Gaztransport et Technigaz – Long

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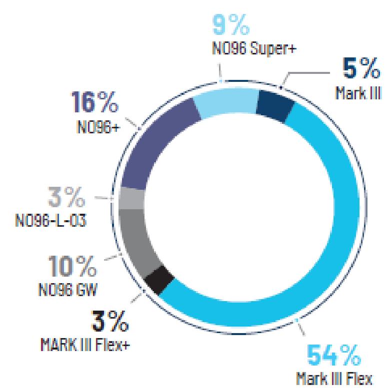
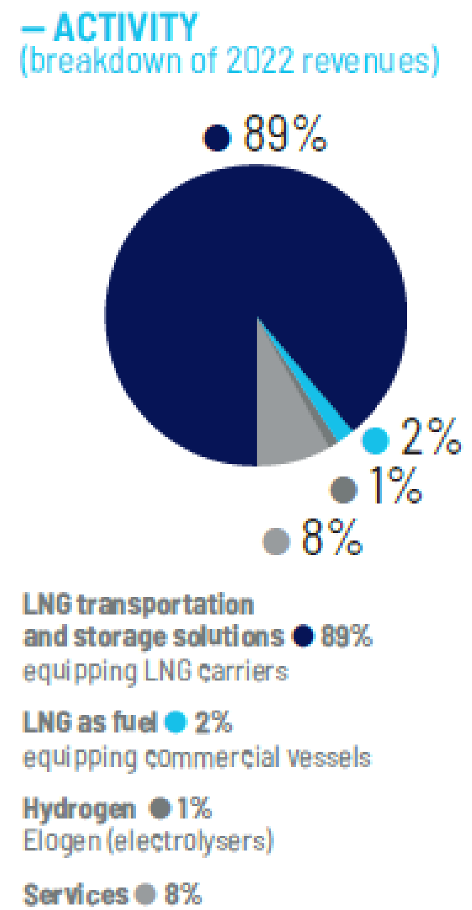
GTT Core Business Overview

- GTT is a French engineering company specialized in containment systems for the transport and storage of LNG
- Twin strategy of royalties and services to clients
- Key proprietary technology w/ 478 patents
- Holds 94% market share of LNG carriers
  - Historical mkt shares 88% over L10Y
  - Critical vessel in the LNG industry accounts
  - LNG carriers account for 89% of revenue

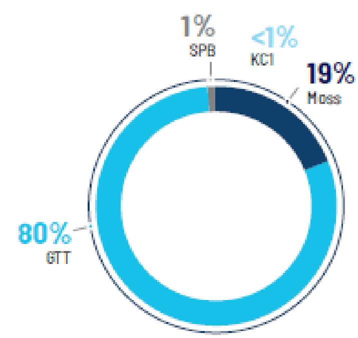
MARKET SHARE





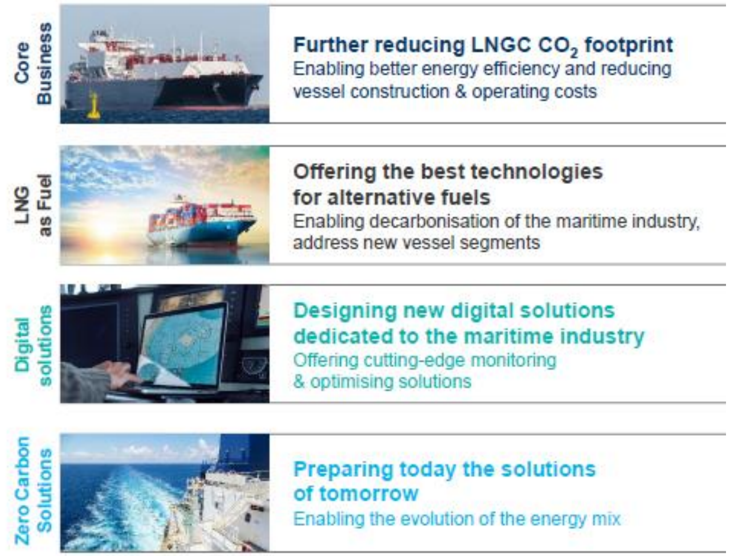
MAINS CUSTOMERS

COMPETITORS



GTT Non-Core Business Overview

- Offers a wide range of services such as consulting, training, LNG operation, digital, maintenance, tests, engineering
- Entered into LNG as fuel market in 2017 – growing market
  - CII regulation (IMO) enforcement in early 2023 will accelerate fleet renewal
- Developed new hydrogen tanker, well-positioned to take advantage of buoyant hydrogen market
  - Elogen is specialized in the construction of electrolysers for green hydrogen production



Source: GTT - Q1 2023

GTT Long Thesis

- **2017-2020 Coal-to-natural gas and pipe-to-LNG switch created an unprecedent performance for GTT**
  - Phenomenal 2017-2020 track record – +18.2% order book increase, 17.7% EBITDA CAGR, +19.2% EPS CAGR punctuated by terrific results
  - In 2019, coal-to-natural gas switch was the largest contributor to consumption w/ 55 bcm of additional demand
  - In 2020, +40% revenue increase driven by newbuilds due to 2018-2019 strong flow orders, ~62% EBITDA margin. Russia's invasion of Ukraine lead to pipe-to-LNG switch, as such European temporarily changed the supply/demand dynamic. Consequently, GTT faced a historical peak of new orders for LNG carriers.
- **2020-2022 historical record order book but fundamental weakness driven by three primary issues:**
  - 1) Slowing in delivery units impacted top line mainly due to yard constraints inability to run at full capacity level with COVID recovery
  - 2) Fundamental shift in EBITDA margin from 61% to 52% following. Acquisition small hydrogen player reduced the capital structure advantage
  - 3) Completed several acquisitions incl. Elogen, followed by disappointing performance - ROIC went down from 52% to 27%
  - Engie divestment stake from ~40% to <10% between 2020 and 2022, which raised a lot of questions among investors
  - KFTC accelerated the investigation and legal action against the company – no financial impact at this stage
- **Business model monopole do not appear to be threaten, is more likely to spread:**
  - **Demand shock:** Following the European sanction against Russia, Europe managed to increase LNG imports +60% 2021, at the expense of Asian slowdown. Current European storage capacity are only filled at 55% vs. 90% threshold imposed by European commission. Back to normal level Asian demand this winter could re-create a combination of demand shocks. Asian LNG price is now at an attractive level boosting LNG imports demand (e.g. Philippines, Vietnam and Bangladesh back into the game).
  - **Core business:** LNG carrier is a niche market (GTT #1 leader w/ 90%+ market share) that has a favorable demand mid- to long-term trends. The shipyard constraints during COVID was an unfavorable environment for GTT to ramp delivery and maintain 60% EBITDA margin. Nevertheless, additional shipyard capacity +45% from China will allow GTT to materialize newbuilds revenue in H2 2023 onwards from record backlog secured between 2021-2022.
  - **Non-core business:** Notably pushed by new regulation, replacement TAM represents around 3,500 vessels over the decade (e.g. ADNOC and L&S). GTT is well-positioned through pricing advantage to capture significant market share, estimated 50+ vessels per year. In the hydrogen market, Elogen has strong potential, recent new orders from oil players account for €15m (e.g. TotalEnergy).
  - With no controlling shareholders, the group's strong medium- and long-term could attract outside interest even if Engie still owns 5% stake
- **Since Q3 2022, GTT is down by 40% primarily due to concerns about legal inquiry and overreaction**
  - In April 2023, the Supreme Court of Korean rejected GTT's appeal the decision of the Soul Hight court filed in December 2022 regarding the separation of technology licence and technical assistance – raising concerns on the long-term competitive advantage
  - From peak level in Q4 2022, natural gas prices futures went down by ~85%, contracting P/E valuation by 41%. Importantly, GTT business model has no direct exposure to oil/gas prices, but it seems that investors misunderstood it.
  - Management conservatism disappointed investors Q4 2022 print by reducing EBITDA 2023 guidance due to 1) Russia exposure (limited in our view), 2) operating leverage, 3) Elogen lack of visibility and capability to reduce loss-making?

GTT Long – Valuation, R/R, Trading Considerations

- **Valuation**
  - Current valuation at mid P/E levels (22.8x NTM P/E) and at average L5Y EV/EBITDA levels (15.3x EV/EBITDA)
  - P/E was 38.0x in Q3 2022, before TTF price decreased by 92% back to normal conditions. Also, P/E is strongly correlated to new orders (83% correlation)
  - Following Paris roadshow, investors disappointment lead shares down 6%
  - Strong valuation metrics stretched – 3.3% dividend yield (95% payout), 3.4% FCF yield
- **Expectations**
  - The company has a history of conservative guidance and often reaches or beats EBITDA guidance
  - 2023 EBITDA margin at 52% seems very caution considering LNG carrier newbuilds coming in H2 2023
    - There is some misleading for EBITDA margin, as the street is mis-modeling a lower margin
- **Trading Considerations**
  - ***Entry Point**: Would like to see yard capacity increase and so delivery level upward / New orders from US and Chinese customers to maintain the order book level
  - Asian LNG demand temporary headwind could go back to normal level during the winter season around Q3 2022
  - More visibility on Elogen performance and capability to become profitable and evaporate temporary heddwind
  - **Key trading risks:** LNG price, delay/cancellation project and FID approval on new/existing project, shipyards capacity expansion dynamics, KFTC inquiry in South Korea
  - *****Size up into Q3/Q4 prints, as fundamentals are likely to be solid**
  - ******Biggest payday likely to be Q3/Q4 prints (delivery up), or new order flow on winter due to supply/demand concerns**
- **Reward/Risk**
  - Attractive 5.6x R/R ratio
  - Risk case contemplates close to trough valuation on trough fundamentals

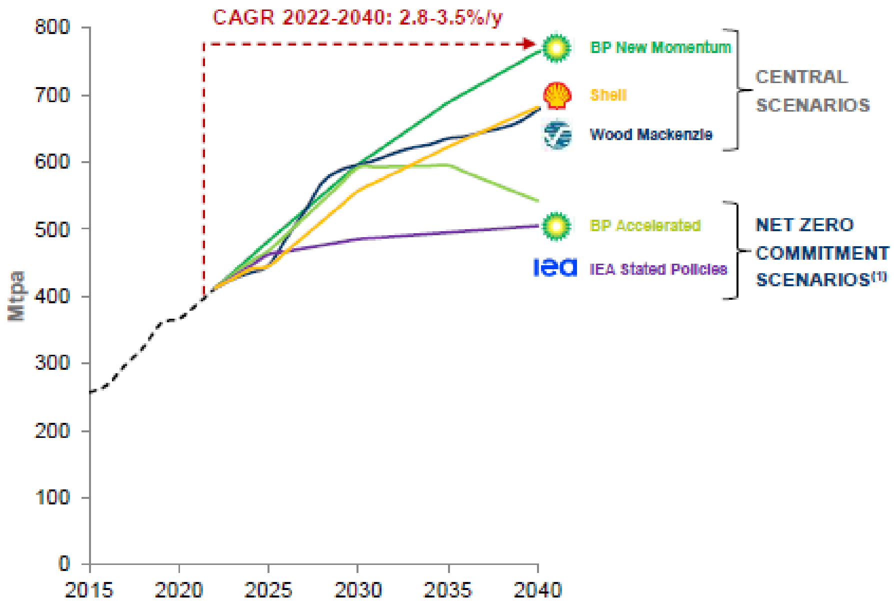
	Bear	Base	Bull
FY 26 Earnings Power	€5.17	€7.23	€9.16
Target P/E	16.0x	20.0x	22.0x
Target Price	**€83**	**€145**	**€202**
% return	(12.2%)	53%	114%
% IRR	**(4.3%)**	**15.3%**	**28.8%**

		Proba
Bull	€202	30%
Base	€145	50%
Bear	€83	20%
Probability Adjusted	**€149**	

GTT Demand Drivers: LNG Supply / Demand Imbalance

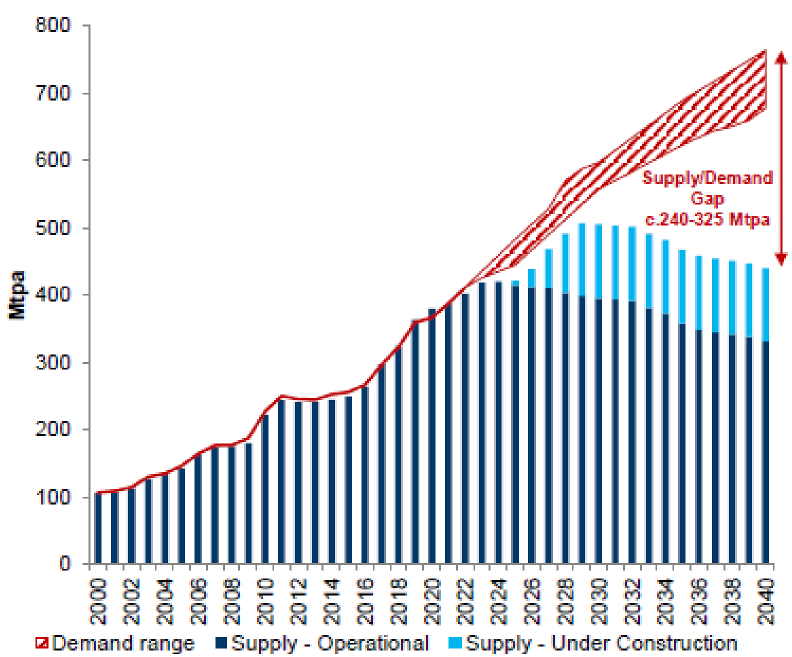
- Total global trade reached 397mt in 2022, industry experts forecast 650-700mt by 2040, leading to c.240-325 Mtpa gap
  - Gas import demand growth by 115mt in 2022 vs. 67mt in 2021 mainly due to European imports
  - Supply under construction will drive LNG carrier demand over the N10Y

LNG DEMAND OUTLOOK



BP Q1 23, Shell Q1 22, Wood Mackenzie Q4 22, IEA Q4 22
(1) taking into account full commitment from EU, Japan, Korea by 2050 and China by 2060

LNG SUPPLY/DEMAND BALANCE



Source: Wood Mackenzie, Shell, BP, GTT
Demand upper range: BP, lower range: Shell and Wood Mackenzie

GTT Demand Drivers: LNG Projects Worldwide

- According to mgmt. 70 Mtpa to be decided in 2023-2024
  - w/ vessel intensity average 1.3x – additional 91 vessels needed by 2025-5026

