

# Corporate Presentation

December, 2019



**FLEX LNG**



# FORWARD-LOOKING STATEMENTS

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MATTERS DISCUSSED IN THIS PRESENTATION MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES SAFE HARBOR PROTECTIONS FOR FORWARD-LOOKING STATEMENTS IN ORDER TO ENCOURAGE COMPANIES TO PROVIDE PROSPECTIVE INFORMATION ABOUT THEIR BUSINESS. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING PLANS, OBJECTIVES, GOALS, STRATEGIES, FUTURE EVENTS OR PERFORMANCE, AND UNDERLYING ASSUMPTIONS AND OTHER STATEMENTS, WHICH ARE OTHER THAN STATEMENTS OF HISTORICAL FACTS.

FLEX LNG LTD. ("FLEX LNG" OR "THE COMPANY") DESIRES TO TAKE ADVANTAGE OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND IS INCLUDING THIS CAUTIONARY STATEMENT IN CONNECTION WITH THIS SAFE HARBOR LEGISLATION. THE WORDS "BELIEVE," "EXPECT," "ANTICIPATE," "ESTIMATE," "INTEND," "PLAN," "TARGET," "PROJECT," "LIKELY," "MAY," "WILL," "WOULD," "COULD" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS.

THE FORWARD-LOOKING STATEMENTS IN THIS PRESENTATION ARE BASED UPON VARIOUS ASSUMPTIONS, MANY OF WHICH ARE BASED, IN TURN, UPON FURTHER ASSUMPTIONS, INCLUDING WITHOUT LIMITATION, MANAGEMENT'S EXAMINATION OF HISTORICAL OPERATING TRENDS, DATA CONTAINED IN THE COMPANY'S RECORDS AND OTHER DATA AVAILABLE FROM THIRD PARTIES. ALTHOUGH FLEX LNG BELIEVES THAT THESE ASSUMPTIONS WERE REASONABLE WHEN MADE, BECAUSE THESE ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT AND ARE BEYOND THE COMPANY'S CONTROL, THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL ACHIEVE OR ACCOMPLISH THESE EXPECTATIONS, BELIEFS OR PROJECTIONS. FLEX LNG UNDERTAKES NO OBLIGATION, AND SPECIFICALLY DECLINES ANY OBLIGATION, EXCEPT AS REQUIRED BY LAW, TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

IN ADDITION TO THESE IMPORTANT FACTORS, OTHER IMPORTANT FACTORS THAT, IN THE COMPANY'S VIEW, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS INCLUDE: UNFORESEEN LIABILITIES, FUTURE CAPITAL EXPENDITURES, THE STRENGTH OF WORLD ECONOMIES AND CURRENCIES, GENERAL MARKET CONDITIONS, INCLUDING FLUCTUATIONS IN CHARTER RATES AND VESSEL VALUES, CHANGES IN DEMAND IN THE LNG TANKER MARKET, CHANGES IN THE COMPANY'S OPERATING EXPENSES, INCLUDING BUNKER PRICES, DRY-DOCKING AND INSURANCE COSTS, THE FUEL EFFICIENCY OF THE COMPANY'S VESSELS, THE MARKET FOR THE COMPANY'S VESSELS, AVAILABILITY OF FINANCING AND REFINANCING, ABILITY TO COMPLY WITH COVENANTS IN SUCH FINANCING ARRANGEMENTS, FAILURE OF COUNTERPARTIES TO FULLY PERFORM THEIR CONTRACTS WITH THE COMPANY, CHANGES IN GOVERNMENTAL RULES AND REGULATIONS OR ACTIONS TAKEN BY REGULATORY AUTHORITIES, INCLUDING THOSE THAT MAY LIMIT THE COMMERCIAL USEFUL LIVES OF LNG TANKERS, POTENTIAL LIABILITY FROM PENDING OR FUTURE LITIGATION, GENERAL DOMESTIC AND INTERNATIONAL POLITICAL CONDITIONS, POTENTIAL DISRUPTION OF SHIPPING ROUTES DUE TO ACCIDENTS OR POLITICAL EVENTS, VESSEL BREAKDOWNS AND INSTANCES OF OFF-HIRE, AND OTHER FACTORS, INCLUDING THOSE THAT MAY BE DESCRIBED FROM TIME TO TIME IN THE REPORTS AND OTHER DOCUMENTS THAT THE COMPANY FILES WITH OR FURNISHES TO THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

FOR A MORE COMPLETE DISCUSSION OF CERTAIN OF THESE AND OTHER RISKS AND UNCERTAINTIES ASSOCIATED WITH THE COMPANY, PLEASE REFER TO THE REPORTS AND OTHER DOCUMENTS THAT FLEX LNG FILES WITH OR FURNISHES TO THE SEC.

THIS PRESENTATION IS NOT AN OFFER TO PURCHASE OR SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE OR SELL, ANY SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL.

# BRAND NEW STATE-OF-THE-ART FLEET



## High Pressure

### ME-GI



Ranger (2018)



Rainbow (2018)

Initial Flex LNG vessels  
\$210M equity  
\$257.5m debt raised

### ME-GI with Partial Reliquefaction System



Endeavour (2018)



Enterprise (2018)



Constellation (2019)



Courageous (2019)

Acquired in 2017:  
\$329m equity raised  
\$550m debt raised

### ME-GI with Full Reliquefaction System



Artemis (2020)



Resolute (2020)



Freedom (2020)

Acquired in 2018:  
\$300m equity raised  
\$629m ECA financing secured for the five 2020 newbuildings

## Low pressure

### X-DF



Aurora (2020)



Amber (2020)



Volunteer (2021)



Vigilant (2021)

# DEVELOPING A FIRST CLASS LNG SHIPPING COMPANY

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## HARDWARE:

13 state-of-the-art LNG carriers:

- Six delivered by Aug 2019
- Seven for delivery 2020/21
- >170,000 cbm cargo size
- Efficient 2-stroke engines



## SOFTWARE:

- Systems and routines
- Process and integration
- Best practices from Seatankers

## PEOPLE:

Recruited mgt teams and in-house ship mgt. from October 2019

- Commercial and operations
- Technical and crewing
- Finance and accounting

## FINANCING:

- Raised \$629m equity 2017/18
- Raised approx. \$1.4bn debt
- OSE and NYSE listing

## RECENT DEVELOPMENTS

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- Delivered Revenues of \$29.8m vs. \$19.0m for Q2-19
- Achieved Time Charter Equivalent<sup>(1)</sup> rate of \$58.2kpdr in line with guidance of ~\$60kpdr
- Delivered Adjusted EBITDA<sup>(1)</sup> of \$21.8m vs. \$11.3m for Q2-19
- Executed \$525m of loans for Flex Endeavour/Enterprise/Ranger/Courageous during Q3-19
- Secured new attractive \$629m financing for five newbuildings
- Q4-19 booked with Revenue guidance of ~\$50m to ~\$55m
- Flex LNG Fleet Management received Document of Compliance (DOC) in October
- Implemented Sustainability Accounting Standards Board (SASB) reporting in relation to ESG
- Dividend of \$0.10 per share declared for Q3-19
- Entered into a TCP with Gunvor for Flex Artemis ex yard, scheduled delivery Aug 2020
  - Period is for up ten years of which first five years are firm with elements of variable rate of hire across the charter period

1) Time Charter Equivalent rate and Adjusted EBITDA are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the Q3-19 earnings report

