, are they already included in the backlog, or shall we expect some order intake in the second half and maybe early 2016 for GTT?

Philippe Berterottiere: Hard to say, because very bluntly and frankly there is a kind of over-capacity currently in the market. The more I look at it, the more I consider that these ships are not so well-adapted to the trade between the Gulf of Mexico and the market because the ships available are too small. Still, at the end of day, the ships are too small, not efficient enough, a bit old, so they are not so well-adapted. That is why I think that at a certain point of time there will be new orders for modern, state-of-the-art technology, ships, new engines, new containment systems and sizes which are optimising the trade with the new locks of the Panama Canal and the length of the voyage between the Gulf of Mexico and Japan.

Still, I cannot confirm that there will be orders, because with this over-capacity you have people ready to offer very interesting prices. Still, the ships available on the market are not fitting well with the trade.

Guillaume Delaby (Société Générale): Following the last question, I tried to listen carefully to what you said and I got the impression that you seemed to be less optimistic for the short-term future regarding your company. So, besides the current over-capacity, can you elaborate a little bit? And I would say, if I have understood correctly, why are you probably today less optimistic than three or four months ago?

Philippe Berterottiere: Well, I am sorry to have given you this feeling maybe three or six months ago, because I just try not to overpromise and just to give you a very factual feeling. So, seeing the order book growing by 35% over the last six months is not really passing a pessimistic message; having secured 31 orders in the first half of this year is not particularly pessimistic. I am not sure – and you are right there – that we will be able to make it in the second part of this year, but we would end up at 62, which I do not think is realistic.

So we had a very strong beginning of this year, and as you perfectly pointed out yesterday morning in a note, whenever you assess the company and the LNG world you should have a more long-term view than the quarter, or even the six-month landmark. So maybe the second part of this year is not going to be as good still; there are plenty of things we are working on, and we still have the same long-term, bullish approach about LNG because we think that the market will grow, that LNG will grow and LNG will take a larger part of the world energy mix. And if LNG is taking a larger part, there will be a need for ships, and for ships, it will be GTT.

So we are bullish in the long-term. You may have a very good beginning of the year and a second part of the year which is not very good. I should not say this, but as you are very accurately analysing, all of you, the company, even the year in a certain way, is probably too short. Anyway, the year 2015 is going to be very good, but currently we are in a fundamental long-term positive trend of the company. If you feel that I am a little bit less optimistic it is...

Alain Parent: Can you comment on oil price?

Philippe Berterottiere: You know, on the oil price, there are decisions which have been taken for FIDs, for new projects, in these first six months, and these plants are going to be in operation in 2019 or 2020. So I will not comment on oil price, except to say that I do not know. But in 2019–2020, what is going to be the oil price, first? But 2019–2020 and then these plants should be in operation for at least 30 or 40 years, so between 2020 and 2050 or 2060. So, what is going to be the oil price? So that is where, you see, you need to have a very long-term view. And whenever I am discussing with the developers of these projects, that is what they are telling me. The issue for them is not so much the oil price; the issue is are we able to secure a long-term contract with buyers?

Jean de Demandolx (Demandolx Gestion): Your presentation of LNG as a fuel is absolutely fascinating. The question I have is: could you see some technological productivity gain in the future to allow the break-even price to go below the \$70 oil price, the same way shale oil and shale gas managed to do over the years in the US, where a few years ago

people thought that the break-even was maybe \$80, today it is maybe \$65? So, in your area, where could the technology gain come from to allow the LNG and the gas to have a break-even price lower than the \$70 you mentioned earlier?

Julien Burdeau: Clearly when we are working on technological solutions for the LNG as a fuel, we are looking for competitive solutions. So, for instance, to give you an example, we have our regular Mark III and now Mark V containment systems for LNG tankers, and we are adapting it to what we call Mark FIT, a fully-integrated tank, in order to take advantage better of the available spaces. In doing that, we are allowing the ship owner to have a more competitive solution based on LNG, because it will cost less for the same amount.

So typically we are working on that on a continuous basis. Typically, the investment is about \$20 million for a conversion; that is the order of magnitude for big vessels going to LNG. So you see that and there are not so many examples as of today, so I am very confident that, going forward, working with the shipyards, continuously working on our systems, working on the propulsion system as a whole, we will be able to lower progressively this level of investment and therefore allow the investment to be profitable with a lower price spread between marine gas oil and LNG.