	PROJECT	COUNTRY	OPERATOR	VOLUME (Mtpa)	Contracted (SPA)	Comments
FID in 2023	Plaquemines Phase 2	US	Venture Global	7		FID in Q1 23
	Port Arthur	US	Sempra	13		FID in Q1 23
	Gabon FLNG	Gabon	Perenco	0.7		FID in Q1 23
Most likely FIDs in 2023-24	Lake Charles	US	Energy Transfer	16	50%	
	Rio Grande	US	Next Decade	16	65%	
	CP2	US	Venture Global	10	60%	FERC permitting expected by year end
	Mexico Pacific Trains 1&2	Mexico	MPL	9	70%	
	Northfield South expansion	Qatar	QatarEnergies	16		
	Woodfibre	Canada	Pacific O&G	2.1	65%	
	FastLNG	US/Congo/Mauritania	New Fortress	0.5-2.8		Projects of up to 8 converted FLNGs with very quick go to market
Other possible FIDs in coming years	Cameron Phase 2	US	Sempra	7		
	Freeport T4	US	Freeport	5		
	PNG expansion	PNG	Total/Exxon	8		
	Tortue Phase 2	Senegal/Mauritania	BP	2.4		
	Corpus Christi MidscaleTrains 8&9	US	Cheniere	2.8	85%	Permitting expected H2 2024
	Sabine Pass Stage 5	US	Cheniere	20		New project unveiled by Cheniere

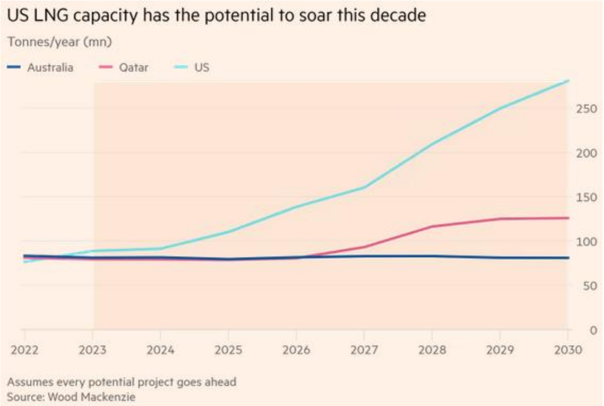
GTT Demand Drivers: US LNG Projects in the Works

- 110 Mtpa to be decided in the US during on the period 2027-2029
  - w/ vessel intensity average 1.3x – additional ~230 vessels needed by 2024-2029

UC = Under Construction

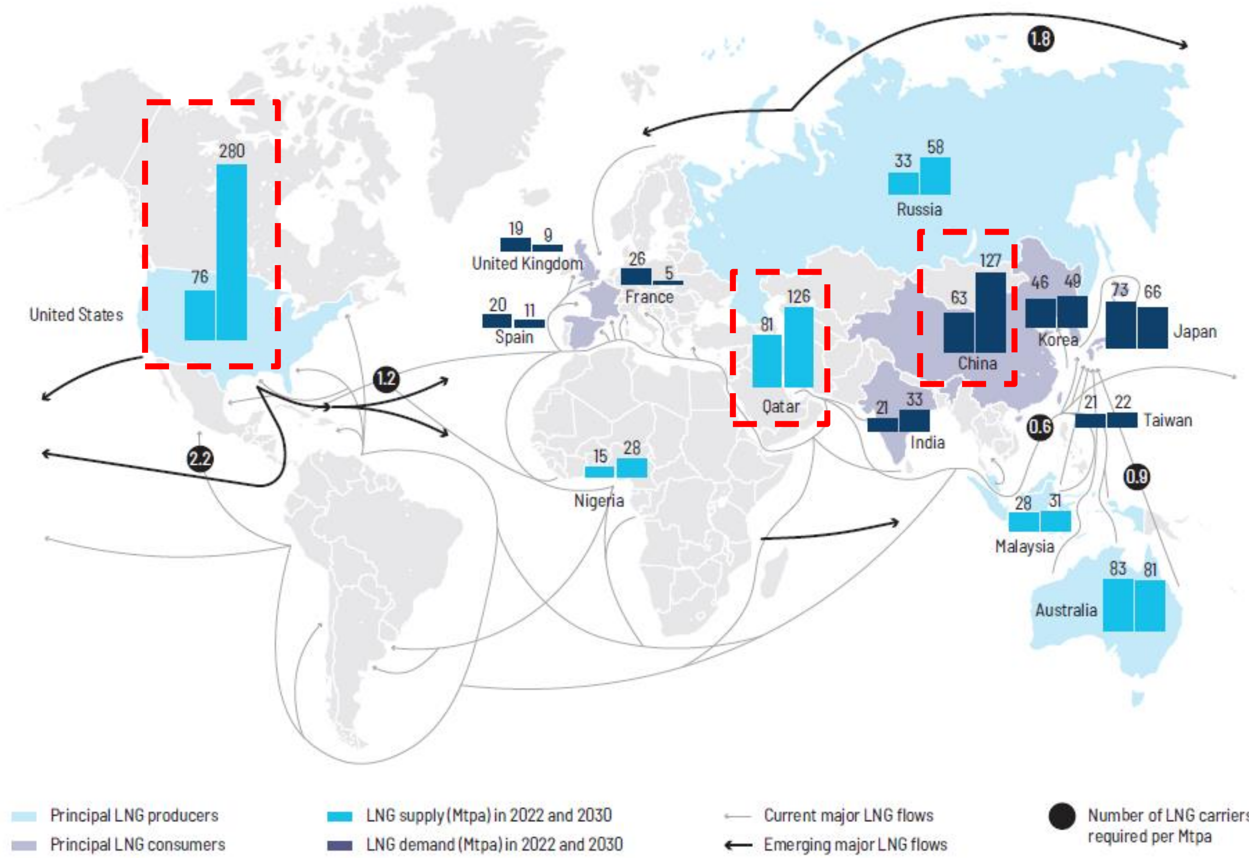
Project	Earliest start-up	Status	Capacity (mt/y)	Vessel intensity	Vessel nedded	Total per year
NFE Louisiana FLNG	2024	UC	3	1.3	4	
Plaquemines LNG Phase 1	2024	UC	13	1.3	17	
Golden Pass LNG	2024	UC	18	1.3	24	44
Corpus Christi Stage 3	2025	UC	10	1.3	14	14
Plaquemines LNG Phase 2	2026	UC	7	1.3	9	9
Port Arthur LNG Phase 1	2027	UC	14	1.3	18	
Rio Grande LNG Phase 1	2027	Possible	16	1.3	21	
CP2 LNG Phase 1	2027	Possible	10	1.3	13	52
Cameron LNG Phase 2	2028	Possible	7	1.3	9	
Corpus Christi Midscale T8&9	2028	Possible	3	1.3	4	
Commonwealth LNG	2028	Possible	8	1.3	11	
CP2 LNG Phase 2	2028	Possible	10	1.3	13	
Delfin LNG	2028	Possible	4	1.3	5	
Driftwood LNG	2028	Possible	11	1.3	14	
Freeport Train 4	2028	Possible	5	1.3	7	
Lake Charles LNG	2028	Possible	16	1.3	21	83
Sabine Pass Phase 5	2029	Possible	20	1.3	26	26
Total nulber of vessels						**229**

Source: Wood Mackenzie, FT



GTT Demand Drivers: Vessel Intensity

- US and Qatar will provide the majority of new LNG supply btw 2023-2030e
- Asian demand increases the numbers of long-haul trips. LNG carrier stay longer on the water increasing vessel increasing **vessel intensity**
- Vessels per Mtpa of capacity
  - Qatar to China: ~1.0x
  - US to Europe: 1.3x
  - US to China: 2.2x (+56% vs. Europe)
- Assuming a vessel intensity ratio 1.3x, would needs vessels need additional **maintenance services?**



Source: GTT Annual Report 2022

GTT Supply Drivers: Shipyard Capacity

- China shipbuilder expands their yard to ship U.S LNG production for energy security. China LNG carrier shipbuilding
  - Capacity set to rise to **30 vessels p.a.**
    - **+40-45% shipyard capacity**
  - GTT signed #4 Technical Assistance and Licencing Agreement with Chinese shipyards since end 2022
    - #14 new orders in Q1 2023

- Top 4 Korean players ~**79 shipyards capacity**. Historically, GTT collaborated mainly with DSME, Samsung Heavy Industries and Hyundai Heavy Industries (~52 vessels p.a.)
  - Samsung Heavy Industries forecasts 35 LNG new orders p.a. by 2030

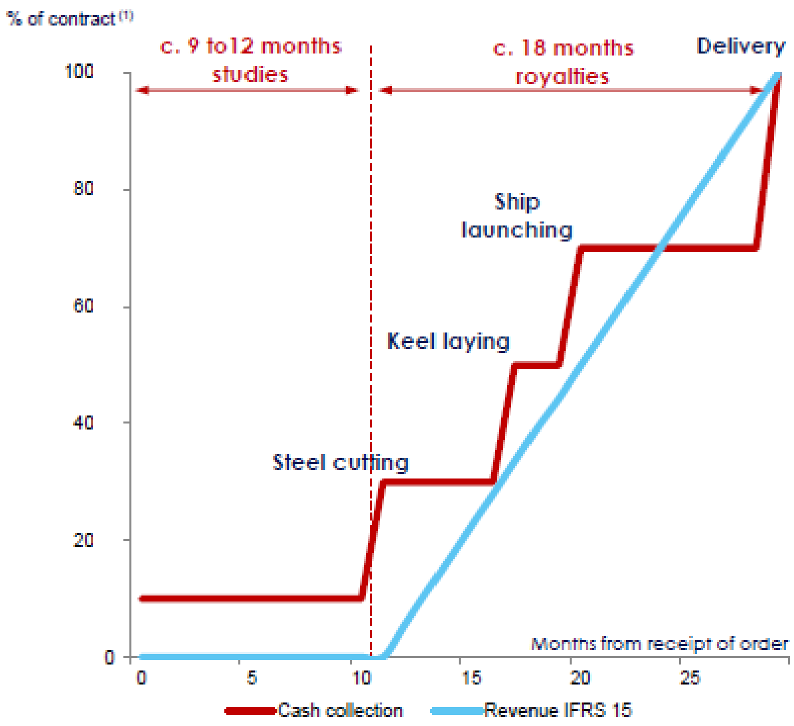
- Japanese built around 18% of existing LNG carriers. Order declined due to lack of competitiveness – no order since 2015
  - Recent government support to ease the labor shortage
  - Japan Maritime, 2nd largest shipbuilder, announced starting building LNG vessels
  - Additional capacity to come in 2023/24?

Shipyard Capacity	Est.	
KSO	24	
DSME	20	*72% vessel built*
Samsung Heavy Industries	20	
Hyundai Heavy Industry	15	
Korean Capacity p.a.	**79**	
Hudong-Zhonghua Shipbuilding	12	
Yangzijang	n.a.	
CMHI	n.a.	
Dalian	n.a.	
Jiangnan	n.a.	
China Merchants Heavy Industry	n.a.	
Chinese Capacity p.a	**30**	
New capacity	38%	
GTT mgmt	45%	
Total Capacity (Excl Japan)	**109**	

GTT - Scenario	Est.	Est.
Delivery avg. L2Y	48	48
Shipyard new capacity	38%	45%
Est. shipyard capacity - Low scenario	**66**	**70**
Delivery @peak 2021	61	61
Shipyard new capacity	38%	45%
Est. shipyard capacity - High scenario	**84**	**88**

How GTT Makes Money

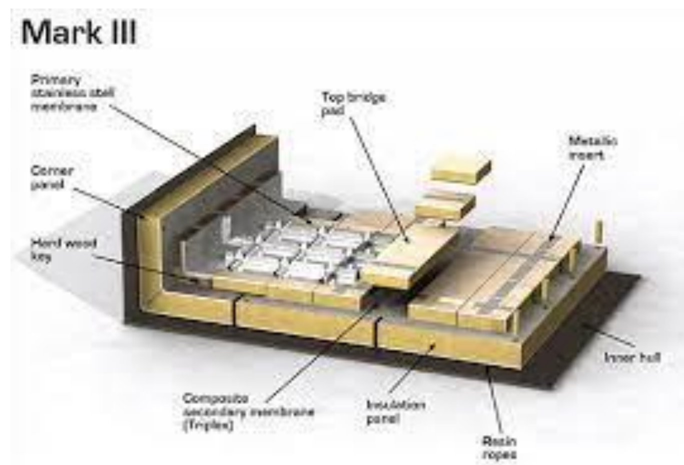
- **<u>Straight forward revenue model</u>:**
  - Contracts between GTT and shipyards are based on royalties, whereby the shipyards pay royalties foe the use of the group's technology
  - Revenue is recognized pro-rate temporis between construction milestones
  - Initial payment 10% collected from shipyards at the effective date of order
    - Steel cutting 20%
    - Keel laying 20%
    - Ship launching 20%
    - Delivery 30%
  - ***<u>**important, no direct exposure to oil/gas prices**</u>
  - Low working capital fluctuation
- **<u>Delivery</u> :**
  - Delivery take btw 2-2.5 years
  - Milestones constrained by shipyard capacity
  - Historically yard capacity ~60 units p.a.
    - South Korean Shipyards 72%
    - Japanese Shipyards ~18%
- **<u>Customer concentration</u>**
  - Asia 51%
    - w/ Japanese 23%
    - w/ Chinese 15%
    - w/ Korean 14%
  - Greek 15%
  - American 13%



Barriers to Entry

- Advanced technology (Mark + NO) w/ 2,861 patents incl. key proprietary technology w/ 478 patents
- Contract between GTT and shipyards where shipyards pay royalties to use GTT technology
  - Royalties represents 91% of revenue
- Strategic relationship with Asian shipyards (multi-year)
- New technology to transport "hydrogen tanker"

- **<u>***Historically, these barriers to entry were undiscussed until KFTC legal case</u>**
  - Korean Fair-Trade Commission have opened a legal suit in 2020
  - Separation of TALA (Technology License and Technical Assistance)?
  - Due diligence: Discussion with lawyers to assess the occurrence probability