# MARKET FOR SEABORNE LNG TRANSPORT MATURING



**“LNG 1.0” : 2000:  $\approx 100\text{MMtpa}$**



- 1960s to mid-2000s
- Traditional liner model (P2P)
- Back2back contracts 20yr+
- Steam engine

**“LNG 2.0” : 2010:  $\approx 200\text{MMtpa}$**

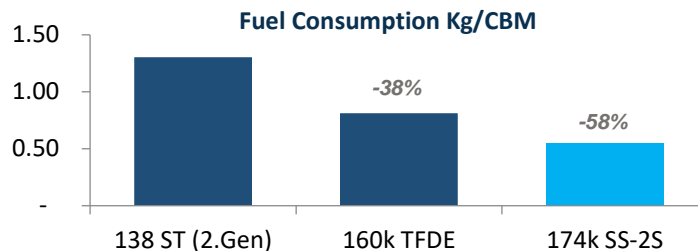


- Mid-2000s to yesterday
- Portfolio players
- Term contracts (7-15yrs)
- DFDE/TFDE engine (4 stroke)

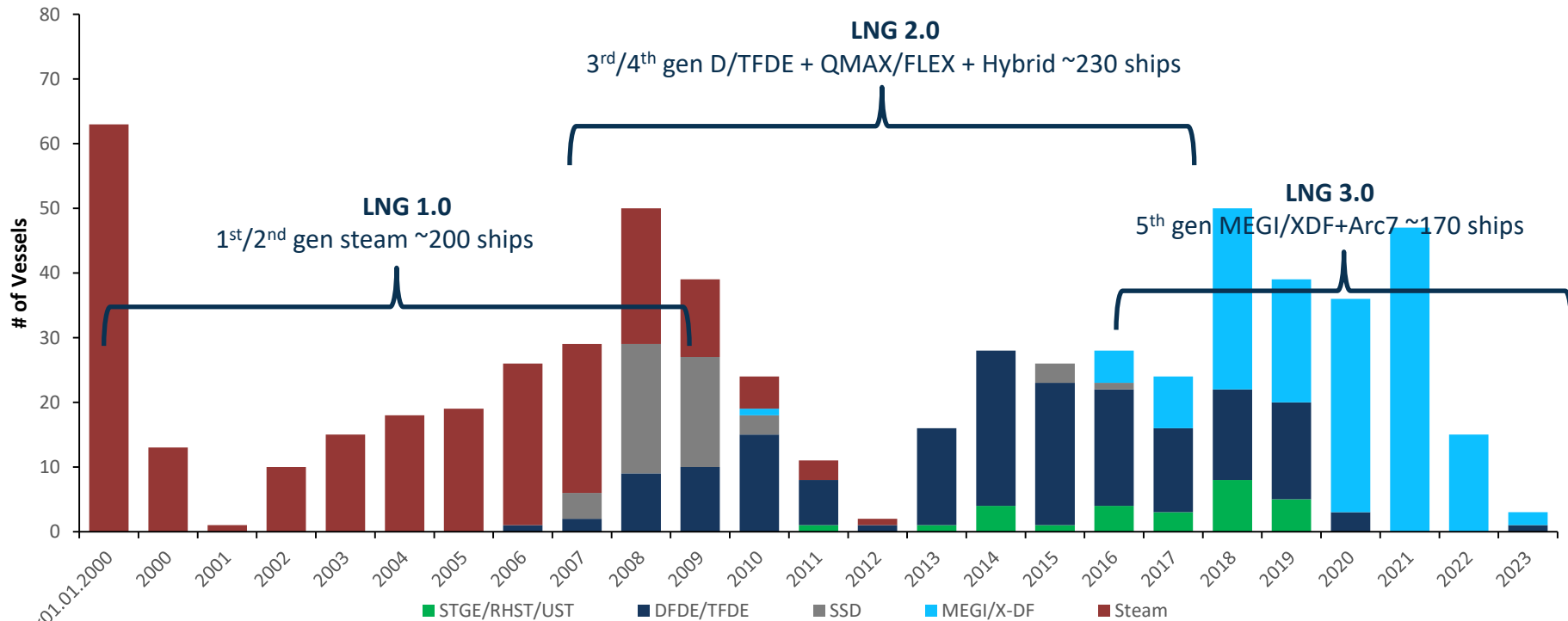
**“LNG 3.0” : 2020:  $\approx 400\text{MMtpa}$**



- The way of the future
- Commoditization of LNG
- Shorter term contracts (1-7yrs)
- DF-2 stroke slow speed engine



# LNG 3.0: THE GRANULAR VIEW



- Older steam tonnage becoming increasingly obsolete both commercially and economically, but also environmentally



# \$629,000,000 FINANCING SECURED FOR 2020 NEWBUILDINGS



## ECA lender/guarantor:



## ECA Coordinator:



## Facility Agent:



- \$629m attractive debt financing secured for five newbuildings delivering in 2020
  - Korea Eximbank (KEXIM) to provide \$379m in direct loans and guarantees
  - Commercial banks to provide \$250m loan
  - Accordion up-size option of up to \$50m (\$10m per vessel) in case of long-term charter<sup>(1)</sup>
- \$379m KEXIM commitment is for up to 12 years<sup>(2)</sup>
- Commercial bank loan tenor of 5 years from final drawdown, expected November 2020
- Average repayment profile of 20 years for facilities
- Average margin<sup>(3)</sup> ~2.2% p.a. above LIBOR, i.e. all-in interest cost of ~4% p.a.
- Attractive cash breakeven level of ~\$43,000/day per vessel<sup>(4)</sup>
- No requirement for firm employment and financial covenants linked to balance sheet:
  - Book equity > 25%; Min available liquidity > \$25m & > 5% NIBD; positive consolidated working capital
- Financing subject to final documentation and customary closing conditions expected to be fulfilled prior to delivery of newbuildings



1) Accordion is uncommitted and subject to acceptable TCP and credit approval by banks

2) According to OECD framework for ECA financing with profile 12 years. Tenor is subject to rollover of commercial bank loan at acceptable terms, otherwise maturity at same time as commercial bank loan

3) Including KEXIM guarantee premium

4) Based on 5-year interest rate swap of 1.70% p.a. and vessel operating expense of \$13,000 per day, excluding general admin costs



# ATTRACTIVE LONG-TERM FINANCING SECURED



## Endeavour/Enterprise - \$300m Sale and Charterback

- 10-year sale and charterback transaction maturing July 2029
- All-in cost of ~6% p.a.
- 20 year annuity style repayment profile (21.5 years age-adjusted)

## Rainbow - \$157.5m Sale and Leaseback

- 10-year sale and leaseback transaction maturing July 2028
- Interest at LIBOR + 3.50% p.a.
- 20 year repayment profile