Alain parent: I have a question on the services: how recurring are they, in terms of revenue? €4 million in Q1, roughly €4 million in Q2; what is the contractual scheme of these things? Are they long-term stuff which gives you some visibility? How should we think about that for the rest of the year and maybe going forward?

Philippe Berterottiere: Okay, to be perfectly candid, they are not that long-term repetitive, and you should see that at spot contracts for particular studies. But also, you should see that the company, as a service provider, is more and more installing itself on the market. So though it is a one-time contract, buyers – energy companies, ship owners – know that, with this company, they can rely on a wide range of services, and you saw all the services we are providing, that we can provide. In particular, on what has particularly progressed in the recent three months' studies, I think that our offering now is more compelling than what it used to be and that is a good point for the recurrence of this offering.

Jessica Alderson (Morgan Stanley): Thank you very much for the presentation. I have three questions this morning. The first one is that I understand that one of your competitors, IHI, who make the SPB systems, received some orders for the first time in a while last year. I was wondering if you know if they have received any more orders so far this year, and do you think it is possible that they gain market share going forwards?

My second question is that you said earlier in the year that you were considering some potential small acquisitions, and I was wondering if you have managed to find any targets that you would consider acquiring in the first half of the year.

My last question is I was wondering if you could give us a little bit of colour about how you think of the interim versus final dividends, please.

Thank you.

Philippe Berterottiere: About SPB, we saw these orders last year for Tokyo Gas and we did not see any since. Still, at the end of the day, we are back to the issue of technology, which is intrinsically costing more than the efficiencies, let us say, as good as us, even though I am

not sure that they have the same return of experience as us, as this technology has been developed more than 25 years ago but only on two ships. So they have decades of experience on two ships, while we have decades of experience on hundreds of ships.

So the return of experience is not the same, still; it is okay, but the cost is intrinsically more expensive, as you need to have a double-hull ship, and in addition to that you need to have a dedicated tank in thick aluminium plates. So the cost of materials is more. You have complicated weldings for welding this tank, so that is costing more and that is a point. So we are in a Japanese technology sold in Japan to Tokyo Gas, while in the current strong demand for LNG in Japan there is another attempt to relaunch an indigenous technology. Of course we are looking at that, but we are not particularly concerned. We saw a lot of attempts on the FLNG to promote this particular technology, and at the end of the day, this is ours which have been retained.

On the acquisition side, we said that we are looking at potential opportunities. We did not find any, otherwise we would have told you. Still, I think that it is making sense in the developments we are thinking. Probably you saw on Julien Burdeau's presentation on our strategic roadmap, the fourth dimension, which is the "Growth, Technology and Transformation" dimension, but we could say the GTT dimension. And that is where we are looking at things which are making sense with all what we are working on currently in this fourth dimension. So, let us see next time whether we will have something to tell you.

On your third question, about the interim dividend, what we would like to achieve is a more balanced dividend between the interim dividend and the final payment we are making in May of the following year of our exercise. So if we are able to achieve what we guide, which is turnover close to 227 million, a net margin of close to 50%, you can probably run the maths up then to what could be the dividend for next year.

Did I answer all your questions?

Jessica Alderson: Yes, you did, very carefully. Thank you very much.

Philippe Berterottiere: Thank you, Jessica.

Sebastian Yoshida (Deutsche Bank): I have a couple of questions, and then one for Cécile on the financials. First of all, it is kind of striking: I calculate over 80% of your order intake has gone to one shipyard this year, to Daewoo, or DSME. Can you just give us a bit of colour as to kind of what is going on there? Are they offering kind of unrealistically low prices, and are you feeling any kind of associated pricing pressure from them? Given that they are now such a large part of your backlog, are you comfortable with your exposure to that one shipyard?

Philippe Berterottiere: On this point, Sebastian, I would say that we did not hide at the beginning of the year that DSME was very successful on the market, so it is a fact. I do not know their pricing, so I cannot comment on that, but I have to remark that they have taken a very significant part of the market.

I do not know whether you are following DSME, but I saw a change of their CEO and I think they have announced a couple of weeks ago some write-offs. I do not know whether it is linked to the LNG carrier side – I do not think so, because I have the feeling that Korean

shipyards are still making quite a lot of money on the LNG carrier side – but that is the situation.

With regards to their solidity, I would like to remind that in the middle of the Asian crisis at the end of the 1990s the Daewoo Group had some difficulties, and since they are in the vicinity of the Korean development bank, which is the Korean state, so I think that they have a very strong shoulder behind them.