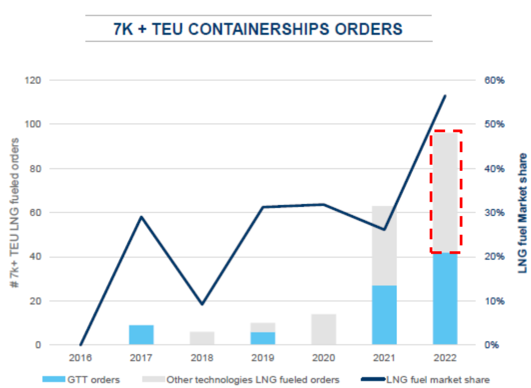
GTT Total Addressable Market

<u>*LNG Carriers</u>**

- LNG supply/demand gap making a large potential market btw 240-340 Mtpa hap by 2040
- GTT is the market leader, with ~90% of the market (average L6Y)
  - Additional LNG carriers led to additional technical services which will boost services revenues?
  - **<u>***Additional data should be considered to assess the LNG carriers TAM</u>**

<u>*LNG as Fuel</u>**

- IMO set ambitious target decarbonization for the shipping industry
  - New regulation limiting emissions, new incentive for LNG
- TAM 3,5000 units over the N10Y - conservative scenario
  - GTT entered market in 2017, expected gain in market share vs. methanol solution



LNG Carrier		
		Mtpa
	High	325
	Low	240
LNG supply/demand gap (Est.)	**Avg.**	**240**
		Total
Vessels need p.a. (Estimated)		**3,168**
Cumulated vessels needed		
GTT Market share	**90%**	
GTT TAM		**2,851**
	L10Y	**N4Y**
GTT order book - Delivery	**525**	**439**

LNG as Fuel		
Order Book - Mgmt Forecast	High	556
	Low	444
Order Book		**500**
Market size		3,500
TAM (#7K + TEU)		30.0%
Mkt share		44.0%
LNG as fuel		**462**

GTT Business Quality

- *****Is GTT a good business?**
  - Key proprietary technology w/ 3.2% of revenue allocated to R&D budget
  - Steadily growing business 3.5% CAGR over L10Y
    - Delivered 525 vessels over L10Y vs. current order book 439 units N4Y (representing 83% of historical level)
  - Development of new technology to penetrate hydrogen market. Elogen is supposed to be fast growing business but still low appetite from buyers vs. market expectation
- **During the 2020-2022 period, GTT faced a temporary headwind**
  - The Russia/Ukraine led to a historical peak in LNG book order despite material costs increase
  - Yard capacity was still suffering from COVID recovery impacting the number of delivery and newbuilt revenue
  - Core business revenue were down for heigh consecutive quarters. On top of that Elogen integration lowered margin leading to a temporary pressure on the margin level (lower margin vs. iconic LNG carrier segment)
    - EBITDA margin contracted from average 65% to 54% - Elogen lower margin vs. iconic LNG carrier segment
    - Cost of sales jumped by 210 bps and operating expenses increases by 28%
  - 2022 ROIC 27%, down from 36% since 2017 – completed 3 acquisition incl. Elogen for €15m in 2020
- **Positive Elements:**
  - Dominant position with high barriers to entry / clear competitive advantage
  - Strong order book visibility post 2025 w/ total value €2.3bn by 2026e
  - Royalties model of recurring revenue
  - Global network effects – long standing shipyard relationships
    - Secured contract with new market players (e.g. China)
  - Generally stable & growing global demand in LNG / new regulation for replacement / buoyant hydrogen market
- **Negative Elements:**
  - Tendency towards Oil & Gas volatility - pressure P/E down (~73% correlation, R-Square 53%)
  - Key drivers exposed to externalities:
    - Shipyard capacity constraints – delay in delivery
    - Legal case with KFTC (Korean Fair Trade Commission)
  - Engie sells of its remaining stake? Short term pressure on the share price

GTT Cost Structure

- GTT is a high-fixed cost business (~70% fixed) mainly from engineer costs
- This generates nice operating leverage in times of demand/rate growth

	2022	Est % Fixed	Est % Variable
Costs of sales	(12,719)	20%	80%
External expenses	(59,675)	50%	50%
Personnel expenses	(66,633)	90%	10%
Tax and duties	(3,889)	0%	100%
Other operating expenses	3,861	80%	20%
Depreciation	(12,177)	100%	0%
TOTAL OPEX	**(151,232)**	**67%**	**33%**

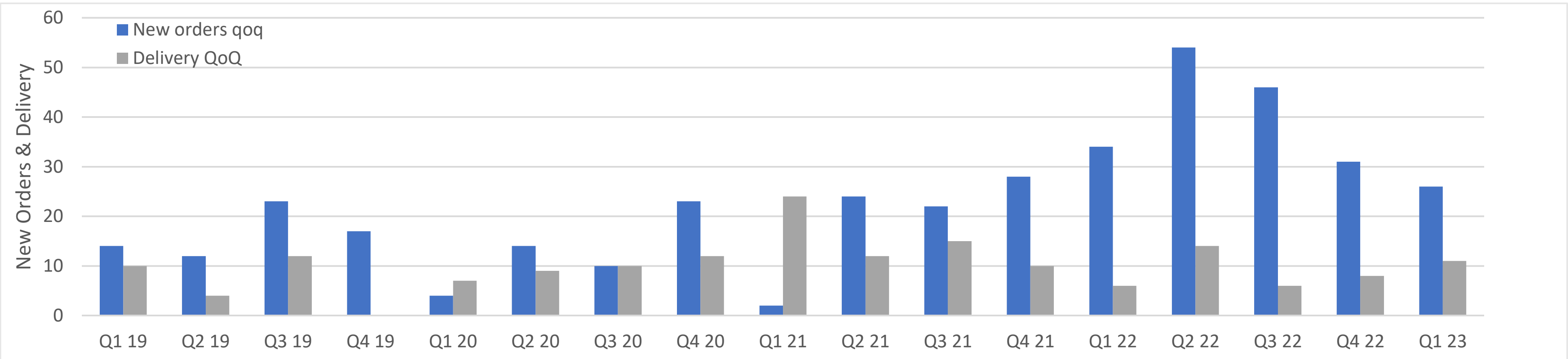
Business Momentum L5Y

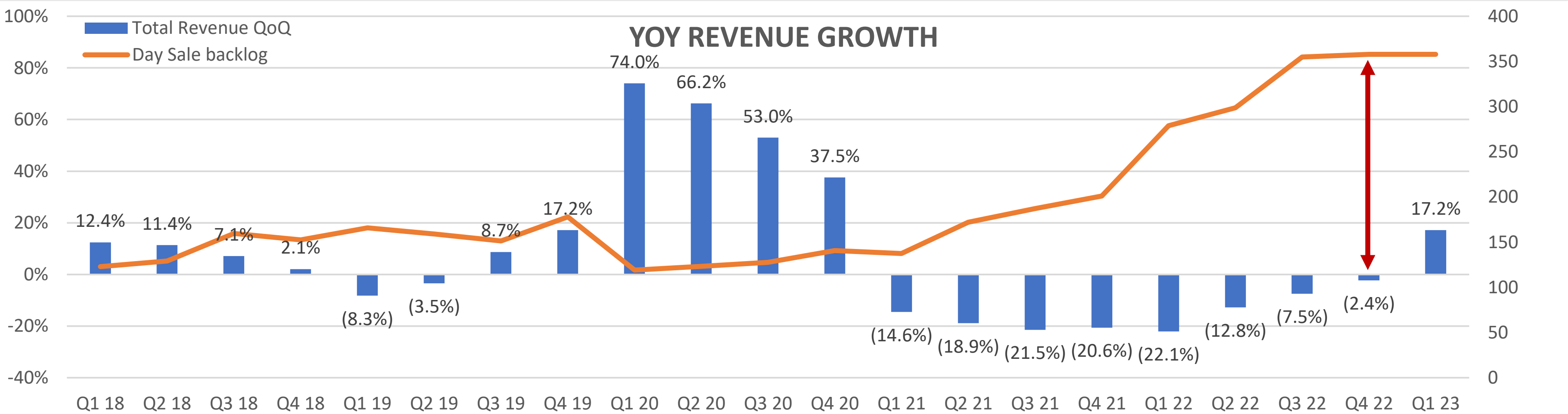
- Day sales backlog peak at historical level since Q4 2021, in a similar fashion to 2019 leading to revenue peak in 2020

	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
New orders	11	20	35	51	14	26	49	66	4	18	28	51	2	26	48	76	34	88	134	165	26
New orders qoq	11	9	15	16	14	12	23	17	4	14	10	23	2	24	22	28	34	54	46	31	26
% yoy		n.a.		142.9%		33.3%		29.4%		16.7%		(22.7%)	(50.0%)	71.4%	120.0%	49.0%		125.0%		117.1%	(51.9%)
Deliveries	-17	-25	-32	-42	-10	-14	-26	-26	-7	-16	-26	-38	-24	-36	-51	-61	-6	-20	-26	-34	-11
Delivery QoQ	17	8	7	10	10	4	12	0	7	9	10	12	24	12	15	10	6	14	6	8	11
% yoy		166.7%		50.0%		(42.9%)		(38.1%)		(25.0%)		46.2%		20.0%		60.5%		(6.7%)		(44.3%)	(21.4%)
Order Book GTT	83	84	92	97	101	107	120	133	130	135	135	147	125	136	143	161	189	229	269	274	289
Order Book +/-	-6	1	8	5	4	6	13	13	-3	5	0	12	-22	11	7	18	28	40	40	5	15
% yoy	**(4.6%)**	**(4.5%)**	**7.0%**	**9.0%**	**21.7%**	**27.4%**	**30.4%**	**37.1%**	**28.7%**	**26.2%**	**12.5%**	**10.5%**	**(3.8%)**	**0.7%**	**5.9%**	**9.5%**	**51.2%**	**68.4%**	**88.1%**	**70.2%**	**52.9%**
% qoq	(6.7%)	1.2%	9.5%	5.4%	4.1%	5.9%	12.1%	10.8%	(2.3%)	3.8%	0.0%	8.9%	(15.0%)	8.8%	5.1%	12.6%	17.4%	21.2%	17.5%	1.9%	5.5%
Day Sale backlog	123	129	160	153	166	159	151	178	119	123	128	141	137	172	187	201	279	299	355	358	358
New orders / Deliveries	0.6x	0.8x	1.1x	1.2x	1.4x	1.9x	1.9x	2.5x	0.6x	1.1x	1.1x	1.3x	0.1x	0.7x	0.9x	1.2x	5.7x	4.4x	5.2x	4.9x	2.4x
ASP - Revenue / Delivery	3.6	4.8	5.4	5.5	5.5	8.3	7.3	10.5	14.2	12.4	11.4	10.0	3.5	4.3	4.4	4.8	10.3	6.5	7.7	8.2	6.7
% qoq	(55.6%)	32.7%	12.6%	2.2%	0.3%	49.6%	(12.3%)	44.5%	35.3%	(12.9%)	(8.2%)	(11.7%)	(65.6%)	23.9%	2.8%	9.0%	114.5%	(36.5%)	17.9%	6.7%	(18.7%)
Newbuilds (Royalties)	61.5	120	173	232	55.4	116.0	188.9	273	99.4	198.0	295.4	381.1	82.8	154.0	224.3	292.4	61.7	130.7	200.4	279.5	73.5
Newbuilds QoQ	61.5	58.5	53.0	59.0	55.4	60.6	72.9	84.1	99.4	98.6	97.4	85.7	82.8	71.2	70.3	68.1	61.7	69.0	69.7	79.1	73.5
% revenue	96%	94%	94%	94%	94%	95%	95%	95%	97%	97%	97%	96%	95%	93%	93%	93%	90%	91%	90%	91%	92%
% yoy	14.7%	11.1%	7.1%	1.8%	(9.9%)	(3.3%)	9.2%	17.7%	79.5%	70.7%	56.4%	39.6%	(16.7%)	(22.2%)	(24.1%)	(23.3%)	(25.5%)	(15.1%)	(10.7%)	(4.4%)	19.1%
% 2y	n.a.	n.a.	n.a.	n.a.	3.4%	11.4%	36.3%	26.5%	61.7%	68.5%	83.8%	45.3%	49.5%	17.4%	(3.6%)	(19.0%)	(37.9%)	(30.0%)	(28.4%)	(7.7%)	(11.3%)
% qoq	(7.5%)	(4.9%)	(9.4%)	11.3%	(6.1%)	9.4%	20.3%	15.4%	18.2%	(0.9%)	(1.2%)	(12.0%)	(3.3%)	(14.1%)	(1.2%)	(3.1%)	(9.4%)	11.8%	1.0%	13.5%	(7.1%)
Services	2.6	7	10.6	14	3.6	7.0	10.8	15	3.0	6.0	10.2	14.8	4.7	9.0	12.4	17.4	5.5	11.8	18.7	23.1	4.9
% revenue	4%	6%	6%	6%	6%	6%	5%	5%	3%	3%	3%	4%	5%	5%	5%	6%	8%	8%	8%	8%	6%
% yoy	(25.7%)	16.7%	6.0%	7.7%	38.5%	0.0%	1.9%	7.1%	(15.3%)	(14.3%)	(5.6%)	(1.2%)	54.6%	89%	21.6%	17.4%	16.7%	31.1%	50.8%	32.8%	(10.9%)
Electrolysers														2.5	3.3	5.0	0.9	1.7	3.0	4.7	1.5
% revenue														2%	1%	2%	1%	1%	1%	2%	2%
% yoy																		(32.0%)	(9.1%)	(6.0%)	66.7%
Total Revenue	64.2	127.0	183.7	246.0	58.9	122.6	199.7	288.2	102.5	203.8	305.6	396.4	87.6	165.3	240.0	314.7	68.2	144.2	222.0	307.3	79.9
Total Revenue QoQ	64.2	62.8	56.7	62.3	58.9	63.7	77.1	88.5	102.5	101.3	101.8	90.8	87.6	77.7	74.7	74.7	68.2	76.0	77.8	85.3	79.9
% yoy	12.4%	11.4%	7.1%	2.1%	(8.3%)	(3.5%)	8.7%	17.2%	74.0%	66.2%	53.0%	37.5%	(14.6%)	(18.9%)	(21.5%)	(20.6%)	(22.1%)	(12.8%)	(7.5%)	(2.4%)	17.2%
% 2y	n.a.	n.a.	n.a.	n.a.	3.2%	7.5%	16.4%	19.6%	59.7%	60.5%	66.4%	61.1%	48.7%	34.8%	20.2%	9.2%	(33.5%)	(29.2%)	(27.4%)	(22.5%)	(8.7%)
% 3y	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	79.5%	78.0%	77.0%	30.6%	36.4%	23.8%	31.7%	19.9%	15.8%	19.3%	0.9%	(3.6%)	(22.0%)
% qoq	(7.6%)	(2.2%)	(9.7%)	9.9%	(5.5%)	8.1%	21.0%	14.8%	15.8%	(1.2%)	0.5%	(10.8%)	(3.6%)	(11.2%)	(3.9%)	0.0%	(8.7%)	11.4%	2.4%	9.6%	(6.3%)
OTHER REVENUE	2.6	7.0	10.6	14.0	3.6	7.0	10.8	15.0	3.0	6.0	10.2	14.8	4.7	11.5	15.7	22.4	6.4	13.5	21.7	27.8	6.4
% revenue	4%	6%	6%	6%	6%	6%	5%	5%	3%	3%	3%	4%	5%	7%	7%	7%	9%	9%	10%	9%	8%
EBITDA		84.2		168.7		70.9		174.3		136.3		242.7		96.5		172.2		79.7		161.1	
% EBITDA margin		66.3%		68.6%		57.8%		60.5%		66.9%		61.2%		58.4%		54.7%		55.3%		52.4%	
bps yoy		86.1		579.7		(846.9)		(809.8)		904.9		74.7		(850.1)		(650.7)		(310.8)		(229.4)	
% yoy		12.9%		11.5%		(15.8%)		3.3%		92.2%		39.2%		(29.2%)		(29.0%)		(17.4%)		(6.4%)	