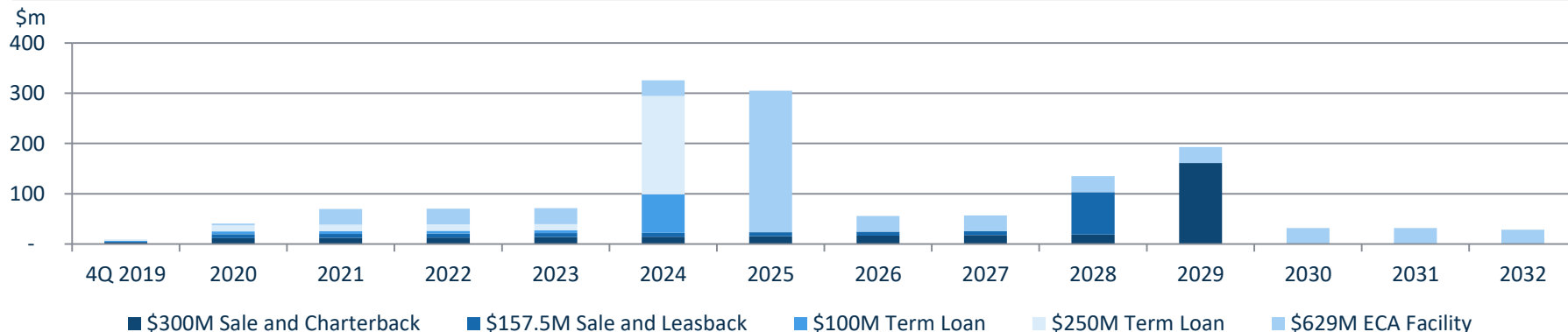
## Constellation/Courageous - \$250m Term Loan Facility

- Five-year bank facility maturing August 2024
- Interest at LIBOR + 2.35% p.a.
- 20 year repayment profile

## Ranger - \$100m Term Loan and Revolving Credit Facility

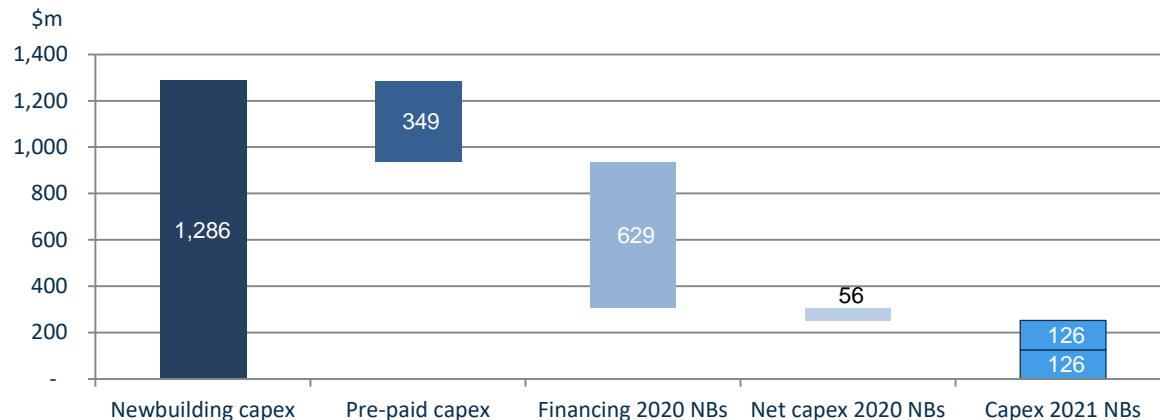
- Five-year bank facility maturing July 2024
- Interest at LIBOR + 2.25% p.a.
- 17.9 year repayment profile (19 years age-adjusted)

### Amortization Schedule<sup>(1)</sup>



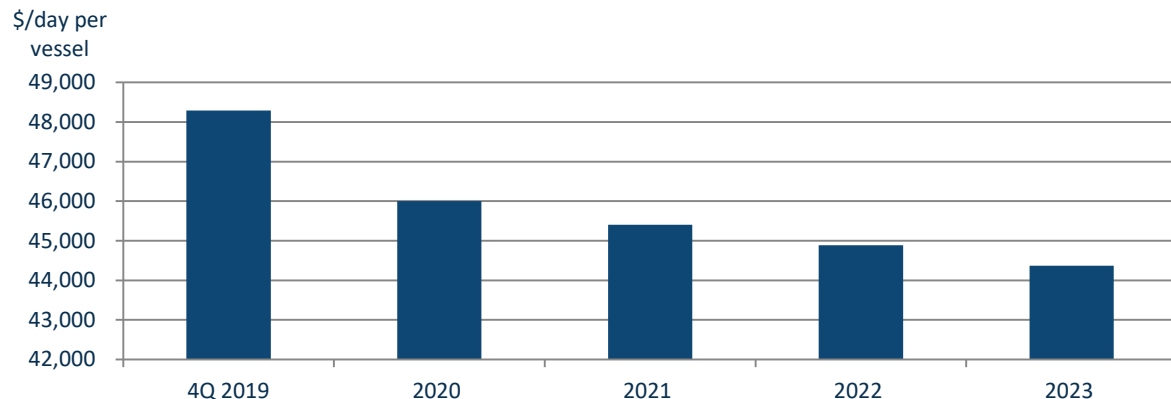
1) Assumes \$50m revolving facility under \$100m term loan fully drawn. The \$629m ECA facility remains subject final documentation and customary closing conditions. Repayment schedule for \$629m ECA facility based on scheduled delivery dates for the five newbuildings. The 12-year ECA tranche under the \$629m ECA facility will mature at same time as the \$250m commercial tranche if commercial tranche is not refinanced on terms acceptable to the ECA lenders.

# LIMITED REMAINING CAPEX AND ATTRACTIVE CASH BREAK-EVEN LEVELS



## Limited remaining capex<sup>(1)</sup>

- Remaining capex of \$126m per vessel for Flex Vigilant and Flex Volunteer scheduled for delivery in 2021
- In line with recent bank financings and well below Hyundai Glovis sale and charterback of \$150m per vessel



## Attractive cash breakeven levels<sup>(2)</sup>

- Cash breakeven level projected to decline over next years due to attractive terms on recent financings, reduced leverage and lower interest expenses

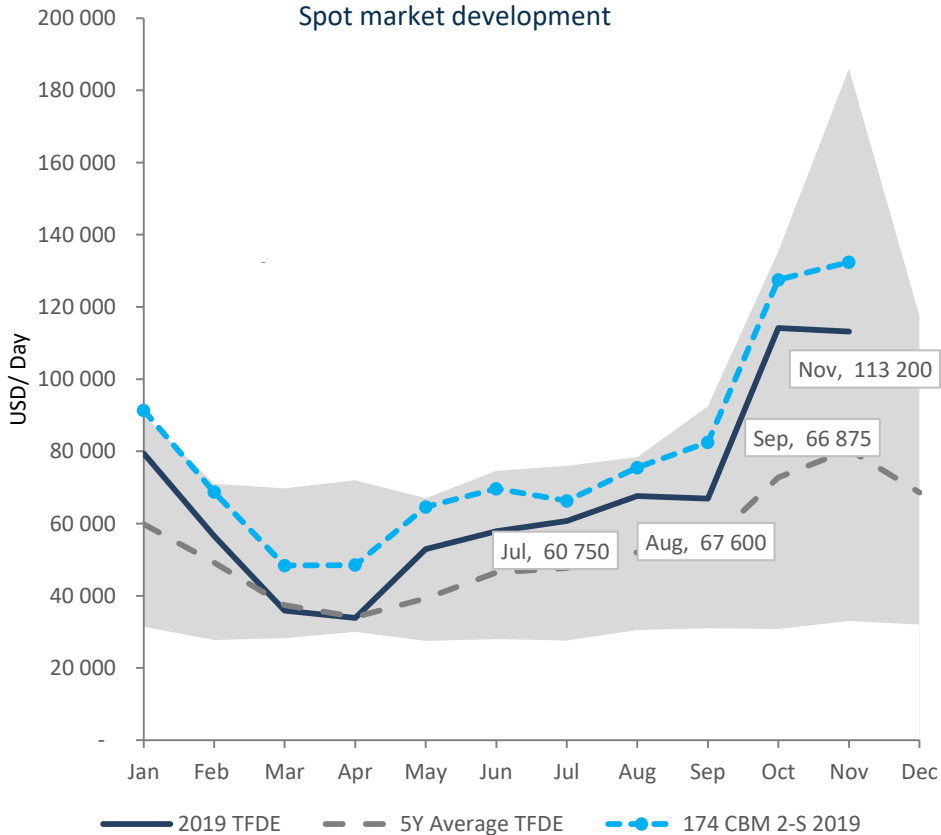
<sup>1)</sup> The \$629m ECA facility for the 2020 newbuildings remains subject final documentation and customary closing conditions.

