



**FLEX LNG**

## **Investor Update**

**April 3, 2020**



**Kepler  
Cheuvreux**



**FLNG**  
LISTED  
NYSE

**FLNG**  
LISTED  
OSLO  
OSLO BORS

# 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.

# STATUS AND NEAR-TERM OUTLOOK



LNGCs	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21	Q4-21
Flex Endeavour	Spot							
Flex Enterprise	Variable TC					Options to Q1-2024		
Flex Ranger	Fixed TC		Fixed TC				Option Q2-2022	
Flex Rainbow	Variable TC		Options to Q1-2021					
Flex Constellation	Spot							
Flex Courageous	Spot							
Flex Aurora	Yard	-----	Open					
Flex Amber	Yard		-----	Open				
Flex Artemis	Yard		Variable TC firm to Q2-2025 with options Q2-2030					
Flex Resolute	Yard			Open				
Flex Freedom	Yard				Open			
Flex Volunteer	Yard				-----	Open		
Flex Vigilant	Yard					-----	Open	

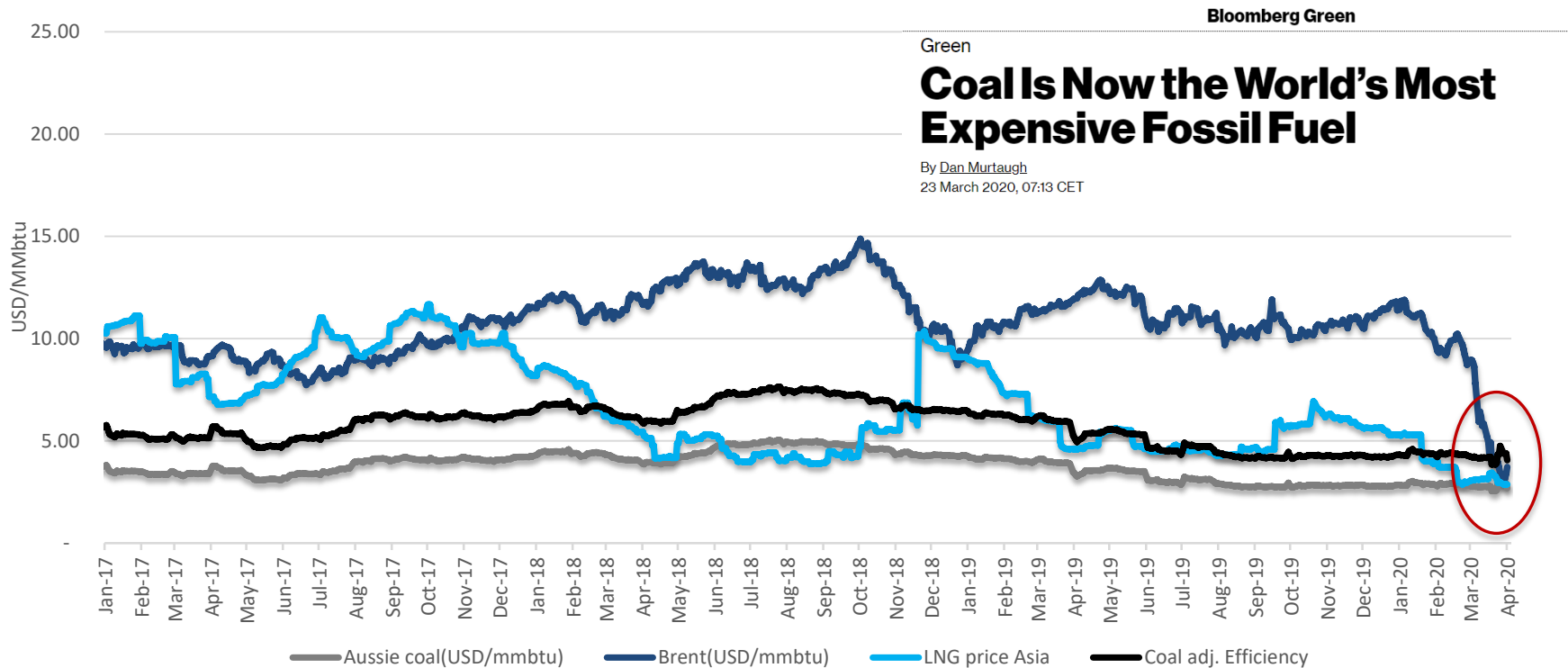
- Anticipate TCE in Q1-20 to be close to \$70kpdr<sup>1</sup> vs. \$94kpdr in Q4-19
- Dividend of \$0.10 per share for Q4-19 (EPS \$0.44) paid on March 25, 2020
- Three of six ships on water covered by TCPs