Revenue

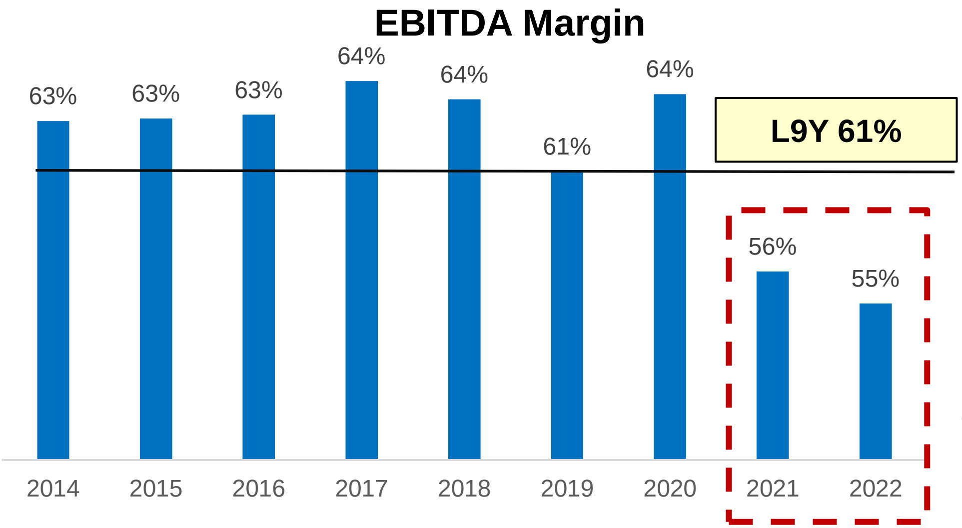
- The company faced temporary headwind during 8 consecutive quarters emptying of the book order
  - Historical peak order in 2018-2019 which led to peak in fundamental in 2020
  - ~2-2.5 years between the order and delivery – depending on the yard capacity

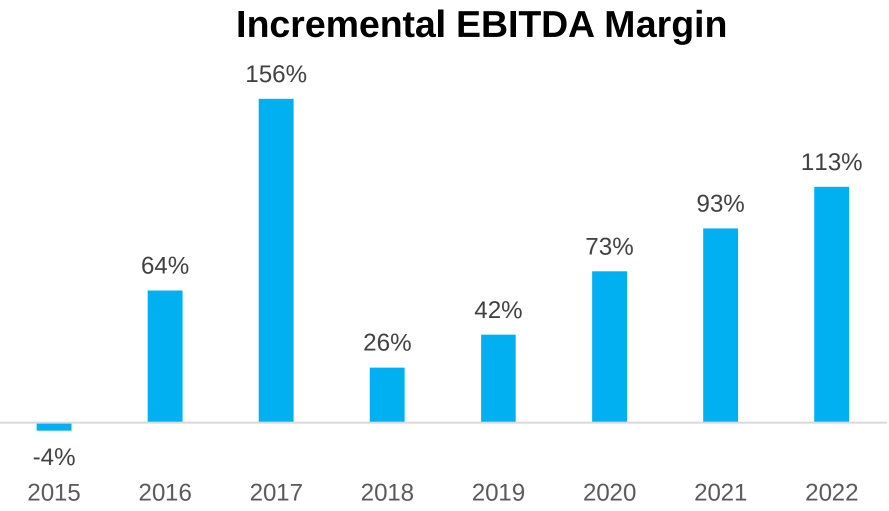




EBITDA Margin

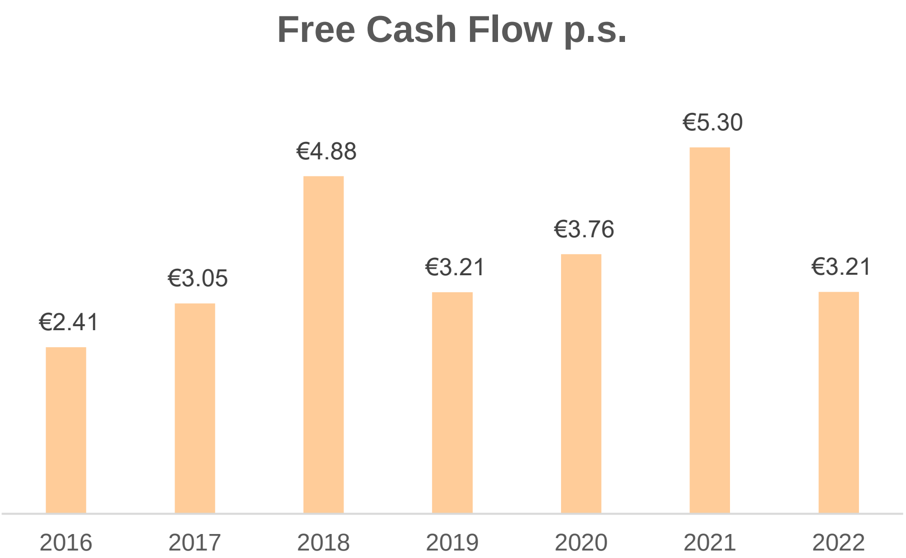
- Increase in services segment and operating leverage drove margins from 64% to 55%
  - 2014-2022 revenue growth: services +10.5% vs. royalties +2.6% (incl. LNG carriers)
  - 2014-2022 incremental margin: average 68%
- Acquired Elogen at the end Q3 2020 – business model impacted 2021-22 margins
  - Elogen is a manufacturer w/ different business model creating dilutive margin to iconic core business margin
  - The subs is still a young thumb making loss as most competitors in the new hydrogen market
    - **<u>**Additional discussion should be conducted w/ mgmt. to get more visibility</u>**

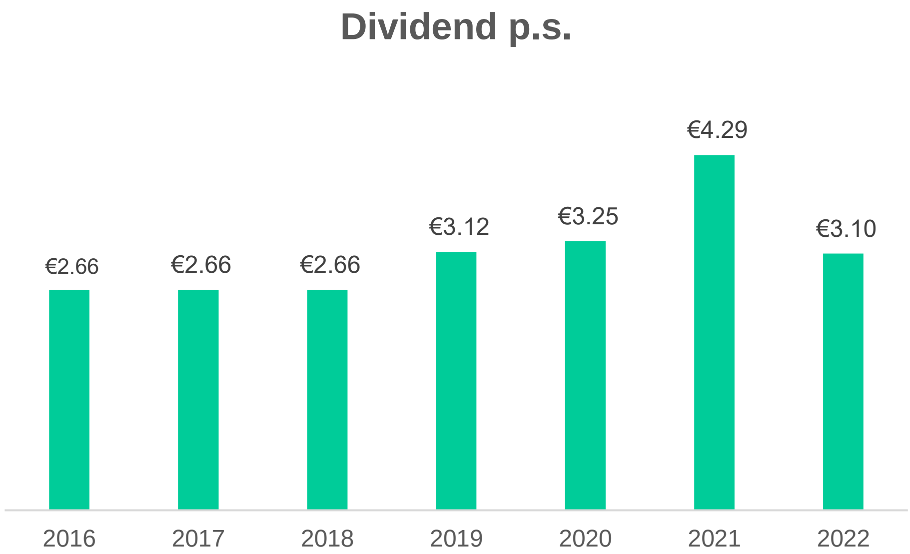




Free Cash Flow & Dividend

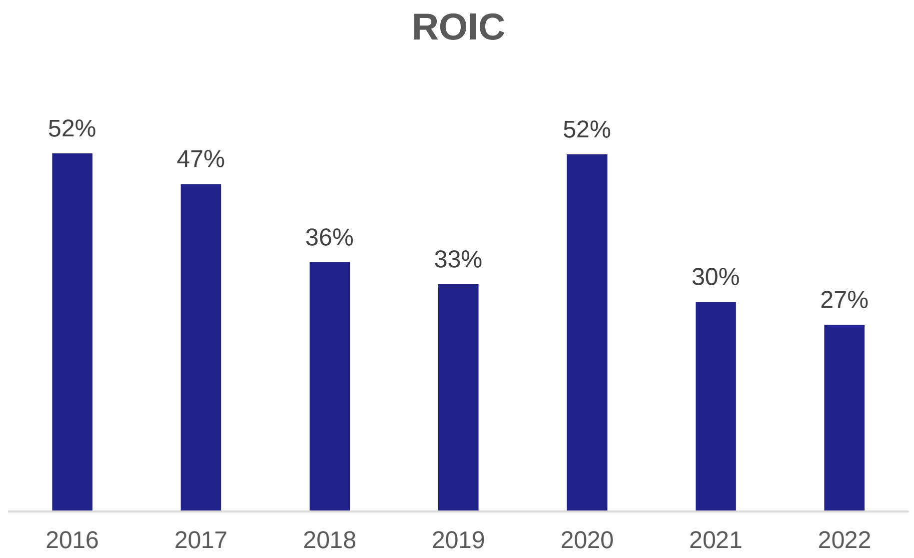
- Even though margin have compressed, FCF per share remains at historical average
- Payout ratio average 83% since 2016 – increase to be expected?





Return on Capital

- Decrease in EBIT and recent acquisition drove ROIC from 52% to 27%
  - Oct-20: Acquisition of Elogen for €15m
  - Jul-20: Acquisition of OSE Engineering to reinforce services
  - Jan-18: Acquisition majority stake of Icelandic company Marorka (100% in Feb-20)



BACKLOG: Current Orders

- Strong track record in LNG carriers w/ 516 cumulated orders
- Current backlog total value €2.3bn by 2026+
- Record delivery unit in 2023-2024e will depend mainly on yard capacity

	Studies	Royalties
	9-12 mths	*18 mths*
Initial payment	10.0%	
Steel cutting		20.0%
Keel laying		20.0%
Ship launching		20.0%
Delivery		30.0%

Source: GTT Q4 2022

Revenue Contribution

N	N+1	N+2	N+3	N+4
–	17%	44%	33%	6%

IMPLIED REVENUE	2019	2020	2021	2022	2023E	2024E	2025E	2026E
2015	–	–	–	–	–	–	–	–
2016	71	13	–	–	–	–	–	–
2017	95	71	13	–	–	–	–	–
2018	67	172	129	23	–	–	–	–
2019	–	88	228	171	31	–	–	–
2020	–	–	61	157	118	21	–	–
2021	–	–	–	122	317	238	43	–
2022	–	–	–	–	229	624	468	85
Total	**233**	**345**	**430**	**473**	**694**	**883**	**511**	**85**

Revenues (EURm)	2023	2024	2025	2026+
2020	108	39	13	–
2021	319	182	31	–
2022	335	504	475	280
Total	**762**	**725**	**519**	**280**

Delivery (units)	2023	2024	2025	2026+
2020	28	12	6	–
2021	45	57	17	–
2022	42	72	84	76
Total	**115**	**141**	**107**	**76**
Avg. price vessel	**6.6**	**5.1**	**4.9**	**3.7**

2023+ Guidance

- Company business orders guidance for LNG over the N10Y

ESTIMATED GTT CUMULATED ORDERS OVER 2023-2032

LNGC	Between 400 & 450 units
VLEC	Between 25 & 40 units
FSRU	Up to 10 units[1]
FLNG	5 units
Onshore & GBS tanks	Between 25 & 30 units

	2018 → 2022	Addressable market	Decarbonisation	Innovations
LNG as Fuel	2 orders → 42 orders	3,500 vessels over a 10-year period	CO_2: -23% vs HFO No SOx - No NOx No particulates Bio-LNG / E-LNG	Recycool™

Source GTT Q4 2022

BACKLOG: Estimated Future Orders

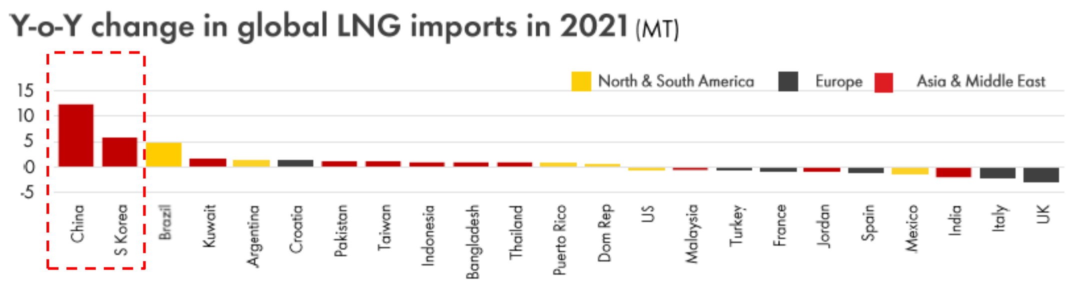
- New orders are based on high range figures from management
    - Additional data should be considered to challenge assumptions
- Base case scenario, assumed an increase yard capacity c. +10 units p.a. – conservative scenario
    - Discussion w/ management and shipyards to confirm delivery ramp up
- Exclude Russia 15 ice-breakings LNG carriers and 3 GBS due to sanction – estimated €18m 2023-2024e