<sup>2)</sup> Based on 5-year interest rate swap of 1.70% p.a., vessel operating expense of \$13,000 per day and scheduled delivery of 2020 newbuildings. Excluding general admin expenses.

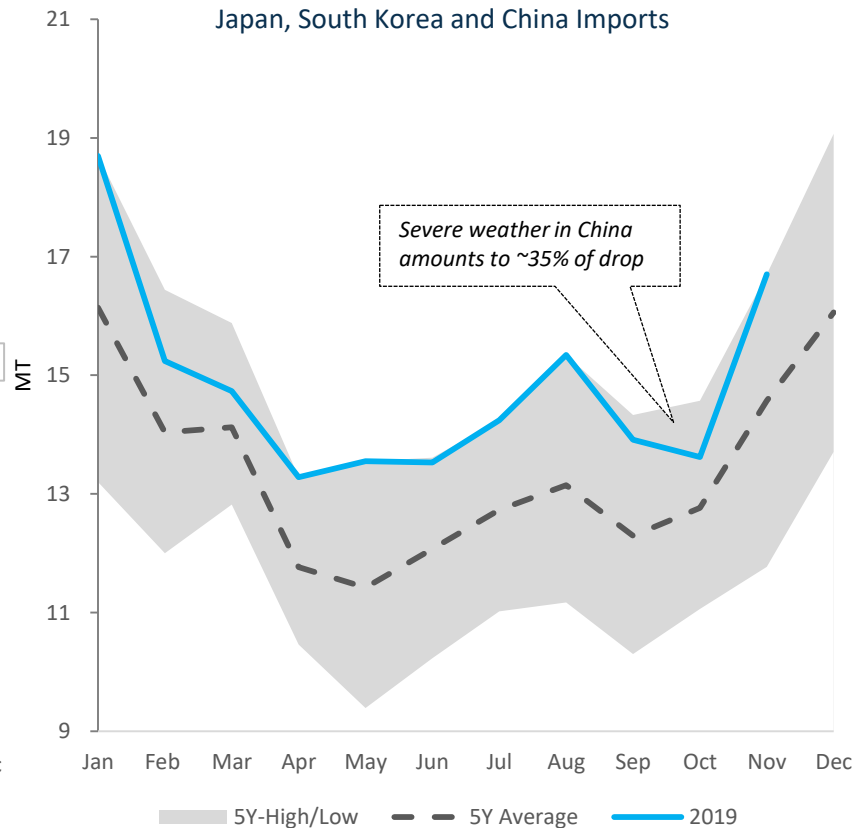
# DÉJÀ VU IN FREIGHT MARKET



Spot market development



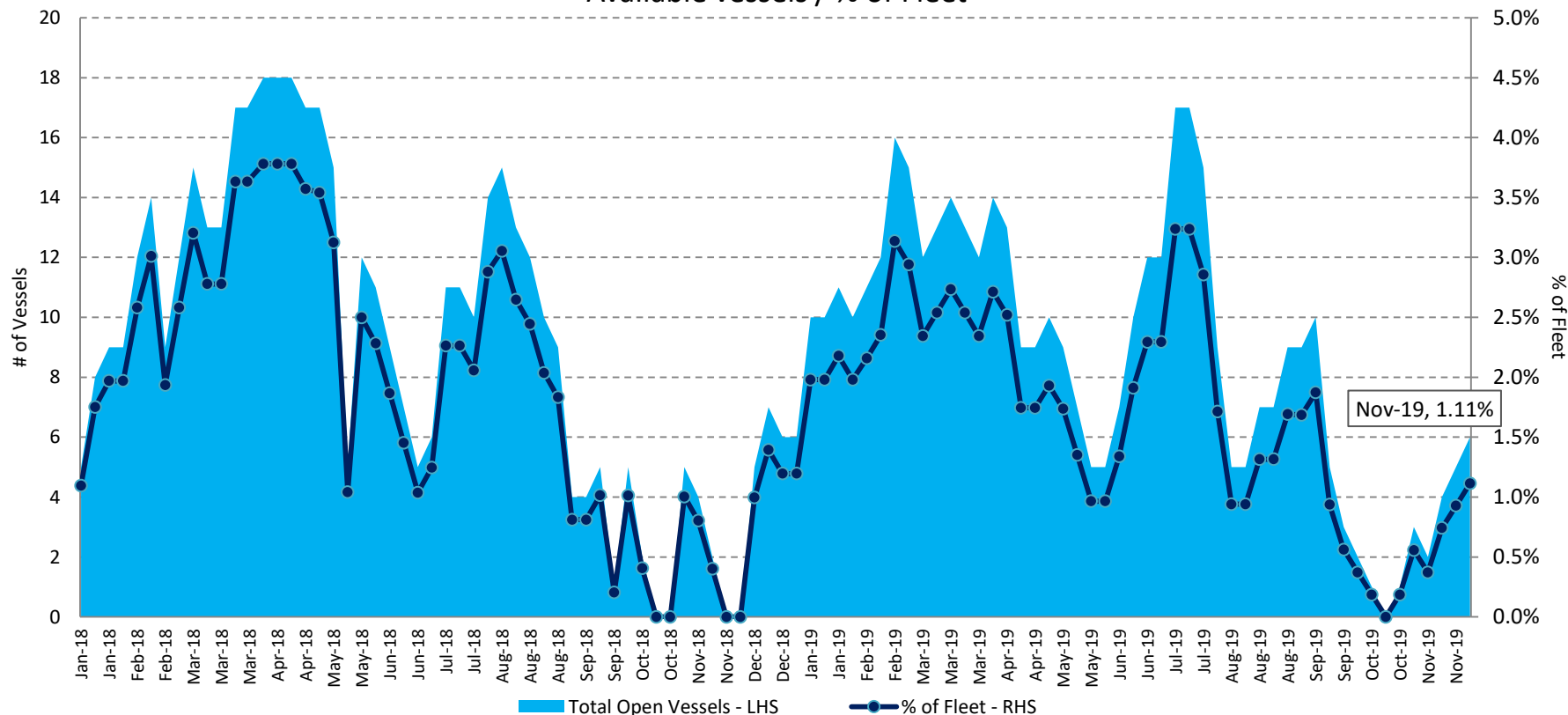
Japan, South Korea and China Imports



