Interim Report Presentation

Period ending 31 March 2019

May 31, 2019

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Highlights

- Flex LNG reports Revenues for Q1-19 of $19.1m, below the $36.1m reported in Q4-18, but in line with Revenues of $19.0m in Q3-18
- Operating income of $3.0m vs. $21.5m in Q4-18
- Net loss of $3.4m vs. Net profit of $15.2m Q4-18
- Secured 12 months TCP for Flex Enterprise
- Entered into a net $300m sale-charterback agreement for the vessels Flex Endeavour and Flex Enterprise with Hyundai Glovis
- From very tight market in fourth quarter to soft market in first quarter
- Utilization has improved since mid-February with charter rates bottoming out in early April due to tighter market
- Second quarter is now fully booked with slightly higher TCE expected than in first quarter[1] due to less positioning costs than in first quarter
- Positive outlook going into second half of 2019

[1]Subject normal operation and up-time of vessels

Update on US listing process

- Adopted US GAAP as of January 1, 2018
- As Flex LNG raised $300m in October 2018, we opted to pursue a direct listing, which is a lighter process without issuance of any new shares
- On March 4, 2019 we announced a reverse stock split (10:1) in order to comply with NYSE minimum stock price of $4.00 per share
- On April 4, 2019 executed confidential filing of our registration statement to SEC
- Amended registration statement filed publicly with the SEC on May 7, 2019
- Our filing was made effective by SEC on May 30, 2019
- Our stock is expected to commence trading on NYSE during June 2019 and a notice will be sent out three business days prior to such listing
- Subsequent to listing, shareholders will be able to trade their stocks on both OSE and NYSE under the ticker “FLNG”
- Citadel Securities to be appointed as Designated Market Maker at NYSE

OSLO BØRS

CITADEL

NYSE

Integration to ensure high quality customer experience

- In collaboration with Bernhard Schulte, we will bring ship management in-house by Q4-19
- A team of experience technical personnel have recently been recruited and these will fill key roles in new management company
- Bernhard Schulte, which has delivered high quality service with zero LTIF/TRCF, will continue to provide crewing, procurement, IT, HSEQ etc.
- Why we bring fleet management in-house:

1) LNG is complex and mission critical
2) Business driven
3) Long term perspective of assets

Integration workshop May 28-29, 2019

Income Statement

Unaudited Figures in thousand of $	Q1 2019	Q4 2018	Q3 2018
Voyage operating revenues	19,141	36,101	19,008
Vessel operating costs	-8,315	-5,977	-5,167
Administrative expenses	-1,864	-1,781	-1,132
Depreciation	-5,916	-6,872	-5,477
Operating Income	**3,046**	**21,471**	**7,232**
Finance income	256	283	72
Finance cost	-6,501	-6,511	-6,124
Other financial items	-239	-17	-1
(Loss) income before tax	**-3,438**	**15,226**	**1,179**
Income tax benefit (expense)	-	12	-
Net Income (loss)	**-3,438**	**15,238**	**1,179**

- Flex LNG reports Q1-19 revenues of $19.1m, below Q4-18 revenues of $36.1m, but in line with Q3-18 revenues of $19.0m as guided
- Vessel operating costs in Q1-19 increased by $2.3m compared to Q4-18 mainly due to higher voyage expenses during off-hire periods with associated positioning and idle costs
- Administrative expenses higher in Q4-18/Q1-19 due to US listing process

Balance Sheet

Unaudited Figures in thousand of $	Q1 2019	YE 2018
Assets		
Current assets		
Cash, restricted cash and cash equivalents	45,616	55,097
Other current assets	8,058	5,328
Non-current assets		
Vessels and equipment, net	806,566	812,478
Other fixed assets	7	11
Newbuildings	-	-
Vessel purchase prepayment	421,472	421,472
Total Assets	**1,281,719**	**1,294,386**
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	23,365	23,365
Other current liabilities	8,581	12,095
Non-current liabilities		
Long-term debt	425,762	431,602
Other non-current liabilities	1	-
Total equity	824,010	827,324
Total Equity and Liabilities	**1,281,719**	**1,294,386**

- Balance sheet consist of four vessels on the water and nine newbuildings under construction
- Vessel purchase prepayments of $421m relates to the nine newbuildings
- Total interest bearing debt of $449m of which $23m is due next 12 months
- Equity ratio of 64%

Cashflow

Unaudited Figures in thousand of $	Q1 2019	Q4 2018	Q3 2018
Net Income (loss)	-3,438	15,238	1,179
Working capital adjustments	-6,244	1,309	-1,378
Other non-cash items	6,102	6,960	5,440
Net cash flow from operating	**-3,580**	**23,507**	**5,241**
Newbulding capex	-	1,011	-44,714
Vessel purchase prepayments	-	-275,400	-
Capitalized interest			
Net cash flow used in investing	**0**	**-274,389**	**-44,714**
Net proceeds from issuance of shares	-	295,311	0
Proceeds from long term debt	-	-	155,925
Repayment of long term debt	-5,905	-5,906	-177,537
Other	4	-	76
Net cash flow from financing	**-5,901**	**289,405**	**-21,536**
Net cash flow	**-9,481**	**38,523**	**-61,010**
Cash balance at the beginning of period	55,097	16,574	77,584
Cash balance at the end of period	**45,616**	**55,097**	**16,574**

- Cashflow from operation negative $3.6m in line with P&L result for the period
- Change in working capital of $6.2m mainly due to less prepayments of charter hire received as last day of quarter was a non-banking day
- Solid liquidity situation
  - $45.6m cash per quarter end
  - $270m freely available under Sterna RCF
  - $300m sale and time charter transaction with Hyundai Glovis post quarter end, with net cash proceeds of approximately $100m upon closing
  - $250m financing secured for two newbuildings delivering June and August 2019