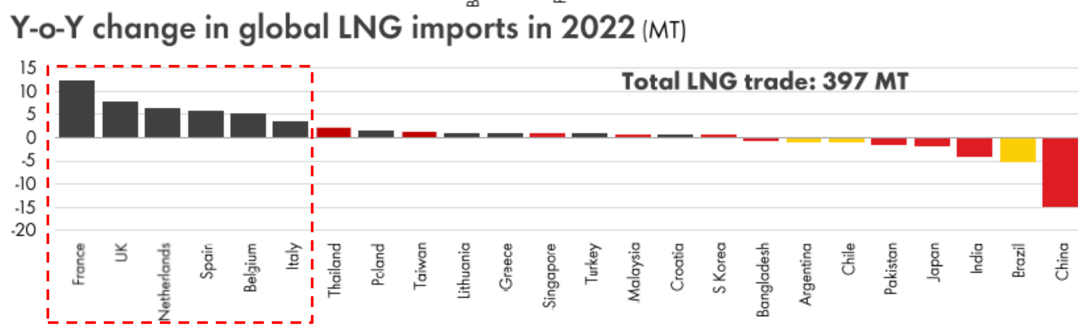
BACKLOG	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E
New Orders									
LNGC - LNG Carriers	51	57	41	68	137	56	56	56	56
VLEC - Ethane Carriers	–	6	4	2	6	4	4	4	4
FSRU	–	–	1	–	–	1	1	1	1
FSU	2	–	2	–	2	–	–	–	–
FLNG	–	–	–	–	1	1	1	1	1
Onshore Tanks	1	–	3	6	12	3	3	3	3
GBS	–	3	–	–	3	–	–	–	–
Barge	–	–	–	–	–	–	–	–	–
Total carriers	**54**	**66**	**51**	**76**	**161**	**65**	**65**	**65**	**65**
LNG as fuel	2	8	–	27	42	47	53	56	58
Equivalent in units	–	1.5	2.0	2.5	4.0				
Total	**56**	**74**	**51**	**103**	**203**	**112**	**118**	**121**	**123**
Total Deliveries	**(42)**	**(30)**	**(37)**	**(61)**	**(34)**	**(55)**	**(82)**	**(85)**	**(95)**
Average price vessel	**5.5**	**9.1**	**10.3**	**4.8**	**8.2**	7.0	7.1	7.2	7.2
avg. L2Y	6.8	7.3	9.7	7.6	6.5				
avg. L3Y	7.0	7.6	8.3	8.1	7.8				
avg. L4Y	n.a.	7.5	8.3	7.4	8.1				
Total Backlog	**94**	**133**	**147**	**161**	**274**	**331**	**367**	**402**	**430**
Russian projects					18				

	Marorka	*COVID-19*	*OSE Eng. Elogen*	*Ukraine*					
(Figures in €m)	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**	**2026E**
Royalties	**232**	**273**	**382**	**292**	**280**	**384**	**584**	**612**	**684**
% yoy	1.7%	18.1%	39.6%	(23.4%)	(4.4%)	37.5%	52.1%	4.7%	11.8%
% revenue	94%	95%	96%	93%	91%	93%	94%	94%	94%
Services	**14**	**15**	**14**	**17**	**23**	25	28	32	36
% yoy	9.6%	2.7%	(3.0%)	20.4%	33.1%	**10.0%**	**11.0%**	**12.0%**	**13.0%**
% revenue	6%	5%	4%	6%	8%	6%	5%	5%	5%
Elogen			**0**	**5**	**5**	6	7	8	10
% yoy			n.a.	n.m	(6.2%)	**20.0%**	**20.0%**	**20.0%**	**20.0%**
% revenue			0%	2%	2%	1%	1%	1%	1%
TOTAL REVENUE	**246**	**288**	**396**	**315**	**307**	**415**	**619**	**652**	**729**
% yoy	2.2%	17.2%	37.5%	(20.6%)	(2.4%)	35.2%	49.1%	5.2%	11.9%
% 2 yoy	3.8%	19.7%	61.1%	9.2%	(22.5%)	32.0%	101.6%	56.9%	17.7%
OPEX	**(75)**	**(99)**	**(129)**	**(116)**	**(111)**	**(167)**	**(262)**	**(264)**	**(280)**
% sales	32.4%	36.2%	33.7%	39.5%	39.8%	43.4%	44.8%	43.1%	40.9%
bps yoy % of sales	56	382	(252)	585	23	365	139	(172)	(215)
% yoy	3.5%	32.0%	29.9%	(10.1%)	(3.8%)	50.1%	57.0%	0.7%	6.2%
Adjusted EBITDA	**157**	**174**	**253**	**177**	**168**	**217**	**323**	**348**	**404**
% margin	63.6%	60.5%	63.9%	56.2%	54.8%	52.4%	52.1%	53.4%	55.4%
bps yoy	(80)	(313)	336	(768)	(139)	(243)	(28)	137	194
% yoy	0.9%	11.4%	45.2%	(30.2%)	(4.8%)	29.2%	48.3%	8.0%	16.0%
INCREMENTAL MARGIN	**26.4%**	**42.3%**	**72.8%**	**93.5%**	**113.5%**	**45.5%**	**51.5%**	**79.9%**	**71.6%**

DEMAND: European Markets

- Total global LNG trade reached 397mt in 2022 (+16mt vs. 2021), expected to reach ~700mt by 2040 (+76%)
- European countries imported 121mt of LNG in 2022 (+60% vs. 2021) thanks to mild temperature and China zero-Covid policy
  - China imports fall by 15mt (-19.0%)
  - South Asian imports reduced demand 5.8mt (-15.5%)
- Europe gas storage filled at ~56% of capacity ahead of summer (avg. 33% L10Y)
  - European Commission is targeting 90% of capacity ahead of next winter which mean that an additional 25mt of gas is needed between now and late October (vs. 50mt in 2022)
- European LNG demand will boost competition with Asia for LNG over N2Y as supply remains limited





Source: Shell Outlook 2023

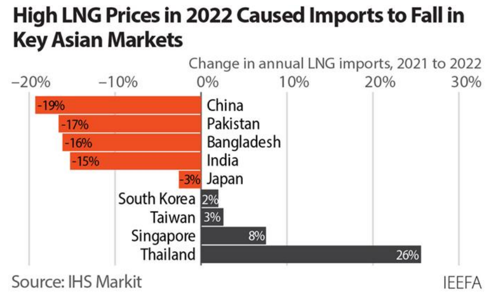
EU gas storage filling level

European Commission (as of 27 March 2023)
As a further measure, the Regulation on Gas Storage[3], adopted by the co-legislators on 27 June 2022, requires all Member States with gas storage capacity to ensure their underground gas storage is filled up to at least 80% of capacity by 1 November 2022. From 2023 onwards, gas storage will have to be filled to 90% by 1 November of each year.

As of 19 March 2023

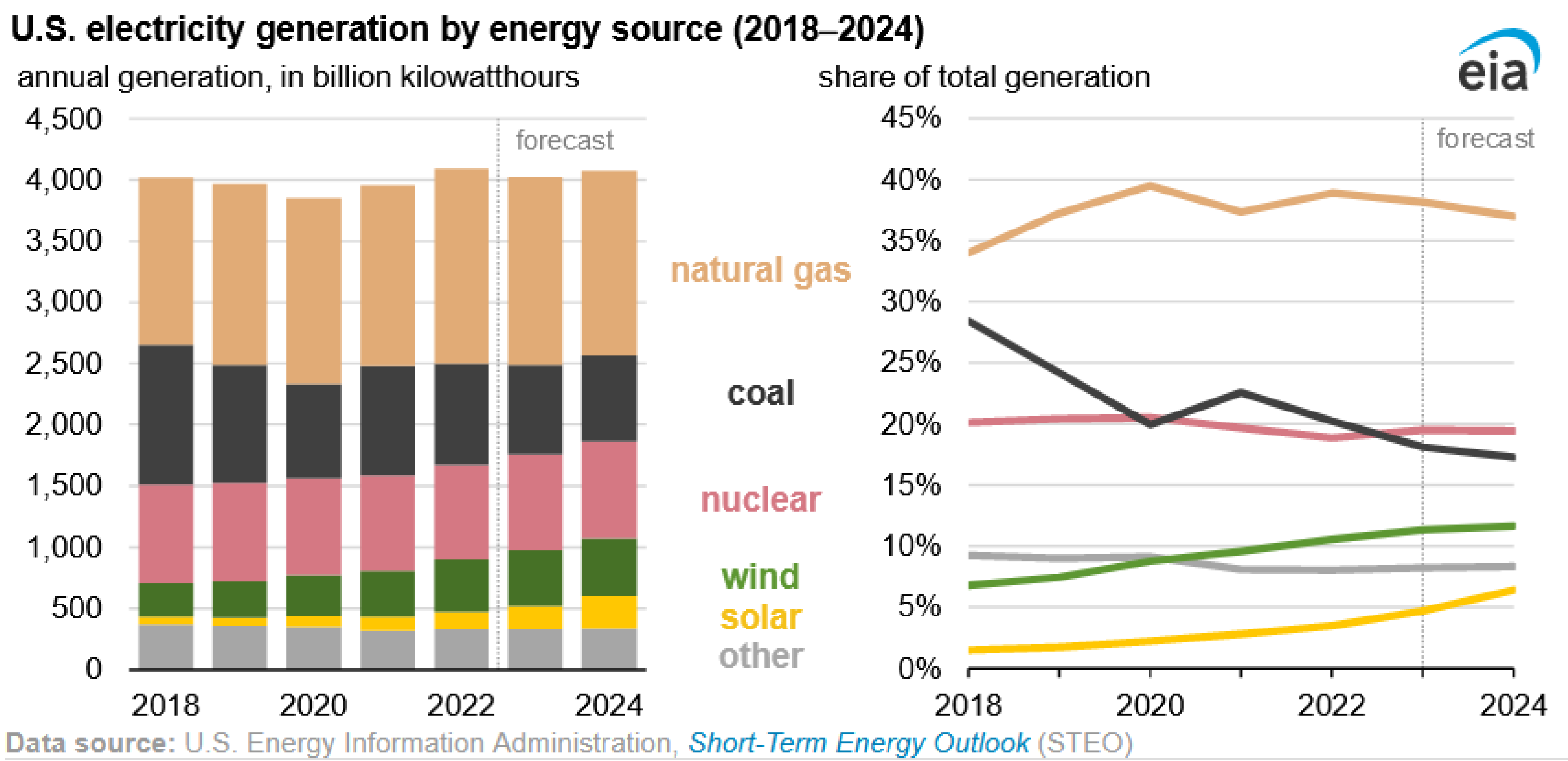
DEMAND: Asian Markets

- Asian LNG imports temporary headwind could dissipate new winter as JKM price bringing back Asian buying interest
- Weaknesses in Europe gas markets lead JKM Asian spot LNG prices hit a 23-month low in May, record divergence
- Japan's higher exposure to spot LNG procurement in 2023 due to 6mt p.a. long-term LNG supply contracts expired
- Philippines, Vietnam and Bangladesh back into the game
  - Philippines LNG import terminal started operation in Apr-23 (9mt p.a.)
  - Vietnam bought first LNG cargo in Apr-23
  - Bangladesh signed 10-Y LNG import deal with Qatar in May-23



Structural Issues: Increase in Renewable Energy

- Renewable energy will reduce generation from natural gas-fired plants in 2024 onwards
- While solar and wind capacities are on the rise in the US, natural gas-fired generation remains far and away the main source of power
- Some countries reconsider energy mix to avoid buying LNG at pick level (e.g. Pakistan, Japan?)



Structural Issues: Shipyard Capacity

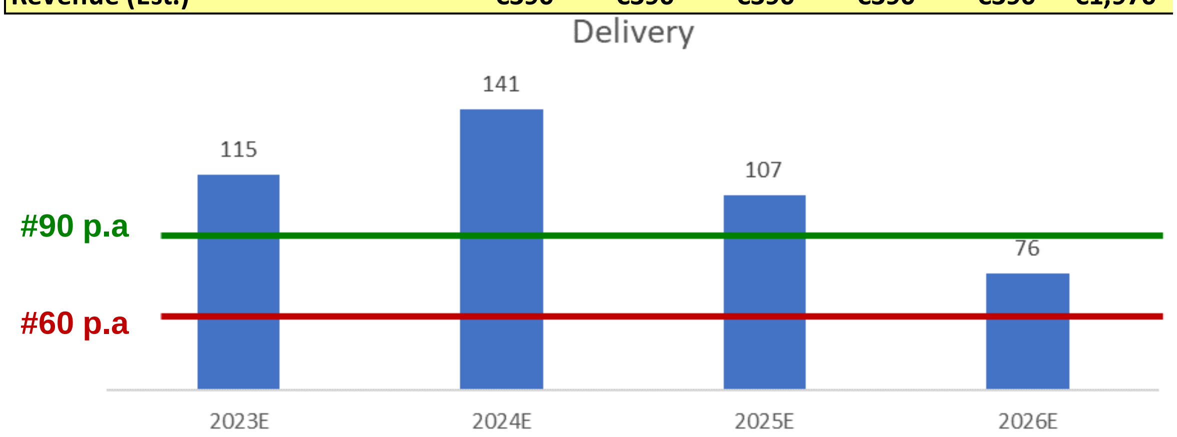
- Yard capacity is set to become an issue
  - currently able to build 60 units p.a.
  - GTT planned delivery book avg. 120 units p.a. N3Y

- Chinese capacity set to rise to 30 vessels p.a.