# LACK OF AVAILABLE SHIPS DRIVING RATES



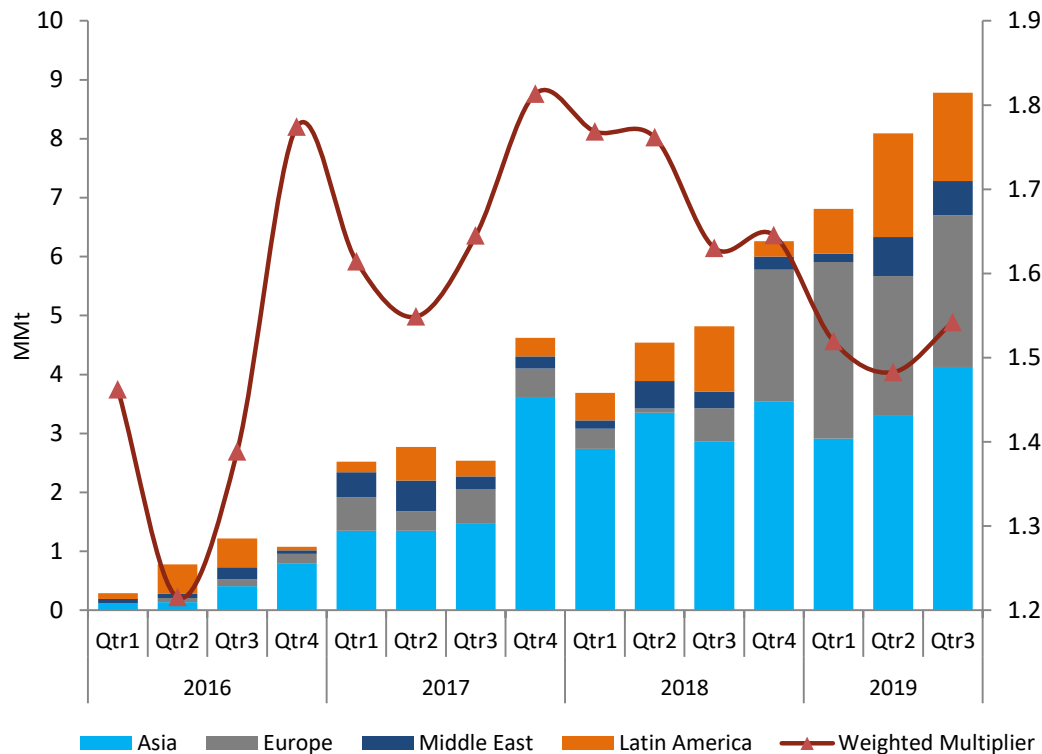
Available vessels / % of Fleet



# MORE CARGOES GOING EAST AGAIN

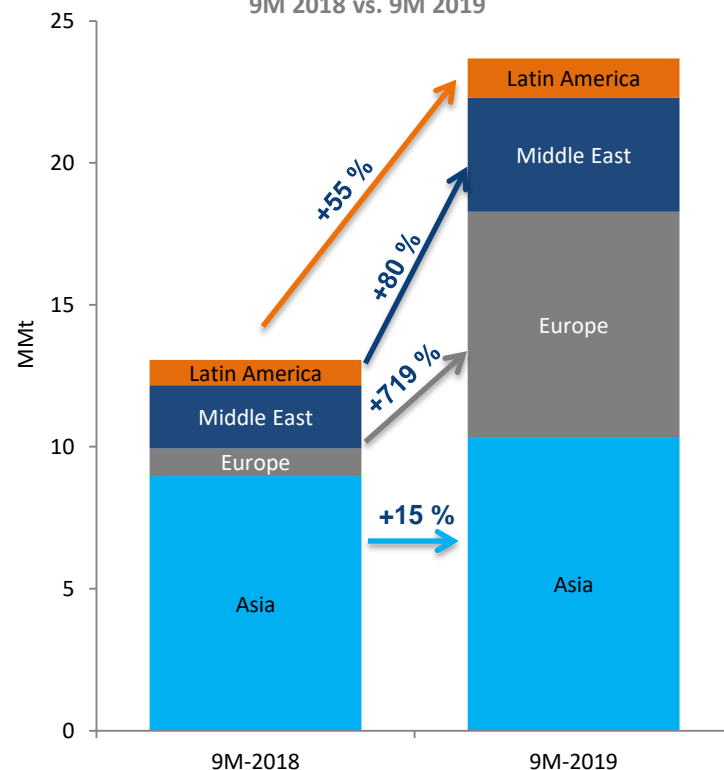


## Current trading pattern affects vessel multiplier

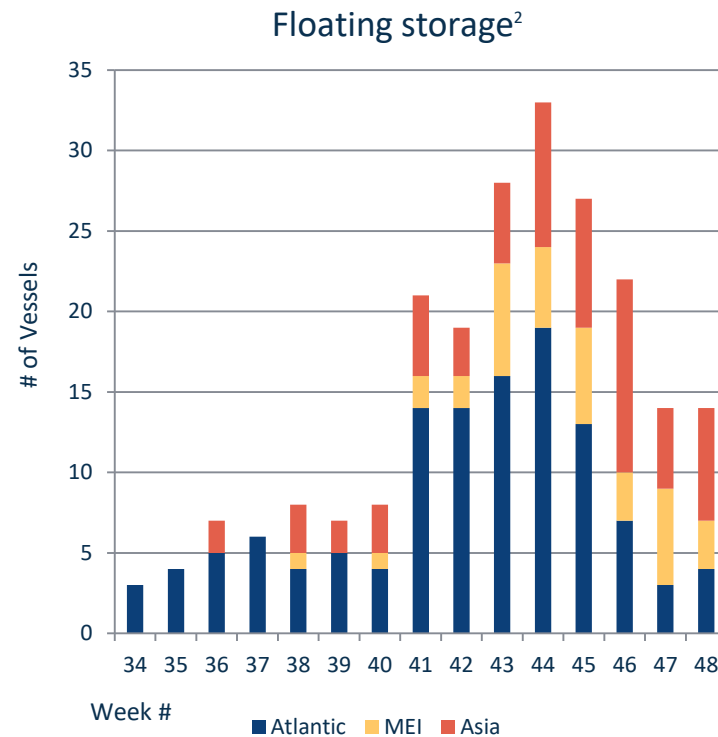
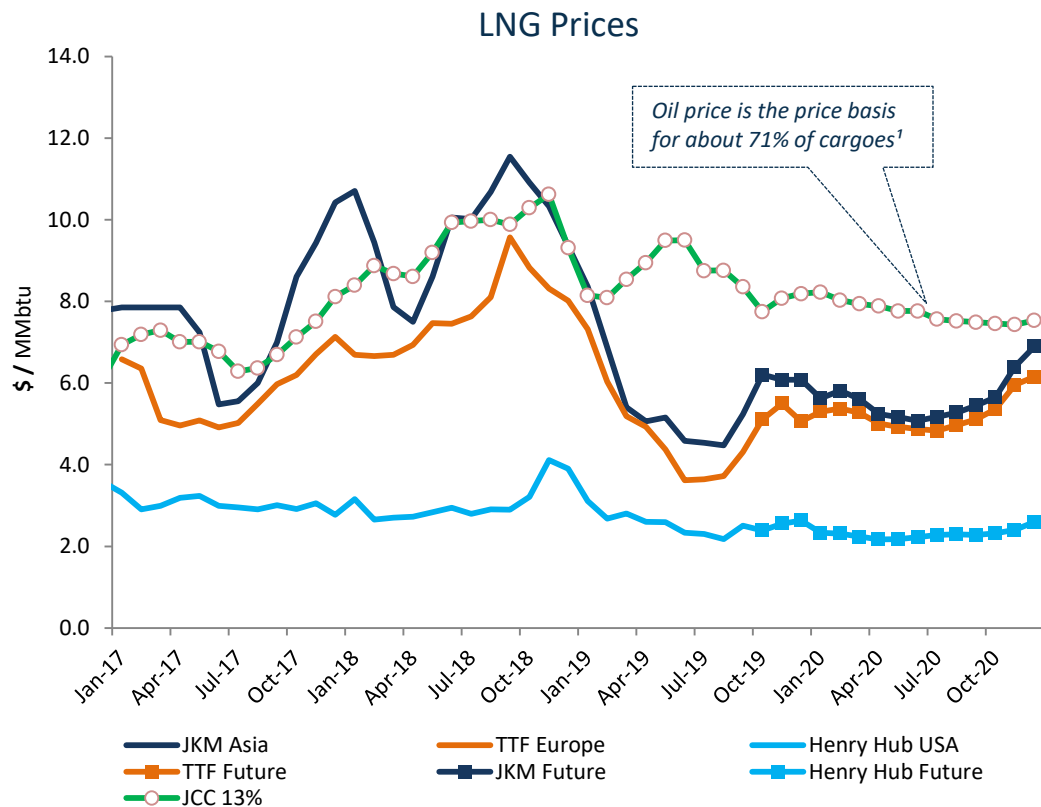