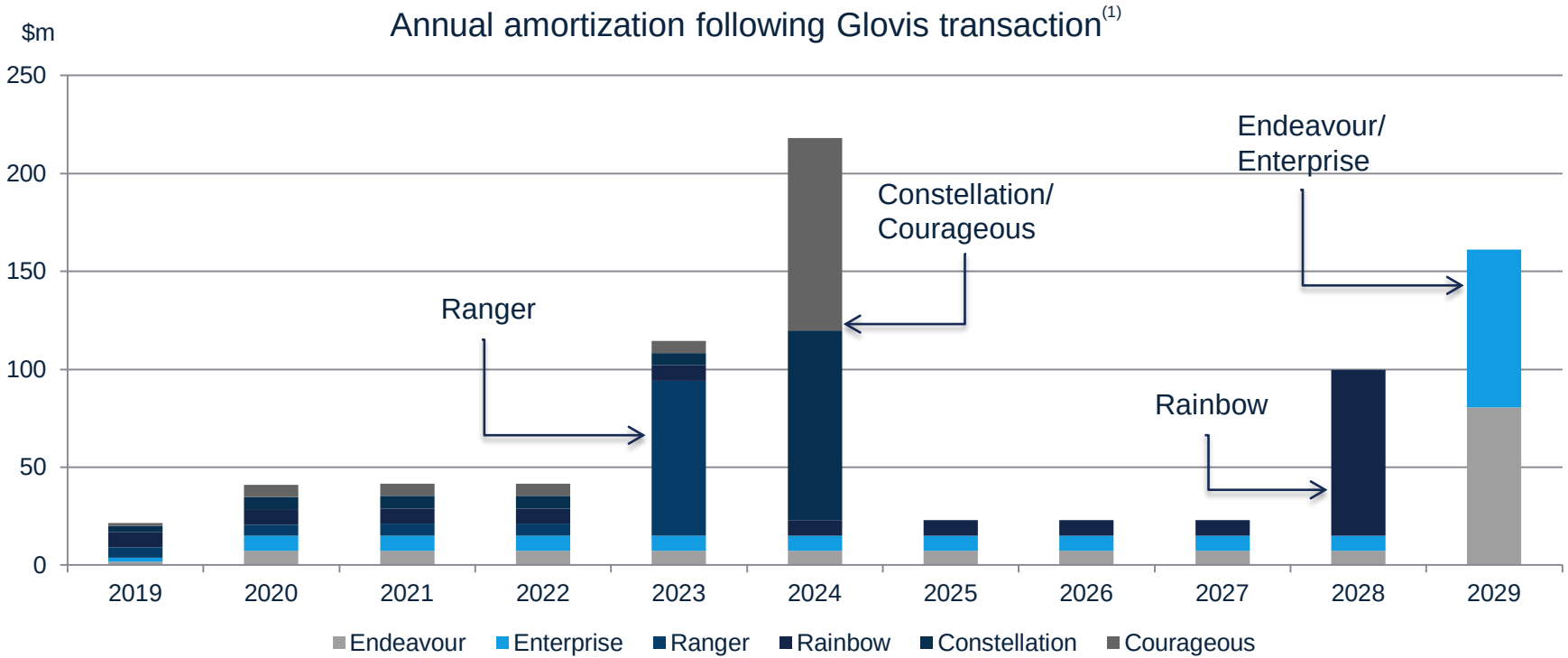
Attractive take-out financing secured for 2019 deliveries

- $250m bank financing secured for Flex Constellation and Flex Courageous
- Blue-chip terms and conditions
  - Interest rate of Libor+235bps p.a. (margin)
  - Loan tenor of five years and repayment profile of 20 years
  - Attractive average cash break-even of about $45kpdr given prevailing interest rate level
- Flexible covenants for flexible employment strategy
  - No requirement for fixed employment of vessels enabling us to opportunistically employ the vessels as we see fit
  - No financial covenants directly linked to earnings of vessels
  - Financial covenants linked to book equity >25%,
  - Minimum free liquidity > $25m and 5% NIBD, and
  - Positive consolidated working capital
- Drawdown expected upon delivery of vessels scheduled early June and end August, respectively.

A deal that fits like a Glovis

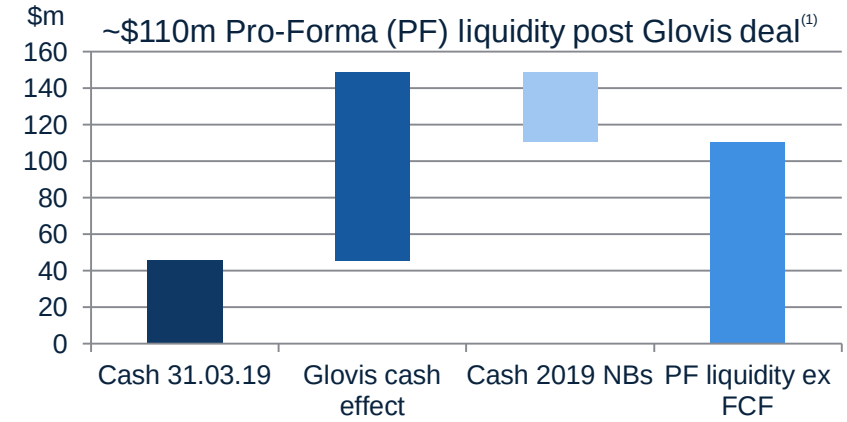
- 10-year sale and time-charter transaction with Hyundai Glovis for Flex Endeavour and Flex Enterprise
- $300m net consideration to Flex LNG
  - $420m aggregate gross sales price
  - $120m non-amortizing and non-interest bearing seller's credit
- Transaction will free up approximately $100m in cash
  - Existing mortgage loans of approximately $194m will be prepaid upon closing
- Flexible structure
  - Fixed monthly payment structure giving annuity style cashflow profile
  - $75m put/call structure per vessel at expiry of charters giving repayment profile of 20 years and age adjusted profile of 21.5 years
  - Re-purchase options during tenor of charter
- Closing of transaction expected in the third quarter 2019

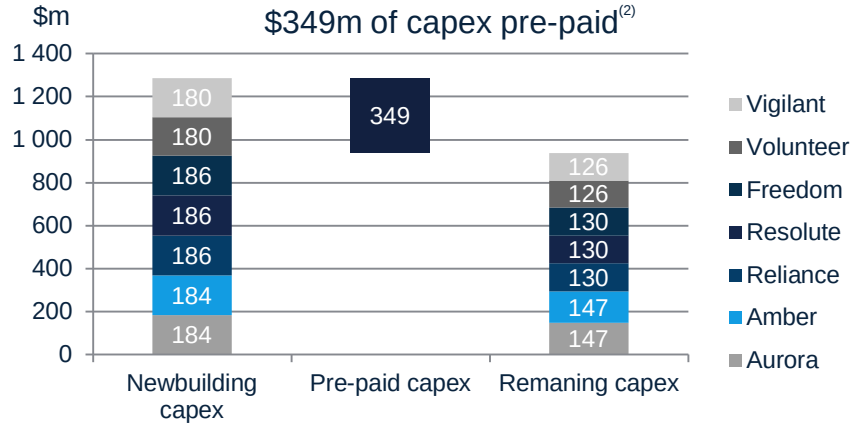
Staggered debt maturity profile with first balloon due in 2023