- Delivery lag should be considered and could affect company PnL flow

Best Scenario		2023E	2024E	2025E	2026E	2027E	2028+
Est. shipyard capacity	90	90	90	90	90	90	90
Delivery book		115	141	107	120	140	160
Delivery lag		25	51	17	30	50	70
Est. delivery book EOY		**25**	**76**	**93**	**123**	**173**	**243**
Average selling price	7.0						
Revenue (Est.)		**€630**	**€630**	**€630**	**€630**	**€630**	**€1,701**

Worst Case Scenario		2023E	2024E	2025E	2026E	2027E	2028+
Est. shipyard capacity	60	60	60	60	60	60	60
Delivery book		115	141	107	100	100	100
Delivery lag		55	81	47	40	40	40
Est. delivery book EOY		**55**	**136**	**183**	**223**	**263**	**303**
Average selling price	6.5						
Revenue (Est.)		**€390**	**€390**	**€390**	**€390**	**€390**	**€1,970**



***KFTC Decision Threatening the Business Monopole?

KFTC	**Korean Fair Trade Commission**
Request	Separation of **Technology Licence** and **Technical Assistance**
Jan-16	GTT was notified by KFTC that an enquiry had been opned - Concerns a abuse by GTT of a dominant position in connection with Korean shipyard LNG carrier construction business
Oct-20	Issuance from the KFTC of a confidential Examiner Report and Hearing of the case
Nov-20	KFTC announced its decision in investigation regarding GTT’s commercial practices in relation to the construction of LNG carriers. Decision also includes a fine of c.€9.5m - paid by GTT in 2020.
02-Dec-20	KFTC requested that GTT allow shipyards to perform the **technical assistance services** included in the **technology license**
31-Dec-20	GTT appealed against the decision of KFTC - with a request for suspensions of the decision
14-Jan-21	Seoul High Court granted GTT's motion to suspend the effect of KFTC decision KFTC appealed against decision of Seoul High Court
14-May-21	Favourable decision of the Seoul High Court suspending the KFTC decision confirmed in May 2021 by the Supreme Court of Korea
22-Dec-22	GTT's apppeal filed in December 2022 against the decision of the Seoul High Court
17-Jan-23	Decision of the Supreme Court of Korea to suspend the execution of the decision of the Seoul High Court
13-Apr-23	The Supreme Court of Korean rejected GTT's apppeal filed in December 2022 against the decision of the Seoul High Court
Q1 2023	The KFTC fine will be significantly reduced - Mgmt does not anticipate any significant financial impact in the short or medium term
Next Steps	GTT disgaree and go to arbitration. If requested by the Korean shipyards, GTT will enter into negotiations to separate, in whole or in part, the Technology License and the Technical Assistance

***KFTC: Separation btw Technical Assistance and Licensing

- TALA means Technical Assistance and License Agreement, which is a framework agreement entered into btw GTT and a shipyard to provide its technologies
  - 10-year confidential agreement
- TALA incomes accounts for €262k in Q4 2022 incl. €210k from South Korea
  - **<u>***Additional discussions should be conducted w/ mgmt. to assess potential revenue impact</u>**
- 40+ years relationship with Korean yards, so technical assistance is very much needed
- Established 4 new TALA contracts with Chinese over the last year, plus one for 20 years
  - If KFTC win the case, GTT will provide the same conditions to other yards

Risk Factors

In addition, in 2020, the Korea Fair Trade Commission (KFTC) concluded that certain provisions of the TALA had been in breach of Korean competition rules since 2016. This decision, partially confirmed by the Seoul High Court in December 2022, became final after the Korean Supreme Court rejected GTT's appeal on 13 April 2023. Consequently, Korean shipyards may require GTT, at any time, to separate the technology license from all or part of the technical support services and to renegotiate the corresponding current TALAs. This separation would not have a retroactive effect on orders in progress or already contracted. While as of the date of filing of this Universal Registration Document, GTT has not received such a request from any Korean customer, the Company believes that if such a separation were to occur, it would not have a significant financial impact in the short or medium term.

The Group believes that the probability of such risks materialising is medium and that the negative impact for the Group, should this occur, would be moderate.

Source: AR 2022

New licensing agreements with Chinese shipyards

In 2022, GTT signed two new Technical Assistance and Licensing Agreements (TALA) with the Yangzijiang Shipbuilding and China Merchants Heavy Industries shipyards, for the construction of GTT membrane containment systems. In addition, Dalian Shipbuilding Industry placed an order in 2022, bringing the number of shipyards now operating in China to five, contributing to the increase in LNG carrier construction capacity.

Source: AR 2022

(ii) Contractual protection of the Group's know-how

Aside from the protection of new inventions, the Group monitors the protection of its know-how very carefully. It systematically adds a confidentiality clause to its contracts with third parties. A confidentiality clause is added to Technical Assistance and Licensing Agreements (TALAs), under which GTT grants its customers rights to its technologies and to a large portion of its know-how. Any disclosure of sensitive information with an external third party is governed by a confidentiality agreement.

The confidentiality clause stipulated in TALAs prohibits licensees benefiting from GTT's intellectual property rights and know-how from disclosing technical information communicated by the Group without the latter's prior consent. This obligation must be satisfied for the whole term of the TALAs and for a further period of 10 years after it is terminated.

Furthermore, the Group's general policy is to add confidentiality clauses to engineering services and *ad hoc* services contracts or to cooperation, research or partnership agreements, which protect the Group against disclosure of information, technical documents, designs or other written or oral information communicated by GTT in connection with its services and research work.

Source: AR 2022

Q1 2023 – MD&A

Kévin Roger
Analyst, Kepler Cheuvreux SA

Q

Yes, good evening. Thanks for taking the time. Sorry for that, Philippe, but I will have to come back on the decision from KFTC and the TALA agreement. You never wanted to give us some colors on what could be the split between the [indiscernible] (00:14:07) the contract value currently. And is there anything now that you have this decision that you can share with us?|What would be the, let's say, worst-case scenario, the revenue that will be removed currently from your services and that would be managed by the Korean yard? That would be the first question, please, if you can provide us anything on that side.

Philippe Berterottière
Chairman & Chief Executive Officer, Gaztransport & Technigaz SA

A

Okay. So with news from our services, once more, we are – we did not – we don't have to reduce our royalties. To give you colors on our technical assistance, we have about 500 lines of deliverables we provide to shipyards. These lines are not associated to a particular price. So, it depends very much on how the discussion will go, whether yards will like to replace everything, which in my opinion is probably a little bit extreme, or whether they would like to [indiscernible] (00:16:24) on some of these deliverables or on the entire path.

Price consequences, as I said, we are not obliged. So, it's a matter – I would not say it's a matter of negotiations, it's a matter of discussions. And what is important for us is to have a very safe and very reliable way of working, making sure that ships are well built. And I'm sure that it's the concern of the entire industry, the shipyards, but also the shipowners and the charters. And so, as no discussions have been initiated, for me, it's too early to say anything on that, except that I don't see financial consequences in the short to medium terms.

Philippe Berterottière
Chairman & Chief Executive Officer, Gaztransport & Technigaz SA

A

Okay. So KFTC, we don't – you see, our engineering services, our technical assistance is very much needed and probably the discussions will be around that, the discussions with shipyards will be around that. We are working for 40 years with Korean yards. We still think that at the page we improve our systems, our technical assistance is very much needed. We are now working with five shipyards in China,|one for 20 years and the four others for about a year. In my opinion, all of them are needing our technical assistance as Korean yards are needing our technical assistance. So anyway, according to our contract, if we split our contract, we have to provide the same conditions to everybody. So, if Chinese yards would like to ask for that, they could. But once more, I think we are very much needed.

***Structural Algorithm

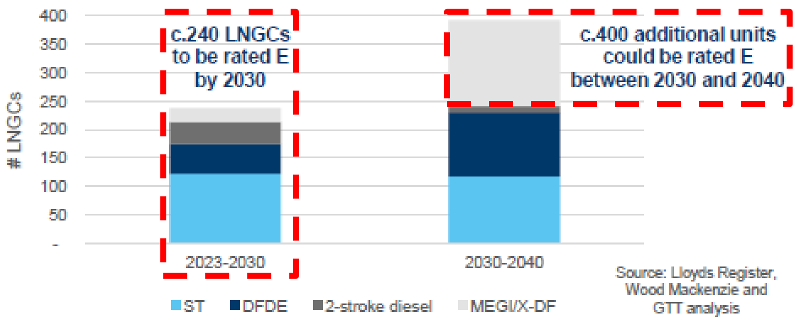
- **<u>It appears likely that GTT will revert to 2017-2020 algorithm</u>**

- **2017-2020:** Backlog ramped consistently at +18% CAGR. Services segment accounted for 5%, EBITDA margin structurally expanded w/ 67% incremental margin
- **2020-2022:** Order book peak at historical level in 2022, with temporary issue in delivery due to COVID-19. Margin closer to structural trough**,** due to hydrogen segment loss-making and w/ structural lower value reducing the capital structure advantage
- **2022-2025?:** Street has reduced EBITDA margin targets between 50-52%, anticipating increase in services and hydrogen revenue lines. However, delivery capacity continues to ramp though 2023-24, so newbuilt royalties from peak order level in 2022 will positively impact EBITDA margin (similar to 2022 – see business momentum)

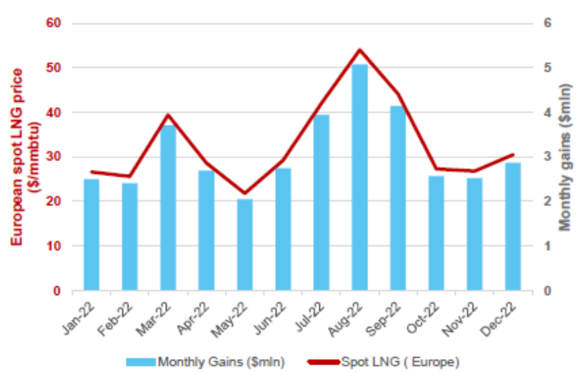
	2017 - 2020	2020 - 2022	*Est.* 2022 - 2025e
Order Book	18.2%	27.9%	11.8%
Delivery	9.7%	-2.8%	30.2%
Revenue CAGR	18.1%	-8.1%	23.9%
EBITDA CAGR	**17.7%**	**-14.0%**	**23.6%**
EPS CAGR	**19.2%**	**-13.2%**	**25.8%**
Dividend CAGR	**17.3%**	**-13.2%**	**25.8%**

New Regulation: Replacement Market is Changing

- Acceleration of the maritime industry's decarbonisation
  - CII regulation (IMO), from Jan-23, *"a vessel rated E for 1 year can no longer be operated without corrective actions"*
  - *Corrective actions = engine power limitation, retrofitting a reliq, change fuel*
- GTT argued that Mark III Flex+ solutions saved ~€40m on €260m per unit



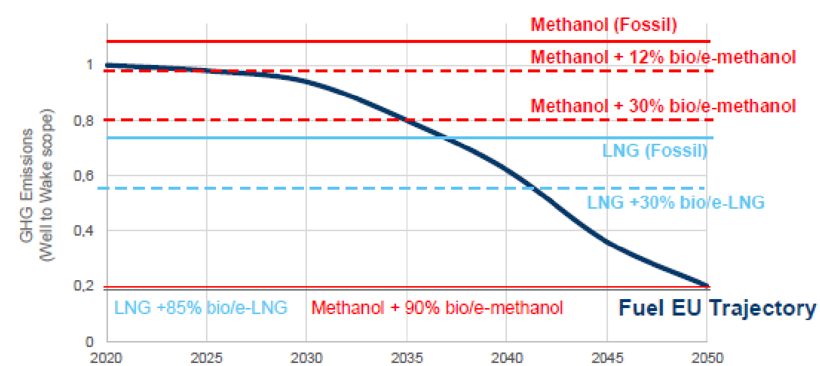
Source: Lloyds Register, Wood Mackenzie and GTT analysis



To comply with the new measures, vessels have the option of using one of the following solutions: (i) be equipped with smoke scrubbers, (ii) be converted to LNG propulsion, methanol or ammonia (ammonia-fuelled engines do not exist for the moment) or (iii) switch to a low-sulphur fuel, such as marine diesel oil, low-sulphur heavy fuel oil (LS-HFO for = 0.5% S zones only), or ultra-low-sulphur heavy fuel oil (ULS-HFO, conforming to 0.1% S).

LNG propulsion has been used successfully on LNG carriers since 1964. Using LNG as fuel almost totally eliminates sulphur oxide emissions (SO_x) compared to fuel oil propulsion. Using LNG is also expected to ensure compliance with the regulations regarding nitrogen oxide (NO_x) and CO_2 emissions.

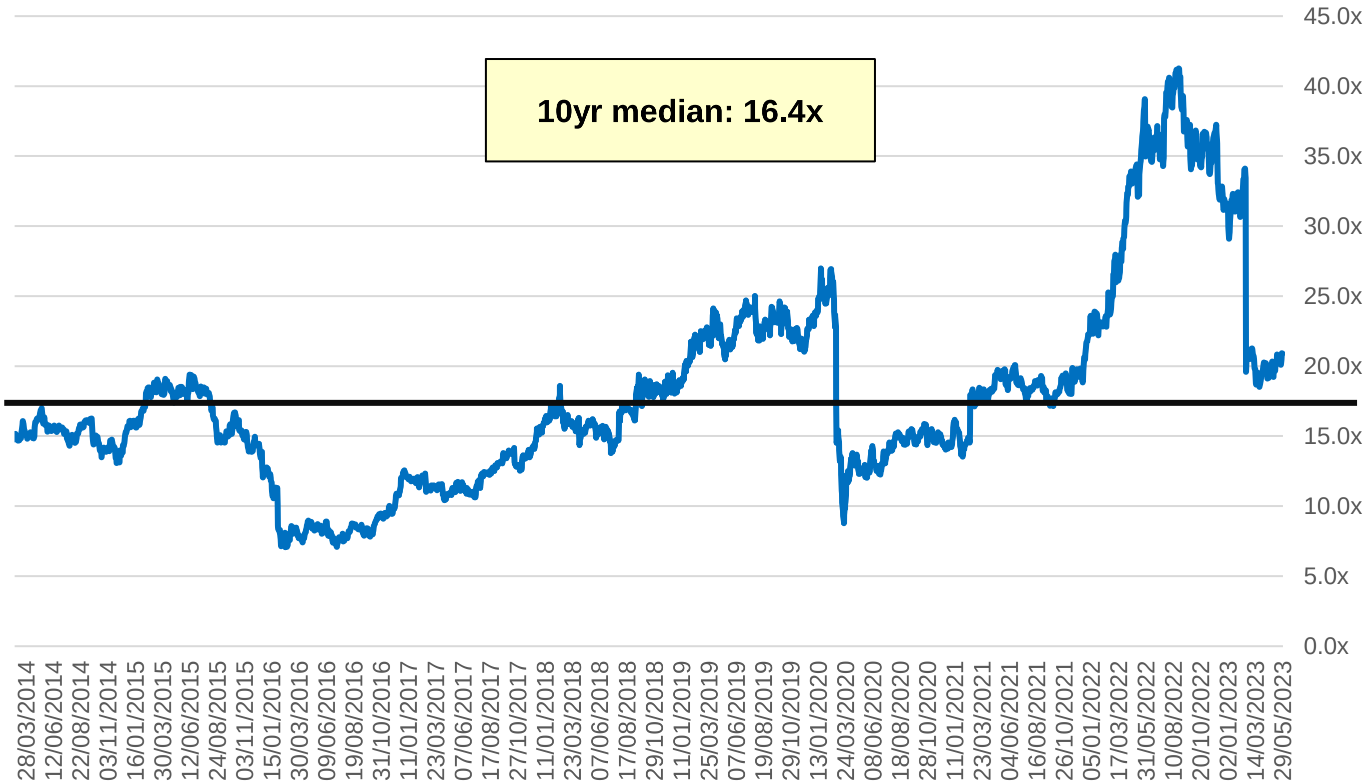
LNG AND METHANOL TRAJECTORY VS FUEL EU MARITIME REGULATION



Historical Valuation – P/E

- NTM P/E near to 10-year median level
- Historically, GTT has traded at 111-281% of the CAC 40 NTM P/E (currently 153%)