1) Subject normal operation and up-time on vessels

# LNG CHEAPER THAN COAL



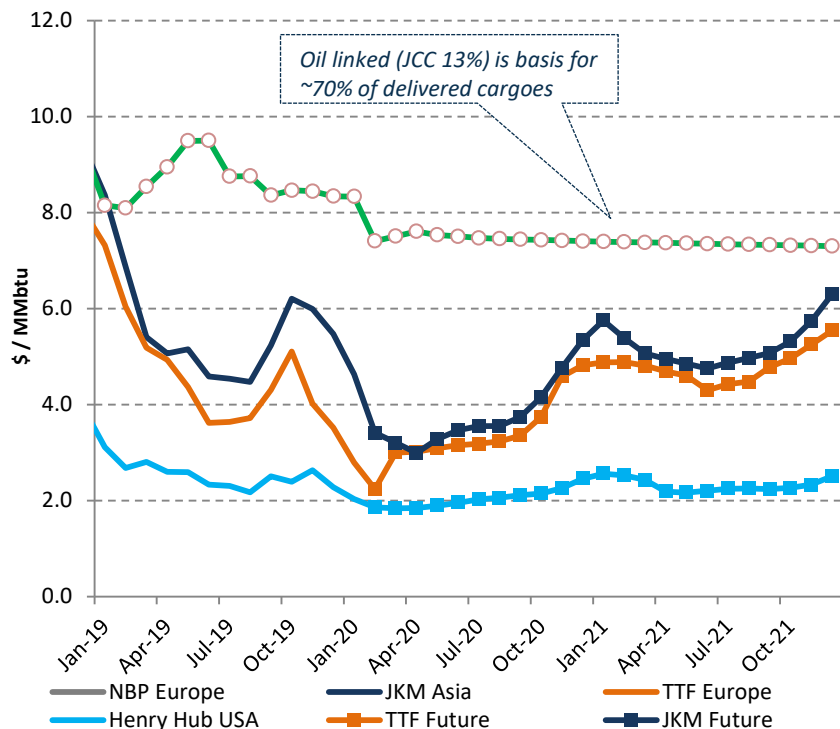
Asian LNG again below coal adjusted for efficiency stimulating coal to gas switching



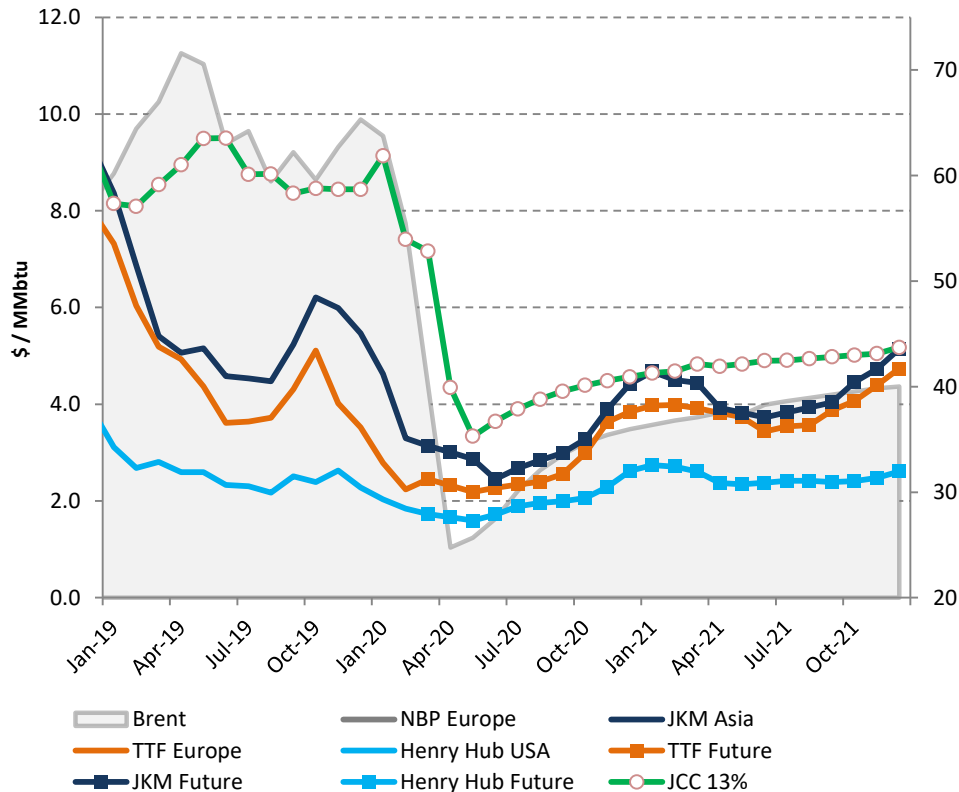
# WHOLE LNG MARKET WILL TURN INTO CONTANGO