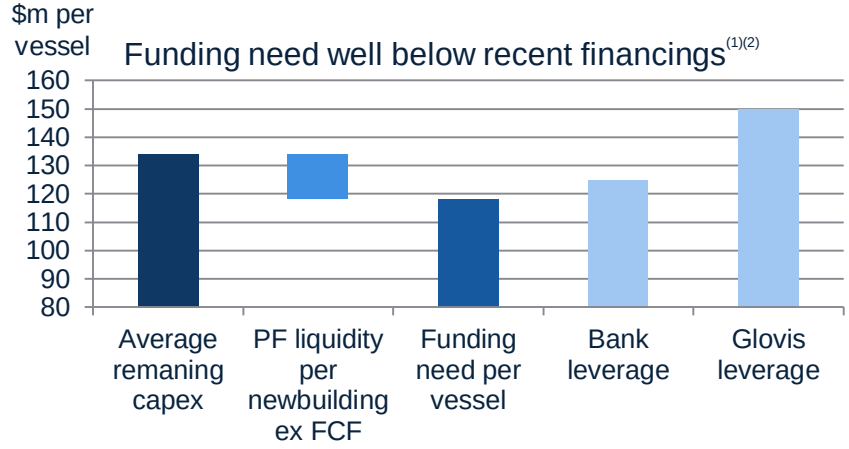


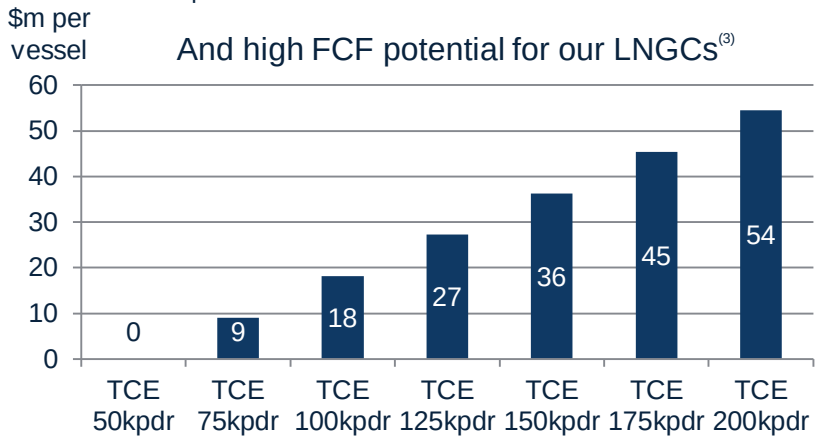
(1) Assumed closing of Glovis transaction in Q3 2019

Well capitalized for remaining newbuildings



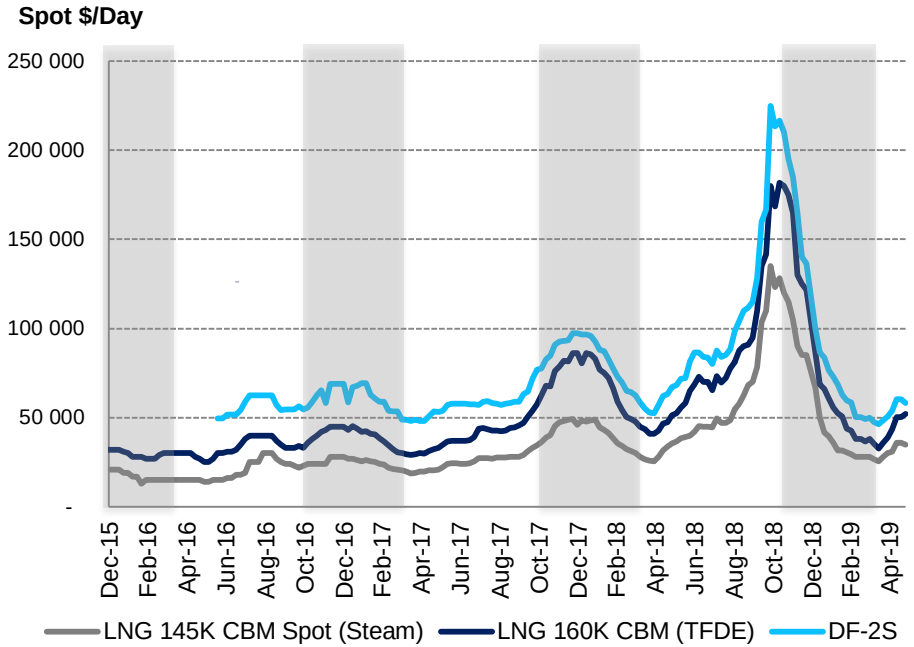






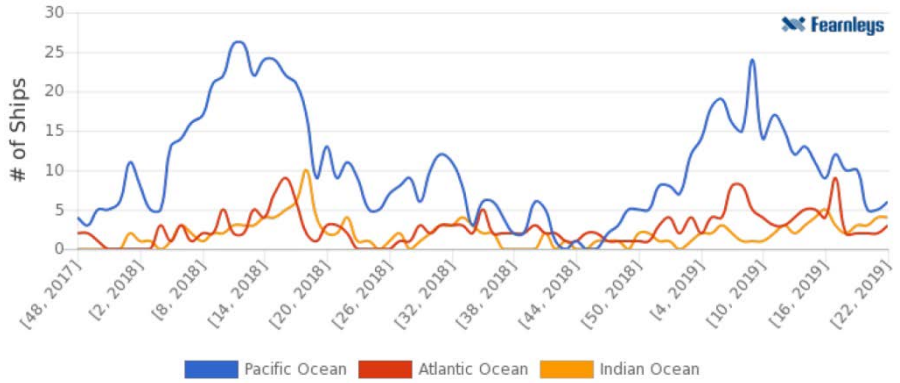
(1) Excluding $270m revolving credit facility
(2) Excluding two newbuildings delivering in 2019
(3) Assumes cash breakeven level of $50,000 per vessel per day

Freight market rebounded



Spot Market, daily rates ($)			
Type of vessel	Atlantic	Middel East	Pacific
174 cbm 2-stroke	60 000	60 000	55 000
160 cbm TFDE	55 000	53 000	48 000
145 cbm ST	38 000	35 000	32 000
Ballast Bonus	Round Trip	Round Trip	Round Trip