As far as pricing and negotiation power they have, the Samsung Group is one-quarter of the Korean market, and the Hyundai Group is about the same. So whether it is DSME, Samsung or Hyundai, and whether they have a lot of orders or not that many orders, they are weighing quite a lot on providers and GTT, in order to obtain good conditions.

So I would say that, over the past years and decades, we developed certain knowledge on our arguments and also a certain relationship, where these people know what we are providing, they appreciate what we are providing. I mean, if DSME has been able to secure so many orders, it [inaudible] to that. But on top of that also, what is important is that you see our technologies are constantly improving, but our ways of working with them are constantly improving and thanks to that they are also capable of achieving economies, which is very important for them.

So it is a complex relationship, you can see that, and we have always tried to put that under a win-win relationship. Is it clear, Sebastian?

Sebastian Yoshida: Yeah, that is clear; thank you very much. I guess one thing I was also interested in is if you could elaborate on your comment that you felt some of the ships available in the market for US projects are too small? I guess the current dynamic seems to be a lot of over-capacity in the shipping market, but can you just give us a bit more colour as to why it is you are confident that additional FID, or projects that have yet to secure shipping capacity in the US that are under construction today, will prefer to order a new vessel rather than just take the capacity that is uncontracted in the market today, if that makes any sense?

Philippe Berterottiere: Well, I was looking recently at ships ordered in 2011. Basically, these ships have been delivered in 2014 or early 2015, and none of these ships were of 175,000m³. The largest were of 160,000m³. So it means 10%, or at least 10%, smaller than current ships. So it means that for a ship which has cost maybe a bit less but at least in OPEX about the same, you are ending up with a tool transporting 10% less of LNG. The cost of transportation is increased by a factor of 10%.

So this issue of optimising the size of the ship with the real trade – the size of the tanks in Japan, the locks of the Panama Canal, the delivery capacity of the liquefaction train – this issue is very important for reducing as much as possible the cost of transportation on a very long voyage between Gulf of Mexico and Japan. In the price of the MMBtu delivered in Asia, cost of transportation is going to represent between one-quarter and one-third. So if you are able to reduce it by 10%, you make a very significant saving.

So it is there I say that I am not sure that the available over-capacity is going to be so interesting for the export of American LNG.

Sebastian Yoshida: Okay, thank you very much. And just a couple of quick questions for Cécile on cash flow, if that is okay?

First of all, maybe I missed the comment, but there was kind of a €10 million charge for financial investments in the first half. Can you just be clear: maybe I missed it, but what does that actually relate to?

I guess your guidance is implying kind of a resumption of revenue growth in the second half of the year relative to the first half. We have had two halves now of increasing working capital; are we expecting a reduction in working capital now in the second half of the year? How should we see that profile kind of evolve through the rest of the year? Thanks.

Cécile Arson: Good morning Sebastian. You asked me about financial investments of about €7 million; is that correct?

Sebastian Yoshida: I think it was just over €10 million in the first half, and I do not think I heard exactly what that pertained to.

Cécile Arson: Yes. It is because we have some cash which has been accounted as financial assets, so you see a movement of that kind. It is only the way we invest our cash. Is it okay?

Sebastian Yoshida: Yeah, okay. And just in terms of working capital evolution in the second half of the year, would you expect a reduction in the total level of working capital in H2?

Cécile Arson: No. You know, our working capital is directly linked to the milestones of construction, because we invoice our customers according to the milestones of construction. So, how could I say that? There is no major evolution to await on that side.

If you look at the supplier side, there is no change because suppliers for us, it is external studies and staff. So no, nothing to await on that side either.

Sebastian Yoshida: Okay. And just in terms of modelling, your headcount costs, as you pointed to, were down year on year. When we looked into 2016, the significant revenue growth that you are anticipating, should we still be anticipating those payroll costs to be flat or down relative to where they are now?

Cécile Arson: Well, it is true that the number of employees has not changed until last year, and last year we had the real impact of the IPO effect. So yeah, I think what we observe in the first half is about what we should have until the end of the year.

Sebastian Yoshida: Okay, great. Thanks very much; I will turn it over.

Cécile Arson: You are welcome.

Philippe Berterottiere: There are no questions? Well, thank you very much, everybody. Thank you Jessica, thank you Sebastian, see you next time.

[END OF TRANSCRIPT]