Investor day presentation Feb 26, 2020



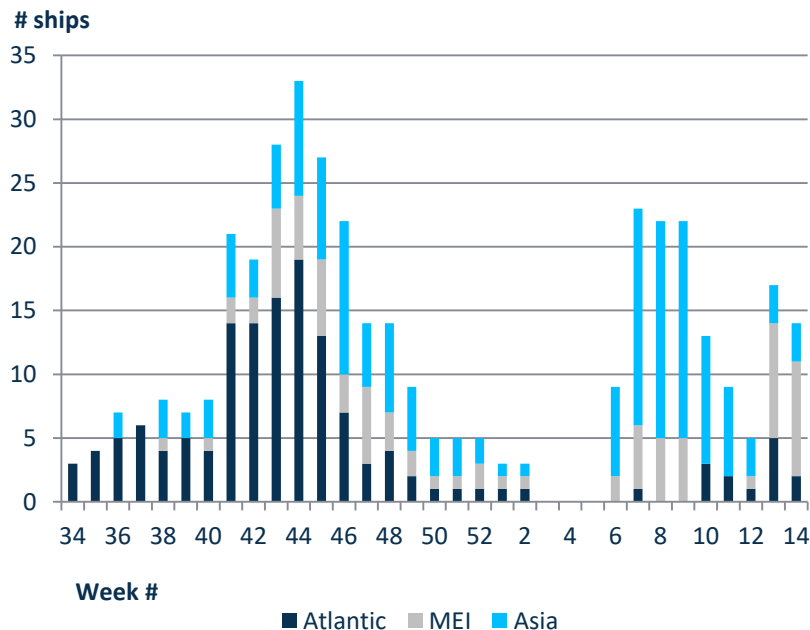
Today



# EXPECT SUBSTANTIAL FLOATING STORAGE IN SECOND HALF

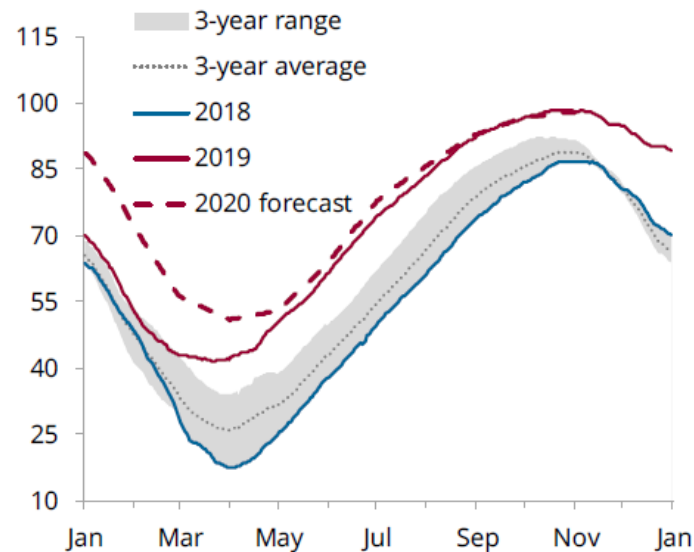