GTT ROLLING NTM P/E



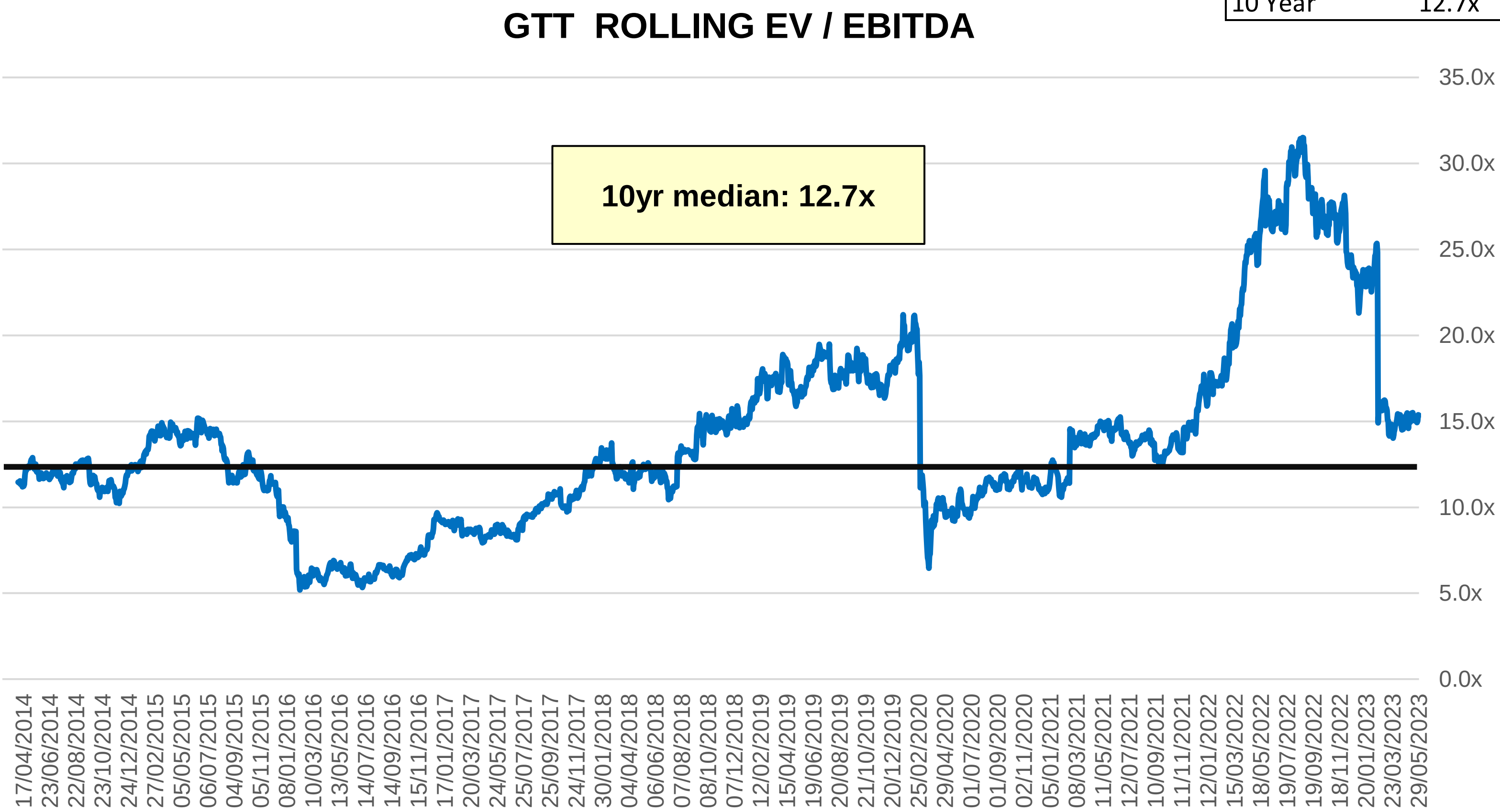
	TRAILING P/E		
	Median	Peak	Trough
1 Year	34.3x	41.3x	18.5x
3 Year	19.5x	41.3x	12.3x
5 Year	19.8x	41.3x	8.8x
10 Year	16.4x	41.3x	7.1x

	CAC 40		
1 Year	12.2x	14.4x	10.2x
3 Year	15.9x	20.5x	10.2x
5 Year	14.8x	20.5x	10.2x
10 Year	14.7x	20.5x	10.2x

	NTM P/E Relative to CAC		
1 Year	281%	287%	181%
3 Year	122%	201%	120%
5 Year	134%	201%	86%
10 Year	111%	201%	69%

Historical Valuation – EV/EBITDA

	TRAILING EV / EBITDA		
	Median	Peak	Trough
1 Year	25.9x	31.5x	14.0x
3 Year	14.7x	31.5x	9.4x
5 Year	15.2x	31.5x	6.5x
10 Year	12.7x	31.5x	5.2x

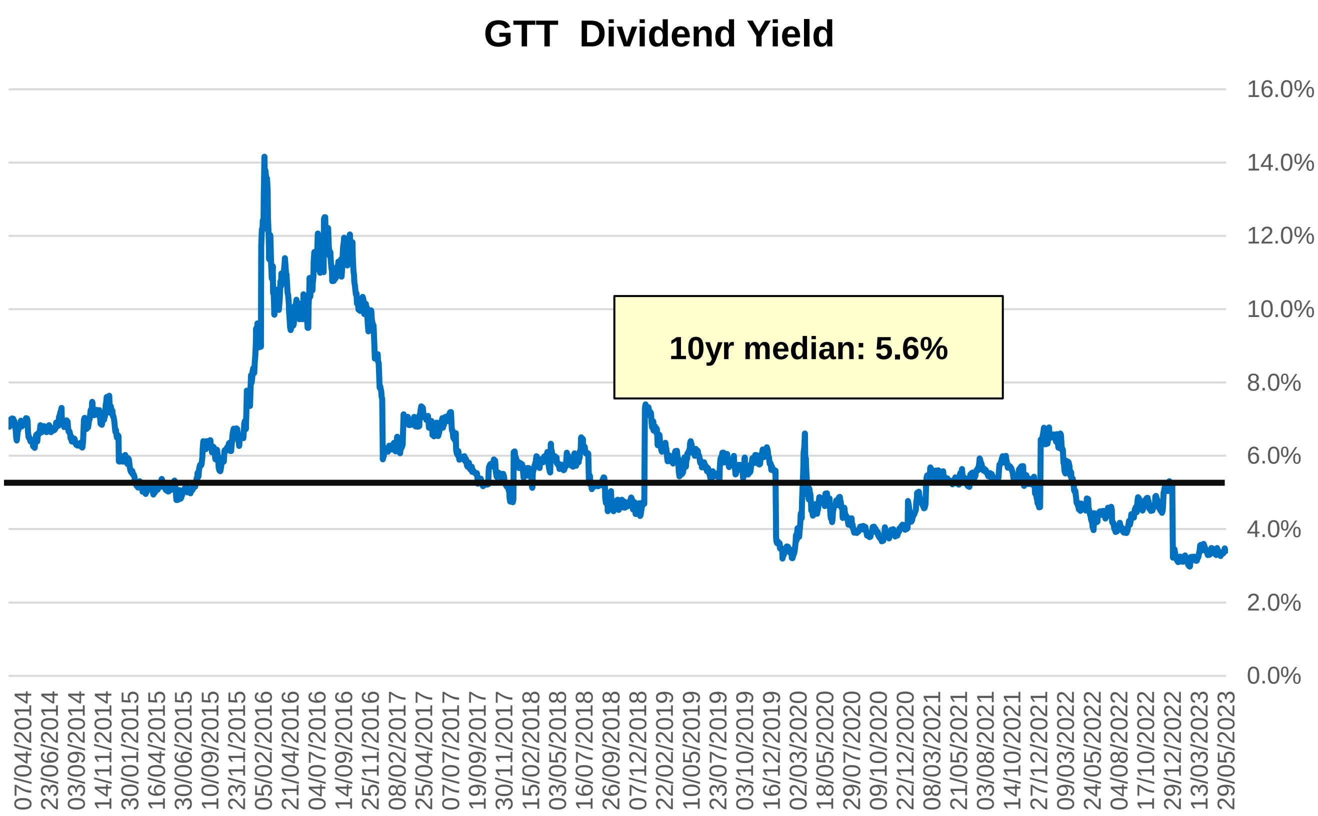


Historical Valuation – Dividend Yield

- GTT close to trough dividend yield level

DIVIDEND YIELD	Median	Peak	Trough
1 Year	4.1%	5.3%	3.0%
3 Year	4.6%	6.8%	3.0%
5 Year	5.0%	7.4%	3.0%
10 Year	5.6%	14.2%	3.0%

FRENCH OAT 10-Y BOND			
1 Year	2.6%	3.2%	1.3%
3 Year	0.2%	3.2%	(0.4%)
5 Year	0.2%	3.2%	(0.4%)
10 Year	0.7%	3.2%	(0.4%)



Reverse DCF – PRICED IN

	–	1	2	3	4	5	6	20	21	22	23	24	25	26	27	28	29	30
	2022	2023E	2024E	2025E	2026E	2027E	2028E	2042E	2043E	2044E	2045E	2046E	2047E	2048E	2049E	2050E	2051E	2052E
REVENUE	307	415	619	652	729	751	774	1,170	1,205	1,242	1,279	1,317	1,357	1,397	1,439	1,483	1,527	1,573
% yoy	(2.4%)	35.2%	49.1%	5.2%	11.9%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
EBITDA	168	224	341	368	428	421	433	655	675	695	716	738	760	783	806	830	855	881
% margin	54.8%	54.0%	55.0%	56.5%	58.7%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%
bps yoy	(139)	(81)	100	150	220	(267)	–	–	–	–	–	–	–	–	–	–	–	–
INCREMENTAL MARGIN	113.5%	51.7%	57.0%	85.4%	77.1%	(33.1%)	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%	56.0%
Depreciation & Amortization	(16)	(23)	(34)	(36)	(40)	(41)	(43)	(64)	(66)	(68)	(70)	(72)	(75)	(77)	(79)	(82)	(84)	(87)
% of revenue	5.3%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
% yoy																		
EBIT	152	201	306	332	388	379	391	591	609	627	646	665	685	706	727	749	771	794
% margin	49.5%	48.5%	49.5%	51.0%	53.2%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%
bps yoy	(277)	(106)	100	150	220	(267)	(0)	–	–	–	–	0	–	–	(0)	0	–	(0)
INCREMENTAL MARGIN	166.7%	45.5%	51.5%	79.9%	71.6%	(38.6%)	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%
Effective tax rate	16.0%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%
NOPAT	128	168	255	276	323	316	325	492	506	522	537	553	570	587	605	623	642	661
Interest Expense	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
PRE-TAX INCOME	153	201	306	332	388	379	391	591	609	627	646	665	685	706	727	749	771	794
Tax expense	(24)	(34)	(51)	(56)	(65)	(64)	(66)	(99)	(102)	(105)	(108)	(112)	(115)	(119)	(122)	(126)	(130)	(133)
NET INCOME	128	168	255	276	323	316	325	492	506	522	537	553	570	587	605	623	642	661
Dilited shares	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37
DILUTED EPS	$3.47	$4.52	$6.88	$7.46	$8.71	$8.52	$8.78	$13.28	$13.67	$14.08	$14.51	$14.94	$15.39	$15.85	$16.33	$16.82	$17.32	$17.84
% yoy	(4.1%)	30.5%	52.2%	8.4%	16.8%	(2.2%)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capex	(21)	(21)	(22)	(23)	(24)	(24)	(25)	(41)	(42)	(44)	(45)	(47)	(48)	(50)	(52)	(54)	(56)	(58)
% of sales	6.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Incremental FCinv rate	275.8%	(19.6%)	(10.8%)	(70.7%)	(30.3%)	(111.4%)	(111.9%)	(119.7%)	(120.3%)	(120.9%)	(121.5%)	(122.1%)	(122.7%)	(123.3%)	(123.9%)	(124.5%)	(125.1%)	(125.7%)
Changes in WC	(26.4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UNLEVERED FCF	81	146	233	254	299	291	300	451	464	478	492	507	522	537	553	569	586	603
% margin	26.3%	35.2%	37.6%	38.9%	41.0%	38.8%	38.8%	38.5%	38.5%	38.5%	38.5%	38.5%	38.4%	38.4%	38.4%	38.4%	38.4%	38.4%
FCF/Share	$2.18	$3.95	$6.29	$6.85	$8.08	$7.86	$8.10	$12.17	$12.53	$12.90	$13.29	$13.68	$14.08	$14.50	$14.93	$15.37	$15.82	$16.29
Discount period	–	1	2	3	4	5	6	20	21	22	23	24	25	26	27	28	29	30
Discount factor	100.0%	91.7%	84.2%	77.2%	70.8%	65.0%	59.6%	17.8%	16.4%	15.0%	13.8%	12.6%	11.6%	10.6%	9.8%	9.0%	8.2%	7.5%
DISCOUNTED FCF		134	196	196	212	189	179	80	76	72	68	64	60	57	54	51	48	45
		3.9%	5.7%	5.7%	6.2%	5.5%	5.2%	2.4%	2.2%	2.1%	2.0%	1.9%	1.8%	1.7%	1.6%	1.5%	1.4%	1.3%

Cap Table	
Price as of 26.05.23	€94.25
Diluted Shares	37
Market Cap	3,491
Net Debt	(54)
Enterprise Value	3,437