## US Exports by Region

9M 2018 vs. 9M 2019



# RETURN OF FLOATING STORAGE



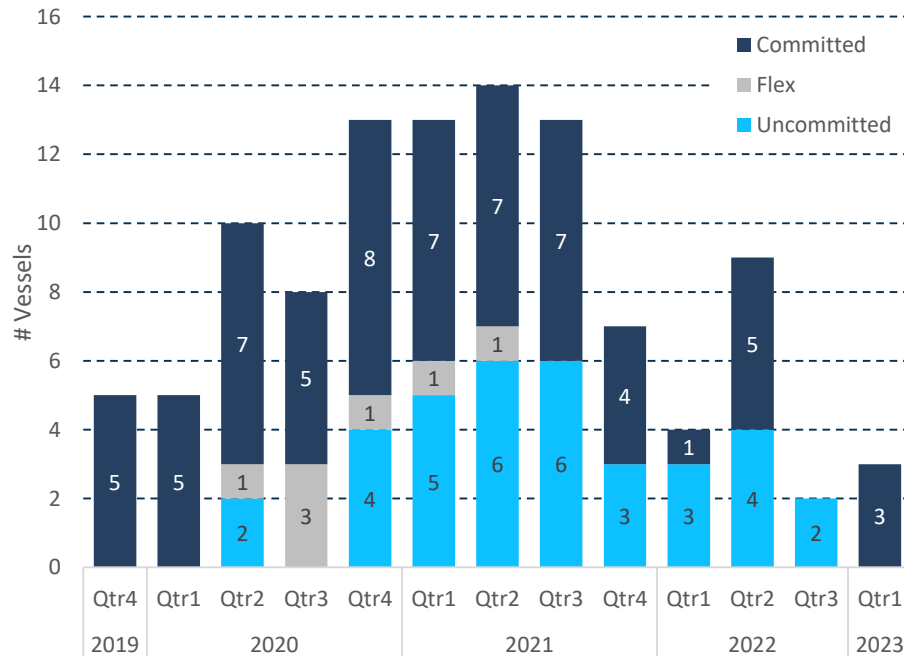
1) Source: Bloomberg, CME, Poten

2) Source: KPLER

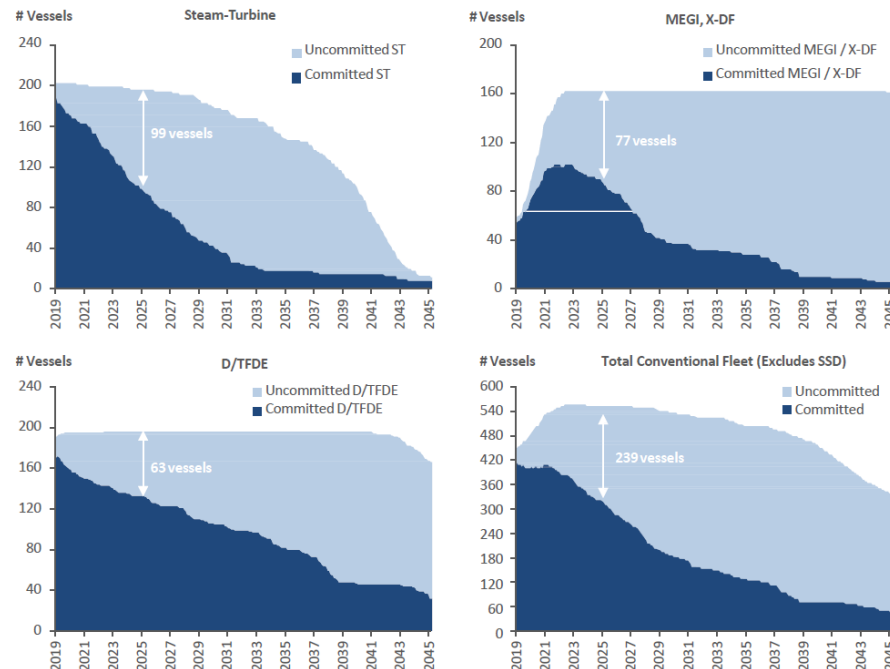
# COMPETITIVE NEWBUILDING SLOTS



## Order book for large LNG Carriers

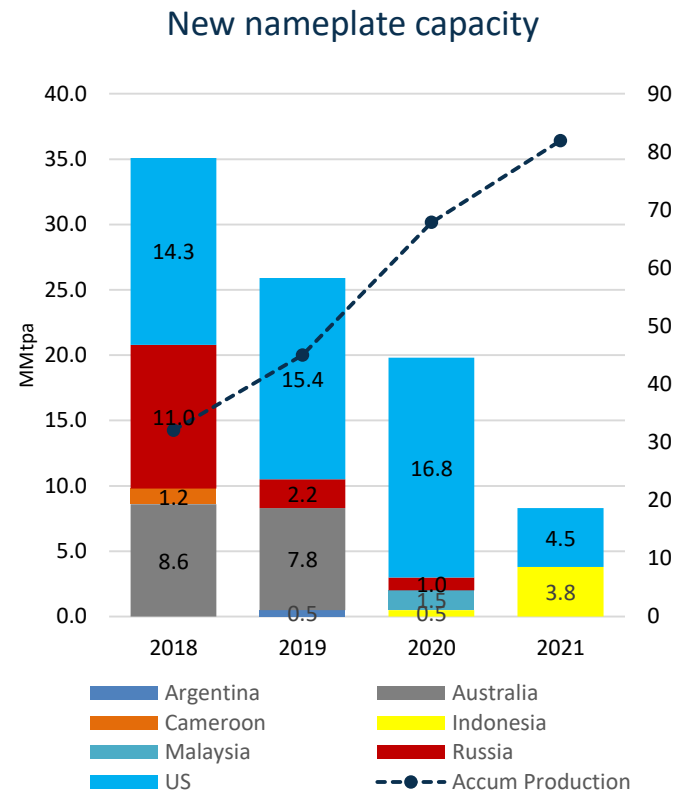
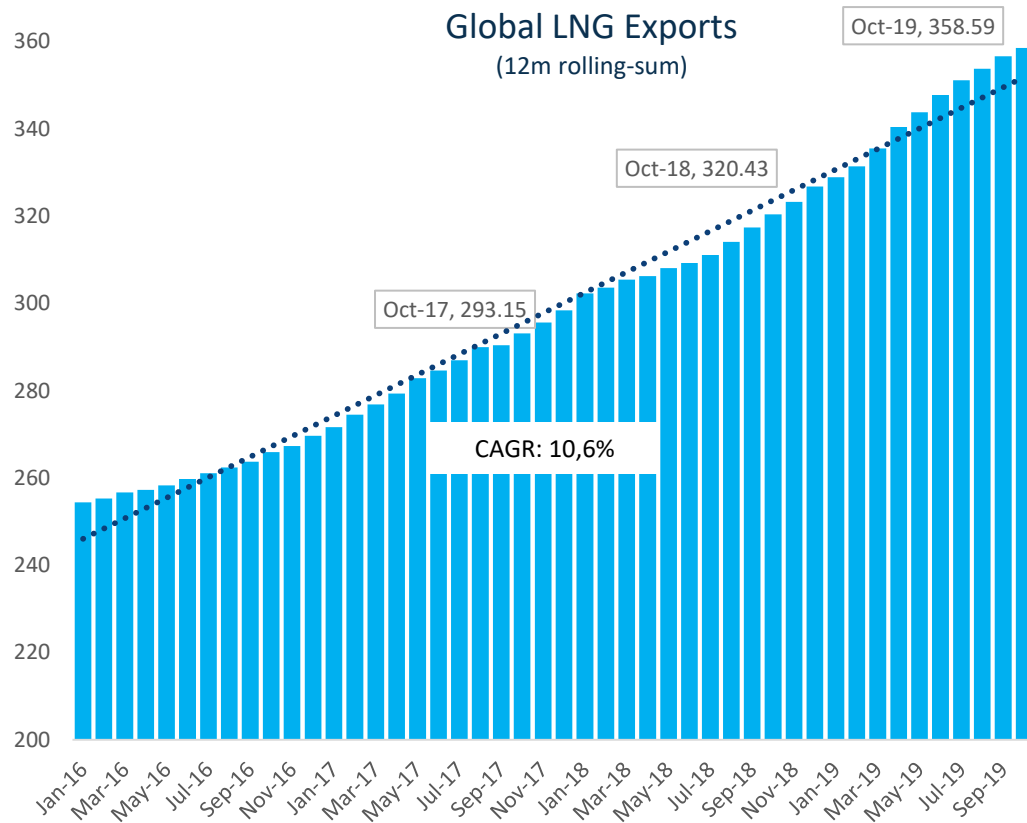


## New ships will replace old ships

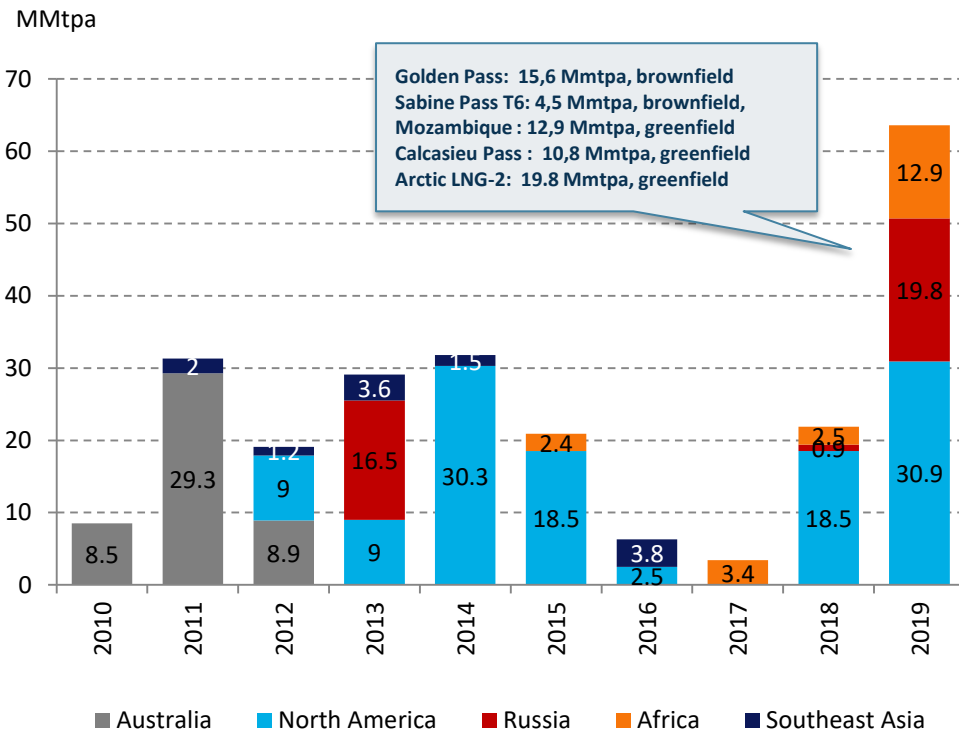