## Floating storage per week



## EU inventory levels

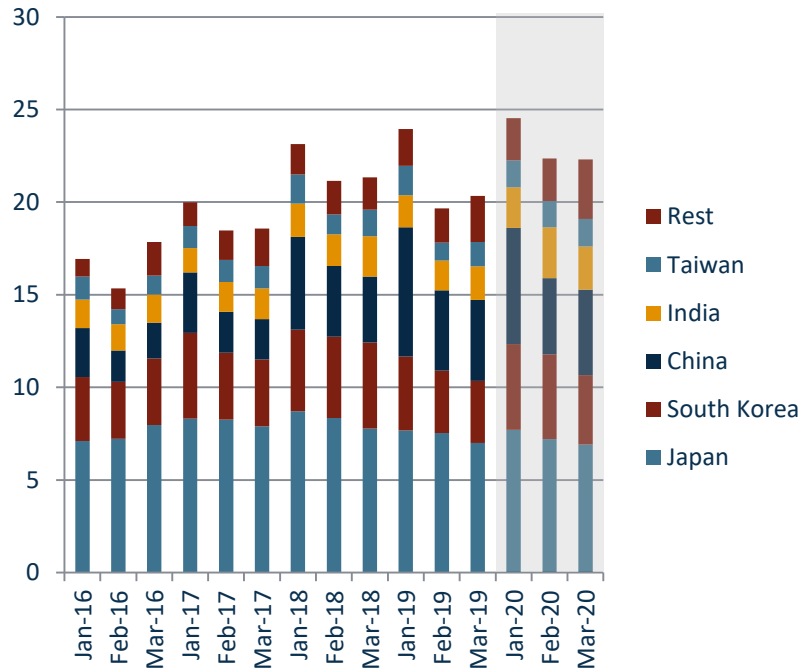
EU stocks  
Bcm



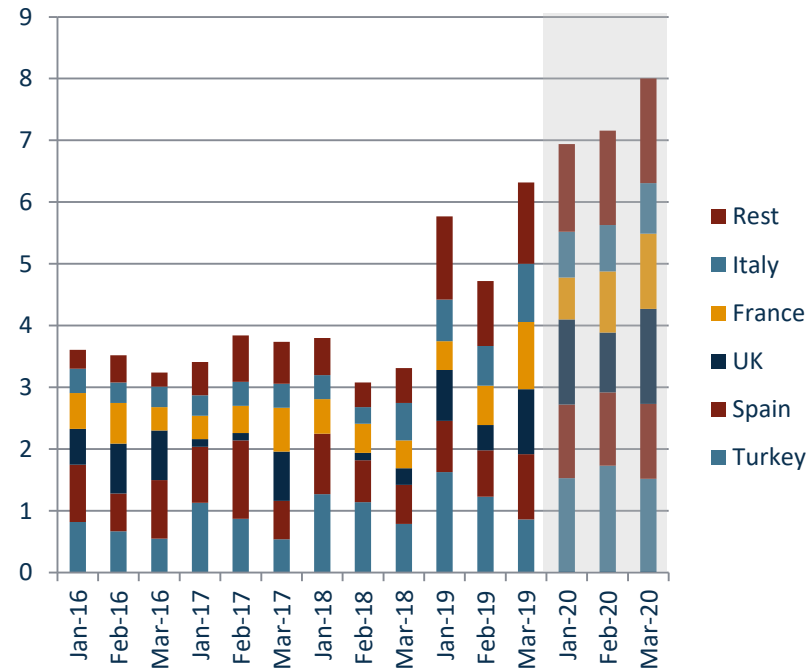
# DESPITE COVID-19 IMPORTS IN KEY MARKETS ARE UP IN Q1



