



## **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 share<sup>1</sup>

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

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

<sup>2</sup> EBITDA corresponds to EBIT plus depreciation on fixed assets under IFRS.

<sup>3</sup> 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<br>(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 2017<sup>4</sup>,
- 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 distribution<sup>5</sup>.

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<sup>4</sup> Excluding potential acquisitions effect and at constant scope

<sup>5</sup> 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)

## Contact

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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](http://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,<br>2015 | December 31,<br>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                  |
| <b>Non-current assets</b>     | <b>34,279</b>        | <b>26,863</b>        |
| 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               |
| <b>Current assets</b>         | <b>200,410</b>       | <b>193,911</b>       |
| <b>TOTAL ASSETS</b>           | <b>234,690</b>       | <b>220,774</b>       |

| In thousands of euros                    | December 31,<br>2015 | December 31,<br>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)              |
| <b>Total Equity</b>                      | <b>100,714</b>       | <b>120,204</b>       |
| Non-current provision                    | 3,198                | 4,044                |
| Financial liabilities - non-current part | 1,091                | 626                  |
| Other non-current financial liabilities  | 91                   | 582                  |
| <b>Non-current liabilities</b>           | <b>4,381</b>         | <b>5,252</b>         |
| Current provisions                       | -                    | 1,864                |
| Suppliers                                | 11,187               | 9,320                |
| Current liabilities                      | 561                  | 488                  |
| Other current liabilities                | 117,847              | 83,647               |
| <b>Current liabilities</b>               | <b>129,594</b>       | <b>95,318</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>      | <b>234,690</b>       | <b>220,774</b>       |

## Appendix 2: Income statement

| In thousands of euros                       | December 31, 2015 | December 31, 2016 |
|---|-------------------|-------------------|
| <b>Revenues from operating activities</b>   | <b>226,458</b>    | <b>235,552</b>    |
| 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             |
| <b>Current operating income</b>             | <b>139,275</b>    | <b>140,921</b>    |
| <b>Operating profit</b>                     | <b>139,275</b>    | <b>140,921</b>    |
| Financial income                            | 654               | 2,617             |
| <b>Profit before tax</b>                    | <b>139,929</b>    | <b>143,538</b>    |
| Income tax                                  | (22,672)          | (23,793)          |
| <b>Net income</b>                           | <b>117,257</b>    | <b>119,745</b>    |
| 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 |
|---|-------------------|-------------------|
| <b>Net income</b>   | <b>117,257</b>    | <b>119,745</b>    |
| <b>Items that will not be reclassified to profit or loss:</b>         |                   |                   |
| Actuarial Gains and Losses  |                   |                   |
| Gross amount  | 384               | (271)             |
| Deferred tax  | (58)              | 41                |
| <b>Total amount, net of tax</b>                                       | <b>326</b>        | <b>(230)</b>      |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |                   |                   |
| Fair value changes on equity investments                              |                   |                   |
| Gross amount  | 1,381             | (916)             |
| Deferred tax  | (32)              | 16                |
| <b>Total amount, net of tax</b>                                       | <b>1,349</b>      | <b>(900)</b>      |
| <b>Other comprehensive income for the year, net of tax</b>            | <b>1,675</b>      | <b>(1,130)</b>    |
| <b>Total comprehensive income</b>                                     | <b>118,932</b>    | <b>118,615</b>    |
| 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,<br>2015 | December 31,<br>2016 |
|--|----------------------|----------------------|
| <b>Company profit for the year</b>   | <b>117,257</b>       | <b>119,745</b>       |
| <b>Cancellation of income and expenses with no effect on cash-flow:</b>        |                      |                      |
| 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)                 |
| <b>Cash-flow</b>   | <b>142,004</b>       | <b>150,608</b>       |
| 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)             |
| <b>Net cash-flow generated by the business (Total I)</b>                       | <b>120,516</b>       | <b>92,796</b>        |
| <b>Investment operations</b>   |                      |                      |
| 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)                | -                    |
| <b>Net cash-flow from investment operations (Total II)</b>                     | <b>(19,991)</b>      | <b>8,308</b>         |
| <b>Financing operations</b>  |                      |                      |
| Dividends paid to shareholders   | (91,165)             | (99,654)             |
| Capital increase   | -                    | -                    |
| Change in FSH advances   | (621)                | (539)                |
| Interest paid  | -                    | -                    |
| Change in bank lending   | -                    | -                    |
| <b>Net cash-flow from finance operations (Total III)</b>                       | <b>(91,786)</b>      | <b>(100,193)</b>     |
| <b>Change in cash (I+II+III)</b>   | <b>8,739</b>         | <b>911</b>           |
| Opening cash   | 64,705               | 73,444               |
| Closing cash   | 73,444               | 74,355               |
| Effect of changes in currency prices   | -                    | -                    |
| <b>Cash change</b>   | <b>8,739</b>         | <b>911</b>           |

#### **Appendix 4 : Revenues breakdown**

| In thousands of euros                     | December 31,<br>2015 | December 31,<br>2016 |
|---|----------------------|----------------------|
| <b>Revenues from operating activities</b> | <b>226,458</b>       | <b>235,552</b>       |
| <b>Royalties</b>                          | <b>209,323</b>       | <b>223,865</b>       |
| 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                  |
| <b>Services</b>                           | <b>17,135</b>        | <b>11,686</b>        |

#### **Appendix 5 : 10 year order estimates**

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

<sup>(1)</sup> 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.