# LNG VOLUMES GROWING AS EXPECTED



# RECORD NUMBER OF NEW VOLUMES SANCTIONED



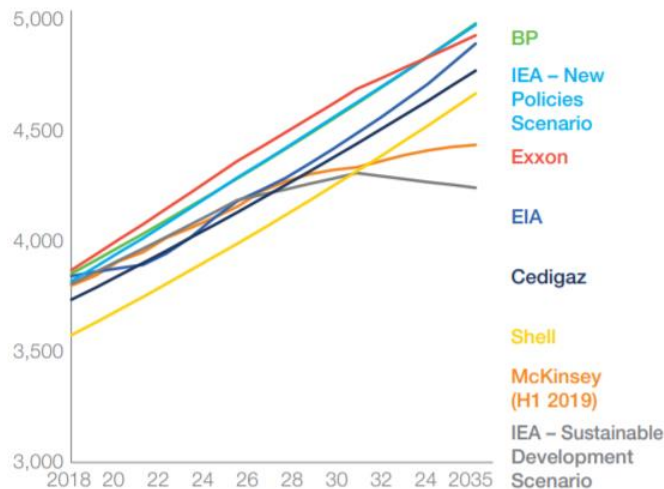
Likely FIDs	Country	Volume (Mmtpa)	Time
Woodfibre LNG		2.1	2019
Rovuma LNG		15.2	2020
Qatargas expansion		33-50	2020
Pluto Train 2		5.0	2020
Energia Costa Azul I		3.3	2020
Driftwood LNG Phase 1		16.6	2020
Nigeria LNG Train 7		7.7	2020
PNG T3/Papua LNG		8.0	2020
<b>Total FID volumes</b>		<b>91-108</b>	