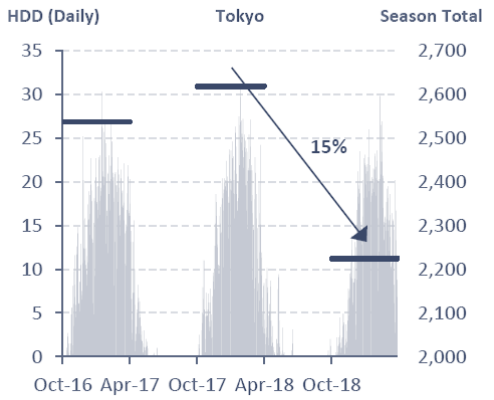
Available vessels per basin

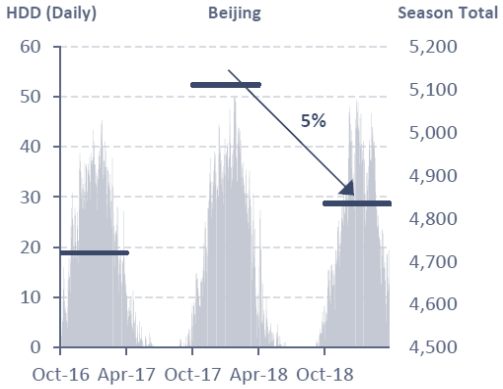


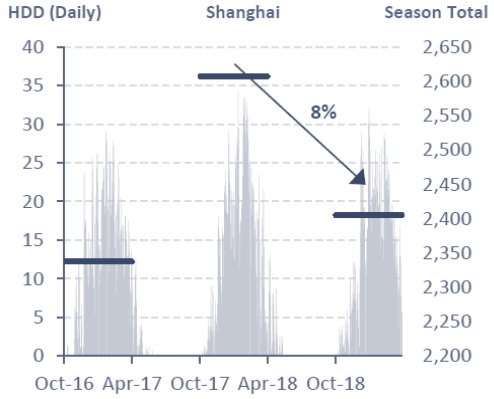
- Tighter freight market due to less available tonnage
- Charter rates rebounded from early April lows
- Ballast bonus sentiment back to full round trip economics