Inputs	
Terminal Value	10.0x
WACC	9.0%

Output	
PF of Free Cash Flows	$3,377.3
PV of Terminal Value	$34.3
Enterprise Value	$3,411.6
Less Net Debt	$54.0
Market Cap	$3,465.5
Diluted shares	37.0
Implied Share Price	**$93.57**
% implied return	(0.7%)

Consensus EPS	
2023 Consensus EPS	€4.53
2024 Consensus EPS	€7.15
2025 Consensus EPS	€7.89

P/E on Current Price	€94.25
2023 Consensus EPS	20.8x
2024 Consensus EPS	13.2x
2025 Consensus EPS	11.9x

P/E on DCF Value	€93.57
2023 Consensus EPS	20.7x
2024 Consensus EPS	13.1x
2025 Consensus EPS	11.9x

		Low	*High*
What is Priced in:	**@95**	**@80**	**@136**
Normalised Delivery Unit	97	95	100
ASP	7.5	7.5	7.5
Long Term Revenue Growth	3.0%	1.0%	5.0%
Normalized EBITDA Margin	56.0%	56.0%	64.0%
Normalized Revenue (FY '27)	$772	$757	$787
Normalized FCF	$300	$294	$359

Ownership / M&A Opportunity

- Market cap €3.5 bn, 89.25% free float
- ~10% of GTT owned by Engie, sold ~11% stake during 2022
- DNCA owns ~5% - highly respected long-term investors, though have been trimming
  - Would want to chat w/ them on their thesis
- With no controlling shareholders, the group's strong medium- and long-term could attract outside interest or potential bid from a strategic player (e.g. TotalEnergy)

Rank	Type	%OS	Position (000)	Pos Chg (000)	Mkt Val (MM)	% Port	Activism	Report Date
-	**Institutions**	**30.35**	**11,255**	**2,318**	**1,120**	**-**	**-**	**-**
1	DNCA Finance SA	4.99	1,850	-8	184	0.90	Very Low	04/14/2022
2	Capital Research & Management Co.	3.69	1,369	179	136	0.02	Very Low	03/31/2023
3	CDC Croissance SA	2.51	931	931	93	21.06	Very Low	04/14/2023
4	The Vanguard Group, Inc.	2.48	918	6	91	0.00	Very Low	04/30/2023
5	Hermes Investment Management Ltd.	2.15	798	131	79	0.34	High	02/28/2023
6	Norges Bank Investment Management	2.11	782	152	78	0.01	Medium	12/31/2022
7	Capital Research & Management Co. (Global Investors)	2.03	752	0	75	0.01	Very Low	03/31/2023
8	DWS Investment GmbH	1.67	617	-17	61	0.04	Very Low	04/28/2023
9	abrdn Investment Management Ltd.	1.66	615	302	61	0.12	Medium	01/31/2023
10	Caisse Des Depots & Consignations	1.53	568	568	57	0.46	Very Low	04/14/2023
11	Amundi Asset Management SA (Investment Management)	1.37	509	18	51	0.02	Low	04/28/2023
12	BlackRock Fund Advisors	1.09	405	7	40	0.00	Medium	04/28/2023
13	Edmond de Rothschild Asset Management	1.05	391	-10	39	0.33	Low	09/30/2022
14	Fidelity Management & Research Co. LLC	1.01	375	60	37	0.00	Very Low	04/30/2023
15	Dimensional Fund Advisors LP	1.01	374	-2	37	0.01	Very Low	04/28/2023
-	**Insiders / Stakeholders**	**10.35**	**3,839**	**-185**	**382**	**-**	**-**	**-**
1	Engie Sa	9.75	3,614	-203	360	4.87	-	12/13/2022
2	Gaztransport & Technigaz Sa	0.51	191	0	19	98.35	-	03/31/2022
3	Inocap Gestion Sas	0.09	34	19	3	1.16	-	12/31/2021
-	**Total**	**40.71**	**15,093**	**2,133**	**1,503**	**-**	**-**	**-**

As of 01 June 2023

Bear/Base/Bull Cases – 3 Year Target

Bear EPS	€5.17		
P/E	Target	% return	3Y IRR
14.0x	€72.4	(23.2%)	(8.4%)
13.0x	€67.2	(28.7%)	(10.7%)
12.0x	€62.0	(34.2%)	(13.0%)
11.0x	€56.9	(39.7%)	(15.5%)
10.0x	€51.7	(45.1%)	(18.1%)

Base EPS	€7.23		
P/E	Target	% return	3Y IRR
22.0x	€159.1	68.8%	19.1%
21.0x	€151.8	61.1%	17.2%
20.0x	€144.6	53.4%	15.3%
19.0x	€137.4	45.8%	13.4%
18.0x	€130.1	38.1%	11.4%

Bull EPS	€9.16		
P/E	Target	% return	3Y IRR
26.0x	€238.2	152.7%	36.2%
25.0x	€229.0	143.0%	34.4%
24.0x	€219.8	133.3%	32.6%
23.0x	€210.7	123.5%	30.8%
22.0x	€201.5	113.8%	28.8%

Bear Case Thoughts

- Shipyard full capacity at historical level
- ASP slighly below avg. historical
- Services growth 10% p.a. (+1% p.a. until 2026E)
- Hydrogen growth 20% p.a.
- Assumes GM same level 2022
- EBITDA margin deline continue

Base Case Thoughts

- Shipyard full capacity increase +20 units p.a.
- ASP improvement +1%
- Services growth 10% p.a. (+1% p.a. until 2026E)
- Hydrogen growth 20% p.a.
- Assumes GM slight improvement
- EBITDA margin aligned with mgmt
- Closer to in-line with mgmt guidance

Bull Case Thoughts

- Shipyard full capaciy increase +35 units p.a.
- ASP improvement +2%
- GM improvement
- Services growth 10% p.a. (+1% p.a. until 2026E)
- Hydrogen growth 20% p.a.
- ASP - Assumes structurally higher pricing
- EBITDA margin improvement

	Bear	Base	Bull
FY 26 Earnings Power	€5.17	€7.23	€9.16
Target P/E	16.0x	20.0x	22.0x
Target Price	**€83**	**€145**	**€202**
% return	(12.2%)	53%	114%
% IRR	**(4.3%)**	**15.3%**	**28.8%**

		Proba
Bull	€202	30%
Base	€145	50%
Bear	€83	20%
Probability Adjusted	**€149**	

	Bear (1)	Base (2)	Bull (3)
Delivery #	(60)	(80)	(95)
Average Selling price	7.0	7.1	7.2
Gross Margin	95.3%	96.0%	96.5%
Operating margin	49.0%	52.0%	55.4%
EPS	€5.17	€7.23	€9.16

***Reward / Risk

- GTT has an attractive probability-adjusted upside return
- Contingent on R/R stack of alternatives for long capital, GTT is an attractive long below €110

Ticker	GTT-FR
Action	Position
Last update	01-06-23

Cap Table	
Price as of 01-06-23	€94.25
Diluted shares	37.0
Market Cap	€3,491
Total Debt	€159
Cash	€213
Net Debt	(€54)
Enterprise Value	€3,437

Buy price	€92.65
No-brainer price	€0.00

3 Year Target	
2026 EPS	€9.16
Target P/E	22.0x
3 Year Target	€201.55
% return	113.8%
x money multiple	2.1x
% IRR	28.8%

12 Months Base Target	
2024 EPS	€7.32
Target P/E	22.0x
EOY Target Price	€161.0
% return	70.8%

12 Months Risk Case	
2024 EPS	€5.20
Target P/E	16.0x
EOY Target Price	€83.2
% return	(11.7%)

	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Revenue	288.2	396.4	314.7	307.3	415.4	619.4	651.6	729.3
% yoy	17.2%	37.5%	(20.6%)	(2.4%)	35.2%	49.1%	5.2%	11.9%
Adjusted EBITDA	174.4	253.1	176.8	168.4	217.5	322.6	348.3	403.9
% margin	60.5%	63.9%	56.2%	54.8%	52.4%	52.1%	53.4%	55.4%
% yoy	11.4%	45.2%	(30.2%)	(4.8%)	29.2%	48.3%	8.0%	16.0%
Adjusted EPS	€3.85	€5.34	€3.62	€3.46	€4.93	€7.32	€7.90	€9.16
% yoy	0.2%	38.6%	(32.3%)	(4.2%)	42.4%	48.3%	8.0%	16.0%
Street EPS					€4.53	€7.15	€7.89	
% yoy					30.8%	45.0%	7.8%	
Expected Delta					8.9%	2.3%	0.1%	

	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
EV/Sales	11.9x	8.7x	10.9x	11.2x	8.3x	5.5x	5.3x	4.7x
EV/EBITDA	19.7x	13.6x	19.4x	20.4x	15.8x	10.7x	9.9x	8.5x
P/E	24.5x	17.6x	26.1x	27.2x	19.1x	12.9x	11.9x	10.3x
Street P/E					20.8x	13.2x	11.9x	n.a.

3 Year Return Scenarios	2026 EPS	P/E	12m TP	% Return
Bull	€9.16	22.0x	€201.52	113.8%
Base	€7.23	20.0x	€144.60	53.4%
Bear	€5.17	16.0x	€82.72	(12.2%)

Reward (25% bull, 75% base)	€158.83	68.5%
Risk	€82.72	(12.2%)
R/R		*5.6x*

Tactical R/R

Price	Reward	Risk	R/R	% move
€130.00	30.6%	(36.6%)	0.8x	37.9%
€128.00	32.6%	(35.6%)	0.9x	35.8%
€126.00	34.8%	(34.6%)	1.0x	33.7%
€124.00	36.9%	(33.5%)	1.1x	31.6%
€122.00	39.2%	(32.5%)	1.2x	29.4%
€120.00	41.5%	(31.3%)	1.3x	27.3%
€118.00	43.9%	(30.2%)	1.5x	25.2%
€116.00	46.4%	(29.0%)	1.6x	23.1%
€114.00	48.9%	(27.7%)	1.8x	21.0%
€112.00	51.6%	(26.4%)	2.0x	18.8%
€110.00	54.4%	(25.1%)	2.2x	16.7%
€108.00	57.2%	(23.7%)	2.4x	14.6%
€106.00	60.2%	(22.3%)	2.7x	12.5%
€104.00	63.3%	(20.8%)	3.0x	10.3%
€102.00	66.5%	(19.2%)	3.5x	8.2%
€100.00	69.8%	(17.6%)	4.0x	6.1%
€98.00	73.3%	(15.9%)	4.6x	4.0%
€96.00	76.9%	(14.2%)	5.4x	1.9%
€94.00	80.6%	(12.3%)	6.5x	(0.3%)
€92.00	84.5%	(10.4%)	8.1x	(2.4%)
€90.00	88.7%	(8.4%)	10.5x	(4.5%)
€88.00	92.9%	(6.4%)	14.6x	(6.6%)
€86.00	97.4%	(4.2%)	23.3x	(8.8%)
€84.00	102.1%	(1.9%)	53.6x	(10.9%)

Risks to Long Case

- Structural changes in the energy mix
- Import deceleration from Asian market
- Delay in FID approval of future LNG capacity projects
- Delivery delay from shipyards and rising costs may limit the newbuilding
- KFTC win the case – separation of technology licence and technical assistance
- Emergence of new competitors taking market shares
- Change in the corporate structure, increase in Opex, EBITA margin pressure

Due Diligence – Key Focus Areas Going Forward

- **Refine view on business quality, deepen understanding of the industry & business**
  - Meet management & develop relationship
  - Attend industry conferences
  - Speak w/ former GTT employees
  - Speak w/ key shipyards
  - Speak w/ key competitors
  - Speak w/ large/smart shareholders – Engie, Inocap Gestion, DNCA
  - Speak w/ smart private equity investors in the space – try to give them the public market view
  - Speak w/ investment bankers who are active in the space (avoid those who have worked on GTT ABB)

- *****Solidify data on future supply/demand outlook**
  - Get better data from Wood Mackenzie (woodmac.com is subscription only)
  - Speak with the companies who have planned yard capacity expansions
  - **Key Areas to Diligence:**
    - LNG capacity under construction
    - FID project status and candidate in the next few years
    - Company backlog vs. markets needs

- **Put better probabilities around the externalities inherent in GTT's operating environment**
  - Low LNG price led to project cancelation on short term
  - Delay/cancellation project and FID approval on new/existing project
  - Shipyards capacity expansion dynamics
  - **<u>***KFTC legal case on TALA separation and potential revenue impact</u>**

- **Get a better understanding of expectations**
  - Build out detailed line-by-line street expectations
  - Speak w/ buy-siders who follow the space, try to understand where true expectations lie
  - Understand what could be thesis-changing for shorts

Due Diligence – To Do List

- **Meet management team**
  - Ideally visit senior management team at HQ in Paris on my own – see how they think, deeply understand how they view the world, understand their long-term strategy, establish a quality relationship and try to be helpful to them if possible (so they will pick up the phone when I call)
  - Berenberg Conf. (June, December), Credit Suisse (June), Kepler Paris Conf. (TBC)
- **Attend key industry conference**
  - LNG 2023 conf. in Vancouver – over 250 industry experts
  - Gastech 2023 conf. in Singapore
  - Use to establish strong, ongoing relationships with industry experts and clients
  - Sell-side notes from this conference tend to be helpful, indicating there is real news flow on demand/capacity
- **Speak w/ key customers**
  - Understand how they think about LNG vessels – on what drivers motivate investment decision? Understand how pricing is set, and what price gaps are needed to cancel a project? Understand how customers think about vessel replacement. Understand how low gas is impacting their business, and understand whether that makes them more aggressive on pricing. Always try to be helpful in any way I can, to build strong relationships.
- **Speak w/ key competitors**
  - Understand how they look at economics of expansions – IRR/ROE/ROIC/etc – understand if there is any cross-subsidization for producers. Understand how they view GTT as a competitor, the importance of scale, and how smaller players compete w/ GTT. Also run though my thoughts on industry, what I am hearing from other players and from GTT. Always try to be helpful in any way I can, to build strong relationships.
- **Get better data**
  - Most/all of the data herein is from the web-scrapping and Kepler – mentioned that data is spotty/incomplete, so getting better monthly/quarterly data on shipyard capacity and FID approvals could give me an analytical edge vs. Street
- **Learn the vessel intensity**
  - Vessel intensity is a key value driver here – ask sell-side firms if I can sit down with their bunker trader/analyst to do an “LNG bunkering 101”, and keep contact with these people to try to get a better sense of investment decisions from vessels operators.