# COMPELLING LONG-TERM OUTLOOK



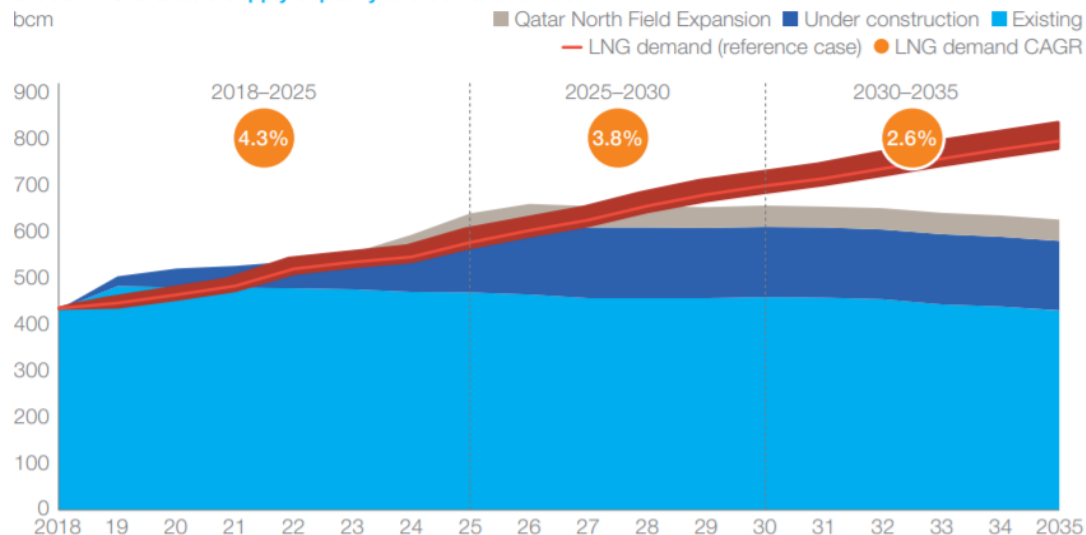
## Projected gas demand

bcm



## Global LNG available supply capacity and demand to 2035<sup>1,2</sup>

bcm



1) Source: McKinsey

# SUMMARY

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- Significantly improved market conditions impacting financial results positively
- Attractive long-term financing secured for five of remaining seven newbuildings
- Industry leading cash break-even levels
- Very strong capitalization, liquidity position and track record on raising attractive financing
- In-house technical ship management in place
- Flex LNG very well positioned for a long term fundamental positive LNG outlook
- Dividend of \$0.10 per share declared for Q3-19





**FLEX LNG**

[www.flexlng.com](http://www.flexlng.com)

# INCOME STATEMENT



Unaudited Figures in thousand of \$	Three months ended	
	Sept 30, 2019	Jun 30, 2019
Vessel operating revenues	29,814	19,018
Voyage expenses	-994	-1,113
Vessel operating expenses	-4,618	-5,165
Administrative expenses	-2,286	-1,506
Depreciation	-7,840	-6,308
<b>Operating income/(loss)</b>	<b>14,076</b>	<b>4,926</b>
Finance income	264	204
Interest expense	-9,437	-6,853
(Loss)/gain on derivatives	-915	-2,229
Write-off of debt issuance costs	-3,388	-
Other financial items	-133	33
<b>Income/(loss) before tax</b>	<b>467</b>	<b>-3,919</b>
Income tax credit/(expense)	1	-
<b>Net income/(loss)</b>	<b>468</b>	<b>-3,919</b>

- Revenues of \$29.8m vs. \$19.0m for Q2-19
- Adjusted EBITDA<sup>(1)</sup> of \$21.8m vs. \$11.3m for Q2-19
- Administrative expenses impacted by costs associated with NYSE listing and establishment of in-house technical ship management
- Increase in interest expense due to drawdown of \$250m facility for Flex Constellation and Flex Courageous in June and August, respectively, and increased leverage on Flex Endeavour and Flex Enterprise following closing of \$300m Hyundai Glovis sale and charterback in July
- Unrealized non-cash loss on interest rate swaps of \$0.9m in Q3-19 compared to \$2.2m in Q2-19
- Non-cash write-off of debt issuance cost of \$3.4m relating to re-financing of \$315m facility

1) Adjusted EBITDA is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure is included in the Q3-19 earnings report

# BALANCE SHEET



Unaudited Figures in thousand of \$	Sept 30, 2019	Jun 30, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash, restricted cash and cash equivalents	56,554	26,444
Other current assets	16,570	9,899
<b>Non-current assets</b>		
Vessels and equipment	1,155,835	982,459
Other fixed assets	5	5
Vessel purchase prepayment	349,472	385,472
Derivative instruments receivable	269	-
<b>Total Assets</b>	<b>1,578,705</b>	<b>1,404,279</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	34,261	29,996
Derivative instruments payable	3,521	2,257
Other current liabilities	17,272	15,107
<b>Non-current liabilities</b>		
Long-term debt	702,893	536,762
Other non-current liabilities	3	1
<b>Total equity</b>	<b>820,755</b>	<b>820,156</b>
<b>Total Equity and Liabilities</b>	<b>1,578,705</b>	<b>1,404,279</b>

- Assets consist of six vessels in operation and seven newbuildings under construction as per Sep 30, 2019
- Increase in Vessels and equipment due to delivery of Flex Courageous
- Vessel purchase prepayments of \$349.5m relates to remaining seven newbuildings
- Total interest bearing debt of \$737.2m, of which \$34.3m is due next 12 months
- Solid liquidity situation quarter end:
  - \$56.5m free cash
  - \$50m available RCF under \$100m facility
  - \$270m available under Sterna RCF
- Equity ratio of 52%



# CASHFLOW



Unaudited Figures in thousand of \$	Three months ended	
	Sept 30, 2019	Jun 30, 2019
Net income/(loss)	468	-3,919
Working capital adjustments	-4,506	4,685
Other non-cash items	12,461	8,612
<b>Net cash flow from operating activities</b>	<b>8,423</b>	<b>9,378</b>
Purchase of other fixed assets	-3	-
Newbuilding capex	-145,214	-146,199
<b>Net cash flow used in investing activities</b>	<b>-145,217</b>	<b>-146,199</b>
Repayment of long-term debt	-9,078	-5,906
Repayment of revolving credit facility	-50,000	-
Prepayment of long-term debt	-294,000	-
Proceeds from long-term debt	525,000	123,537
Financing costs	-5,014	-
Other	-4	18
<b>Net cash flow from financing activities</b>	<b>166,904</b>	<b>117,649</b>
<b>Net cash flow</b>	<b>30,110</b>	<b>-19,172</b>
Cash balance at the beginning of period	26,444	45,616
<b>Cash balance at the end of period</b>	<b>56,554</b>	<b>26,444</b>

- Net cash flow from operating activities of \$8.4m
- Newbuilding capex of \$145.2m relates to final payment upon delivery of Flex Courageous
- Prepayment of long-term debt relates to \$315m facility
- Proceeds from long-term debt:
  - \$125m drawdown Flex Courageous
  - \$300m from Hyundai Glovis SCB
  - \$100m from refinancing Flex Ranger

# IMPLEMENTING SASB ESG REPORTING






- Flex LNG has implemented the Sustainability Accounting Standards Board (SASB) guidelines and will publish a yearly ESG report based on this framework. The report includes information about:

-  Environmental Footprint of Fuel Use
-  Ecological Impacts
-  Business Ethics
-  Health & Safety



- The ESG report also includes valuable information about our commitment to the UN's Sustainable Development Goals:

-  Good Health and Well-Being
-  Life Below Water
-  Peace, Justice and Strong Institutions



- The ESG report can be found on [www.flexlng.com/ESG](http://www.flexlng.com/ESG)

*Estimated emission reduction vs. coal<sup>(1)</sup>*