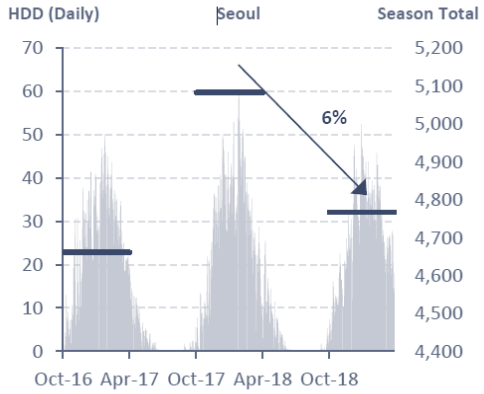
Source: Affinity, Fearnleys and Company

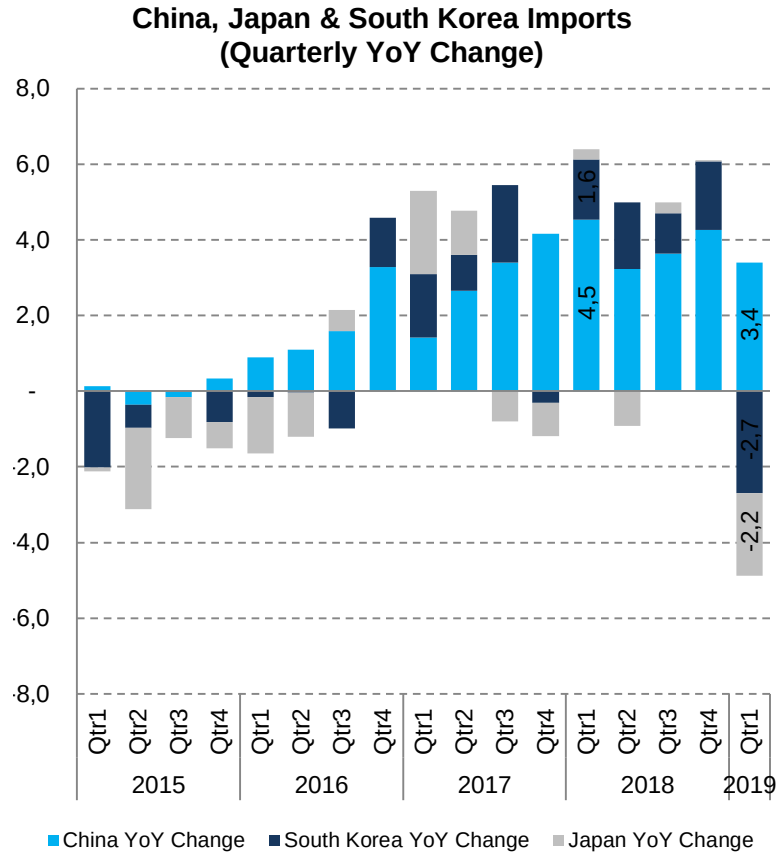
Seasonal impact on growing demand





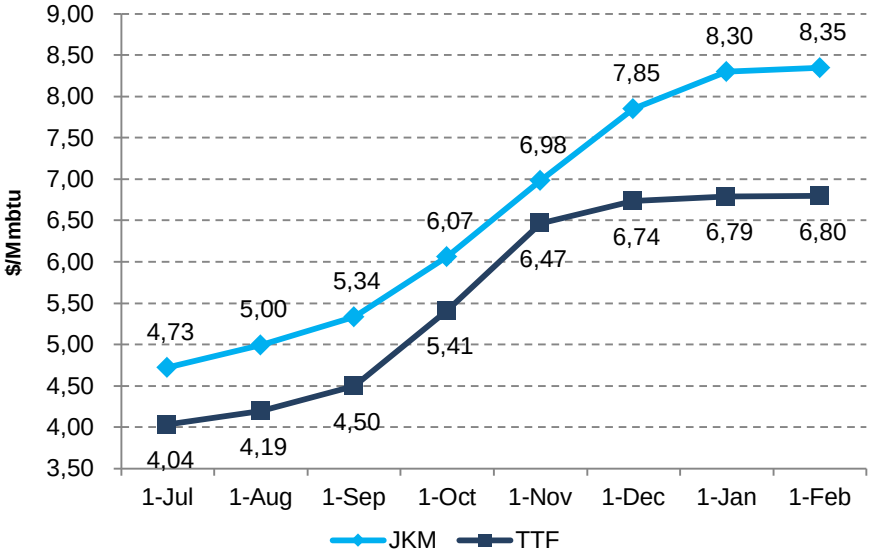


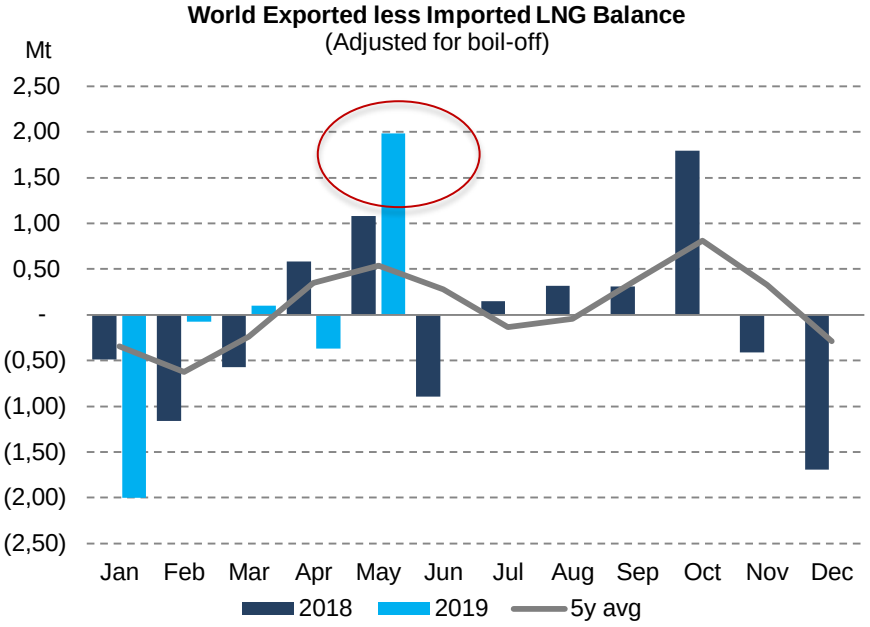




 Source: Poten, KPLER

It takes two (stroke) to Contango



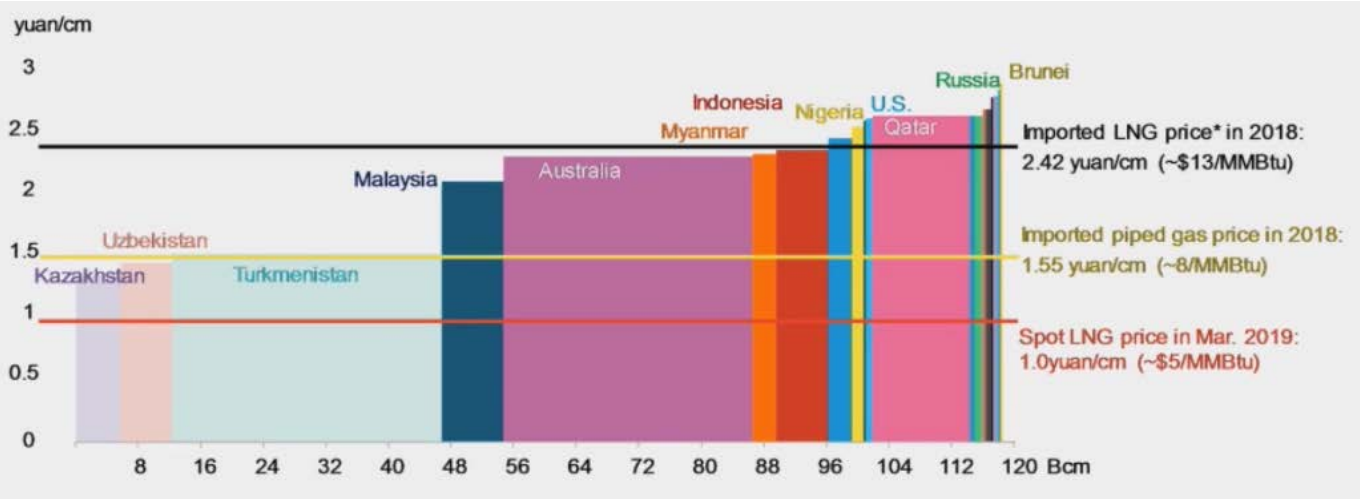


- LNG product prices fallen to very low levels, however the prices are trading in considerable contango into winter season
- Forward delivery of LNG achieve higher prices, an incentive for storage
- Contango trade favors modern LNG carriers with large cargo space and low boil off rate i.e. two stroke vessels
- Export/import balance figures implies growing floating storage

Source: CME Globex, KPLER

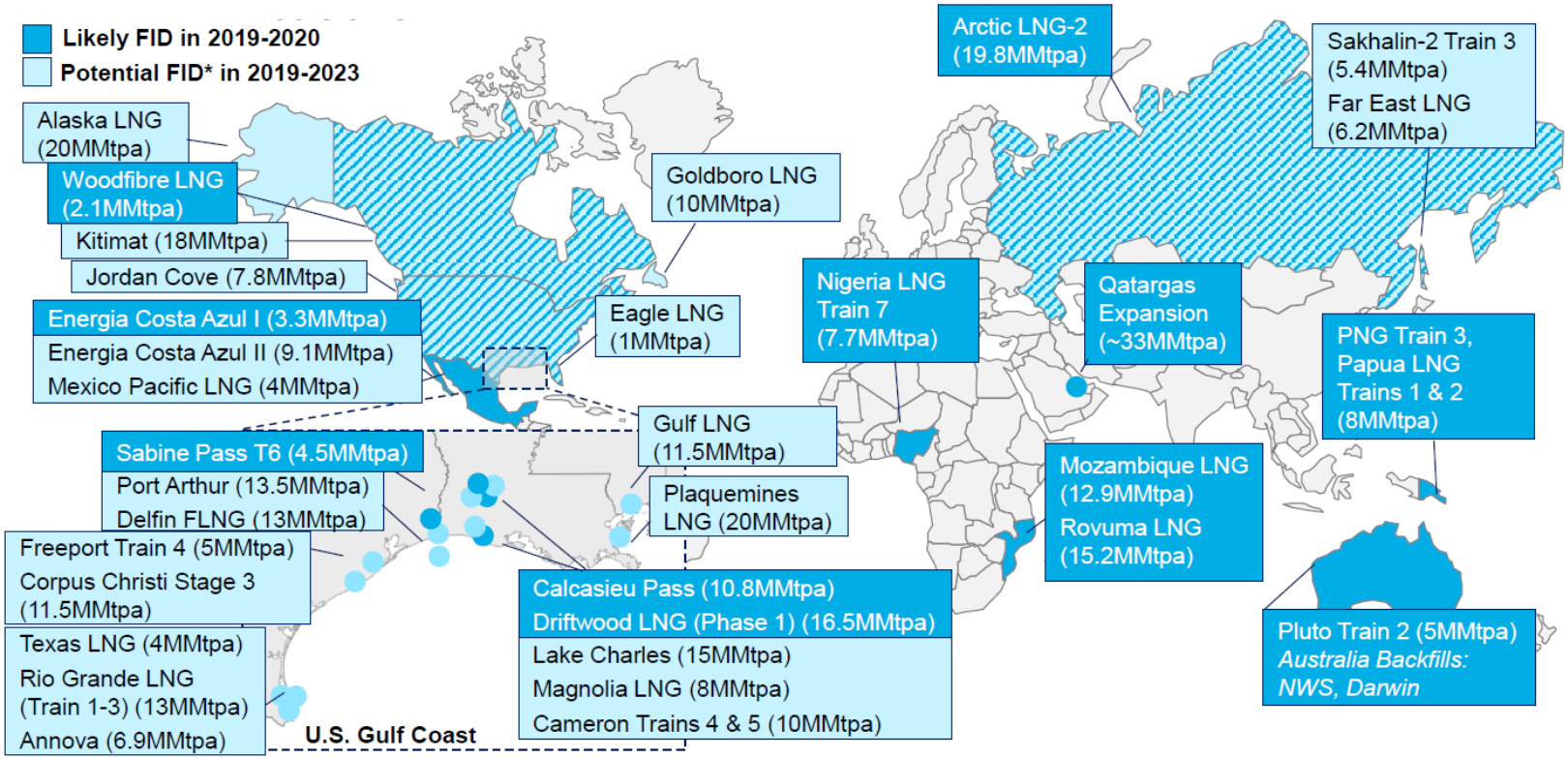
China continues to grow quickly due to Blue Skies and price of LNG

Prices for natural gas in China by source



- Ramp-up of the four terminals (CNOOC's ShenzheDiefu, Sinopec Tianjian, ENN Zhoushan, GuanghuiQidongPhase II) commissioned in 2018, totaling about 11MMtpa, will support LNG demand growth.
- CNOOC's Fangchenggang(0.6MMtpa) in Guangxi completed construction in early 2019.
- GuanghuiQidongPhase III (1.2MMtpa) is also set to be completed in 2019.
- Additional FSRU opportunities

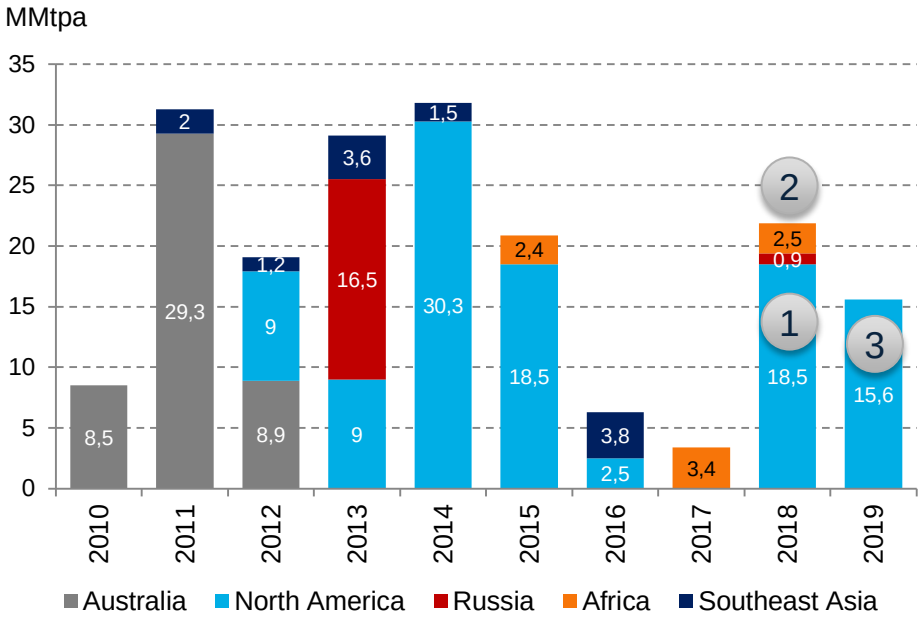
Potential LNG upstream project FIDs 2019-23

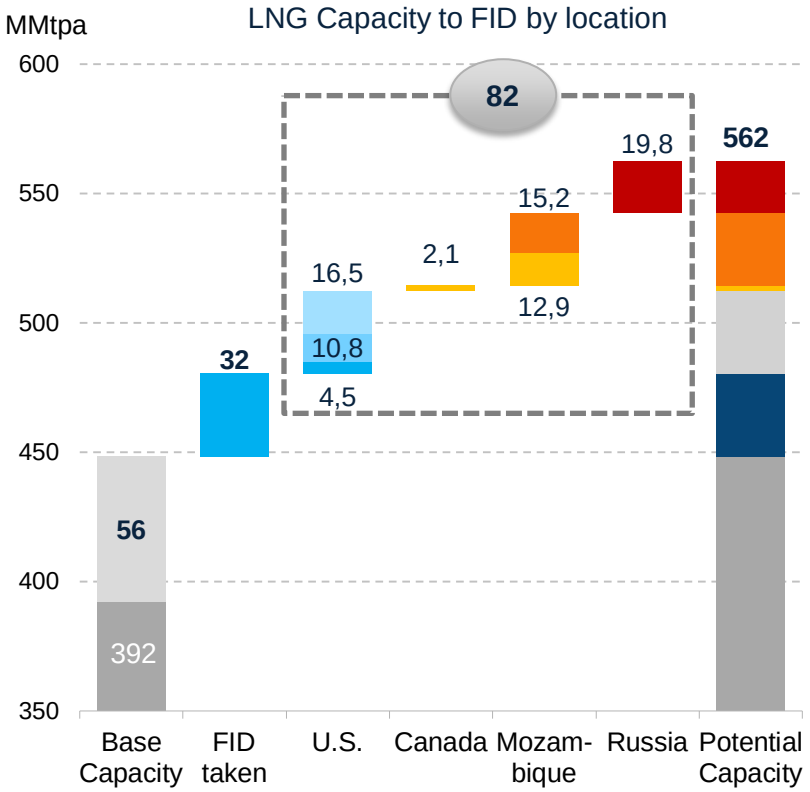


*Source: BloombergNEF. Note: *Potential FID in 2019-2023 projects have announced target FID plans, but progress at this stage is uncertain. There are other projects being proposed in North America and elsewhere that are not shown on the map. Refer to BloombergNEF's export project database (web | terminal) for a more comprehensive list.*

 Source: Bloomberg

FIDs in 2019 expected to approach ~100MMtpa





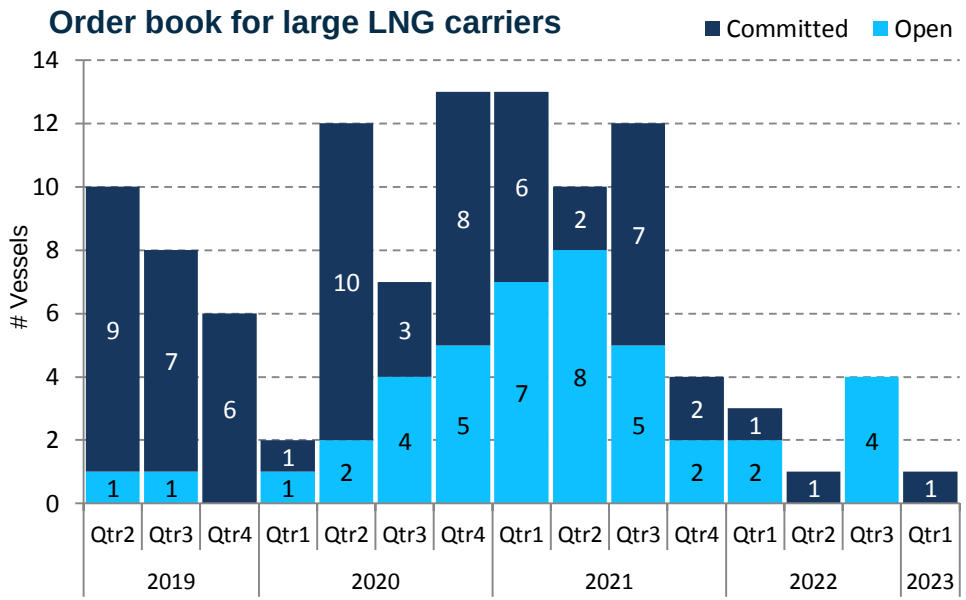
Latest project FID's

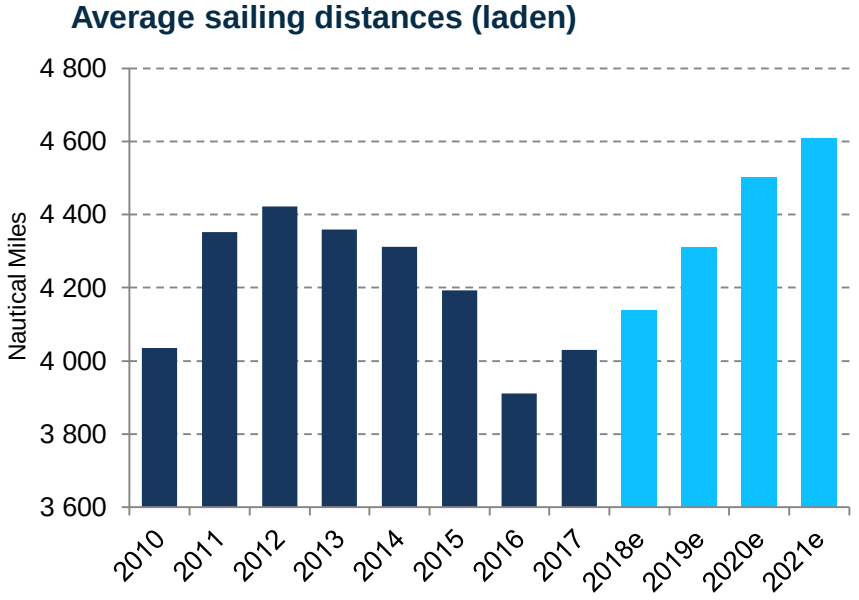
1. LNG Canada: 14 Mmtpa (T1&2), greenfield, ~$ 32 billion
2. Torture FLNG: 2,5 Mmtpa, Gimi conversion, ~1,3 billion
3. Golden Pass: 15,6 Mmtpa, brownfield, ~$ 10 billion

Expected FIDs: Sabine Pass T6, Calcasieu Pass, Driftwood, Woodfibre, Rovuma, Mozambique, Arctic LNG-2

 Source: BNEF, Company

Few available vessels before 2020

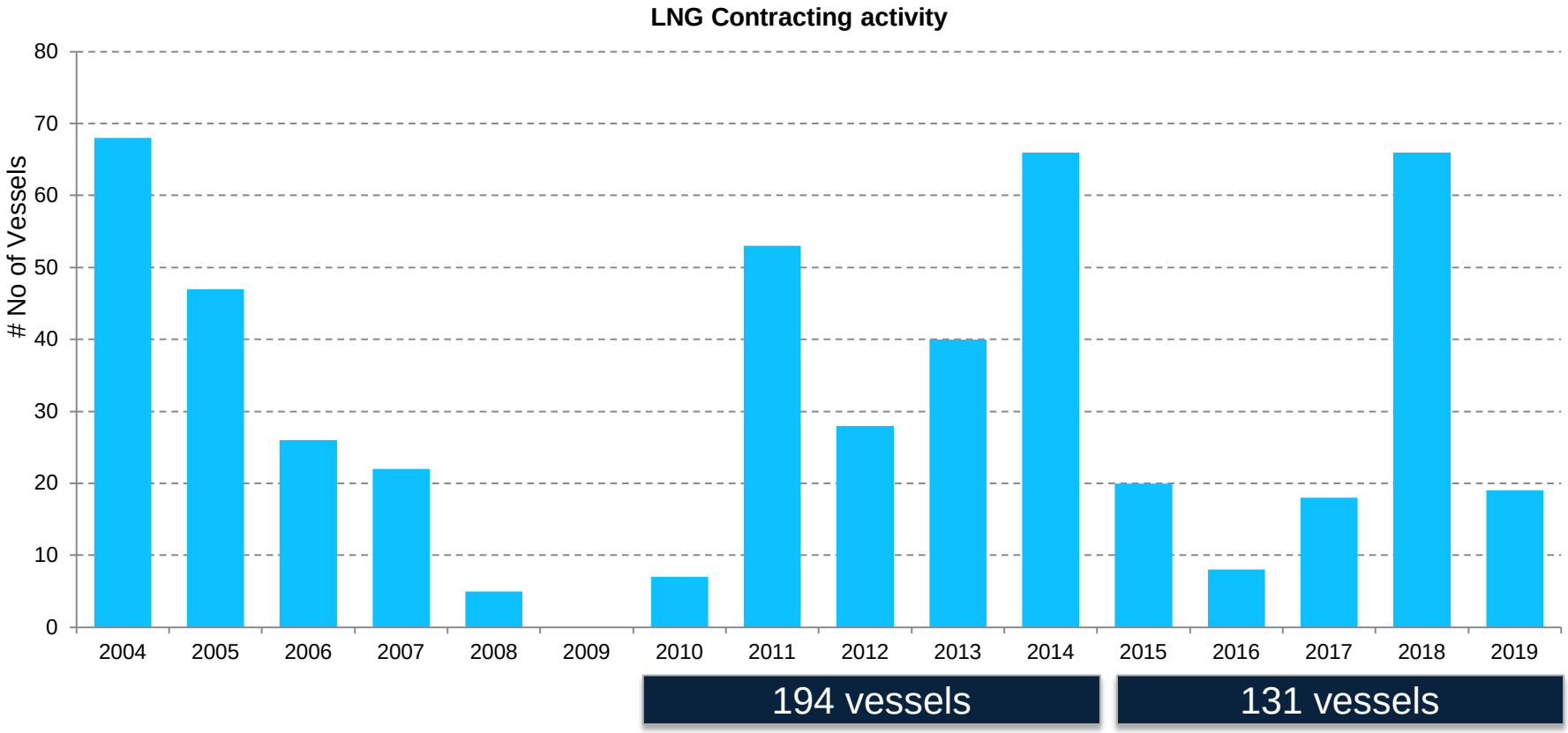




- We have registered 106 LNGC orders for delivery in the period until 2023 including 6 Arc 7 LNGCs
- About 41 vessels in total scheduled for delivery in 2019 as eighteen vessels delivered so far this year
- Very limited open vessels before mid-2020
- Increased sailing distances supportive of LNGC demand

Source: Fearnleys, Clarksons, DNB and Company

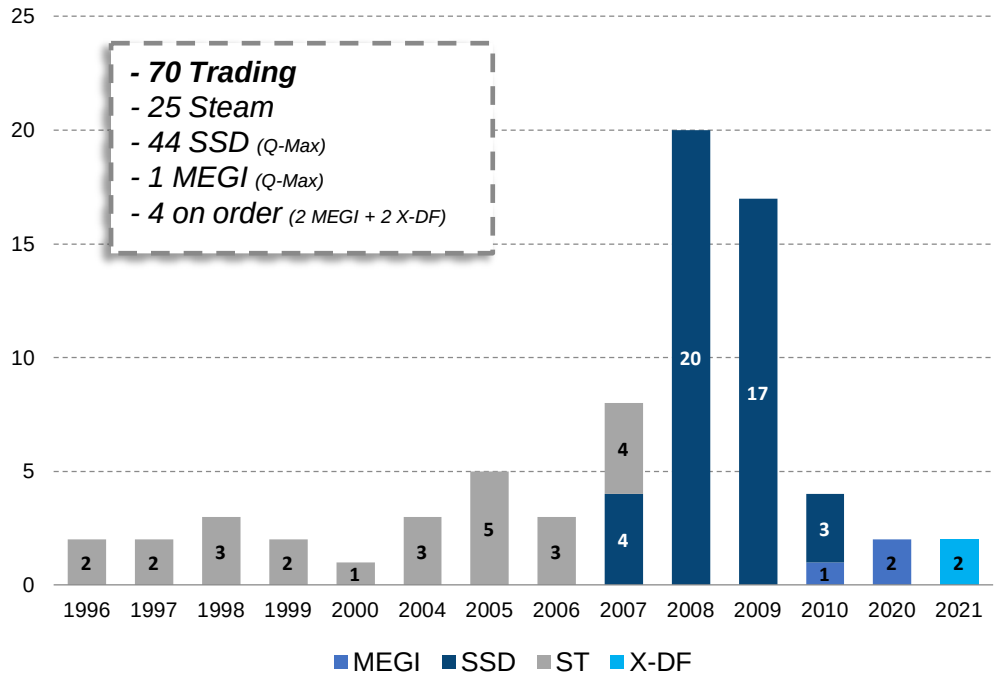
Ordering activity in historical perspective



 Source: Poten and Company

How will 60 to 100 ships from Qataris affect the market?

Qatargas + Nakilat Fleet Breakdown

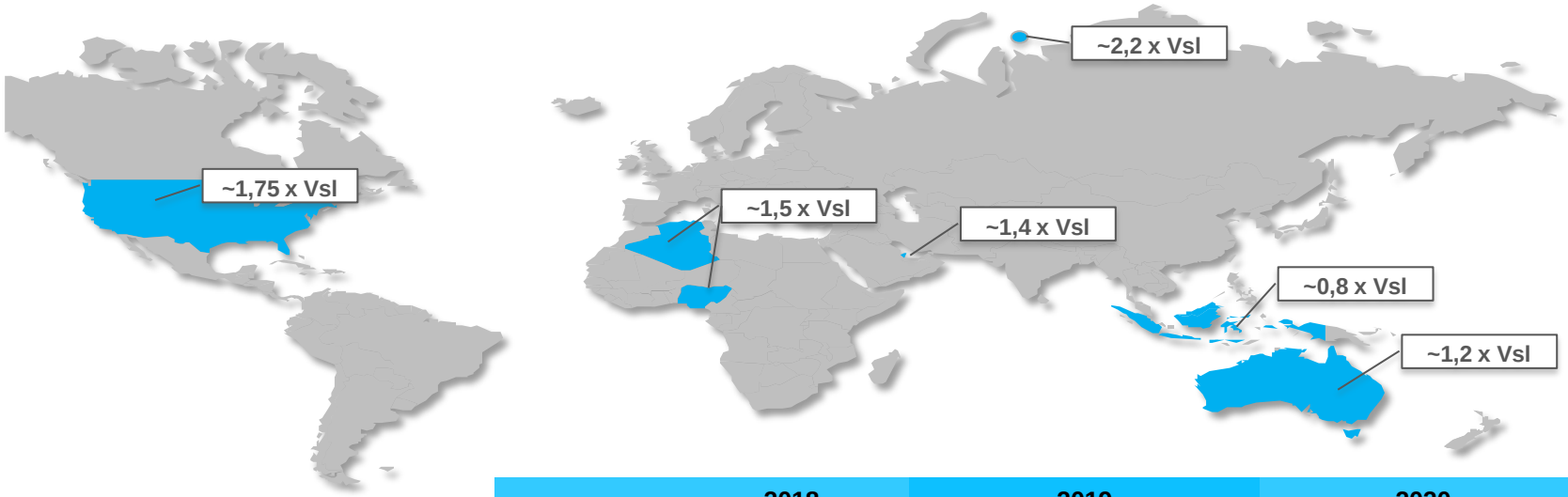


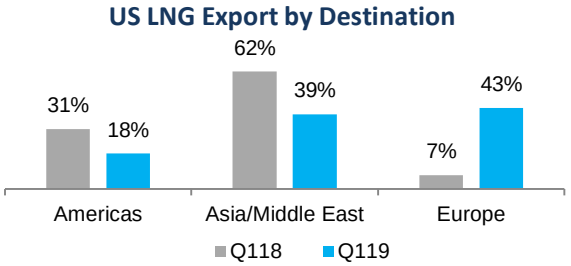
Qatar Petroleum issues 100 LNG carriers build invite

Project	Capacity	Multiplier	Vessel demand
Qatar expansion	33	1,39	46
Golden pass	15,6	1,75	27
Steam replacement			25
Total			**98**

Source: Poten, Fearnleys, QP, LNGWorldNews and Company

Tonnage demand by key LNG export areas





	2018		2019			2020		
Country / Region	% of supply	Vessel multiplier	New Export	Vessel demand	% of supply	New Export	Vessel demand	% of supply
Africa	10 %	1,46	0,70	1	12 %			11 %
Australia	22 %	1,16	10,50	12	22 %	3,50	4	21 %
Qatar	24 %	1,39		0	22 %			20 %
South East Asia	15 %	0,83		0	13 %			11 %
U.S.	7 %	1,75	15,00	26	10 %	28,30	50	17 %
Row	22 %	1,50	7,00	11	20 %	1,00	2	19 %
Total / Delivered				**50**/42			**56**/34	
Volume weighted multiplier		**1,31**		**1,32**			**1,36**	

Source: Poten, Kpler and Company

Summary and outlook

- Revenues of $19.1m in line with $19m reported for third quarter in 2018 as guided
- NYSE trading expected to commence in June
- Recently secured $550m of attractive financing
- Expect slightly better TCE numbers in second quarter and outlook for H2-19 is very strong
- Very favorable fundamentals for LNG transportation both near and long-term
- Flex LNG well positioned with a fleet of 13 modern LNGCs and in-house ship management services by the end of the year

Q&A