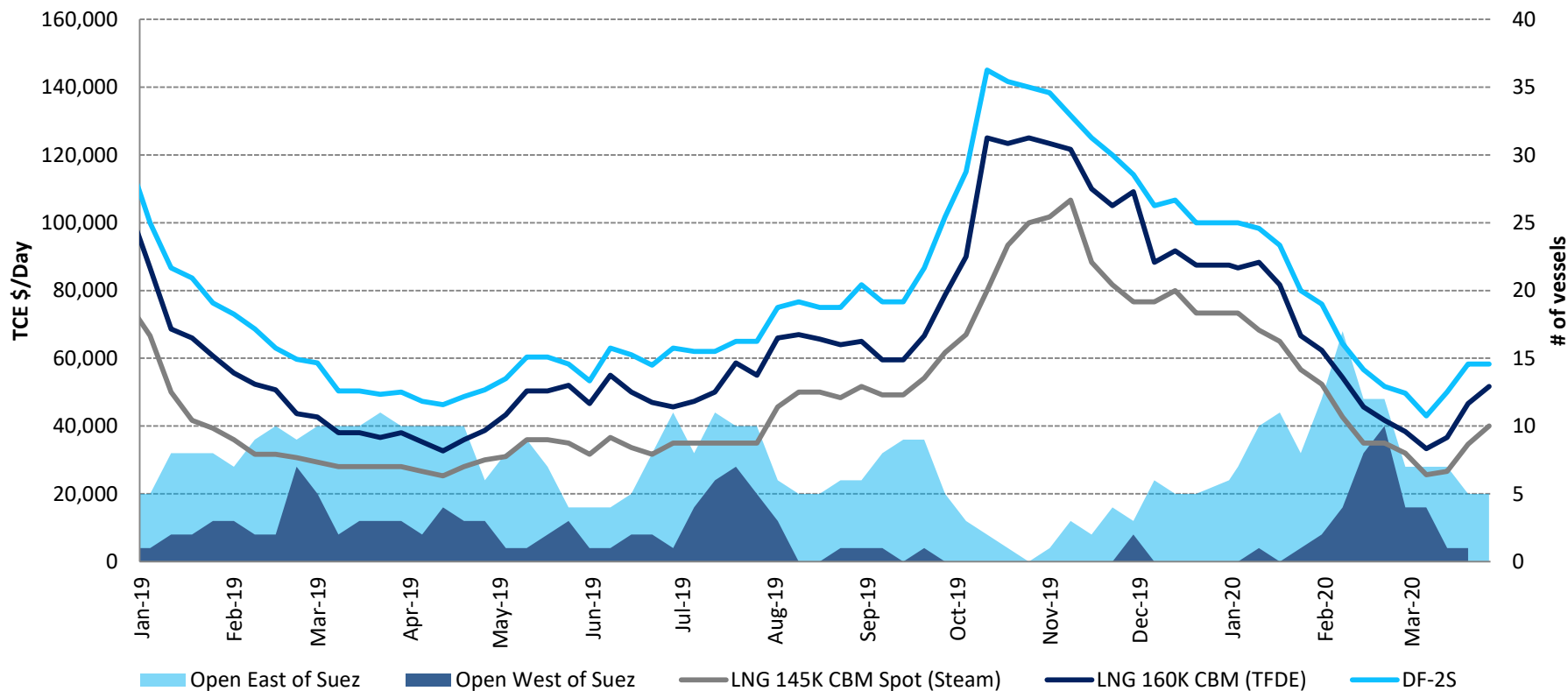
## Asian Q1 import by countries



## European Q1 imports by countries



# LESS SHIPS MEANS HIGHER FREIGHT RATES





# SWITCHING TO NATURAL GAS IS NOW FREE HEALTH POLICY



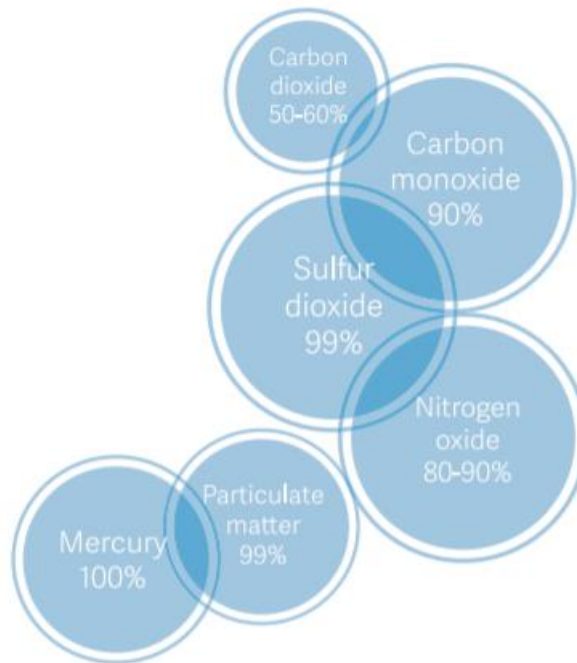
Reduction in emissions from natural gas vs coal in power gen.

ENVIRONMENT MARCH 1, 2020 / 4:00 AM / A MONTH AGO

## South Korea to close up to 28 coal-fired power plants in March

SUSTAINABLE BUSINESS MARCH 26, 2020 / 4:02 AM / 7 DAYS AGO

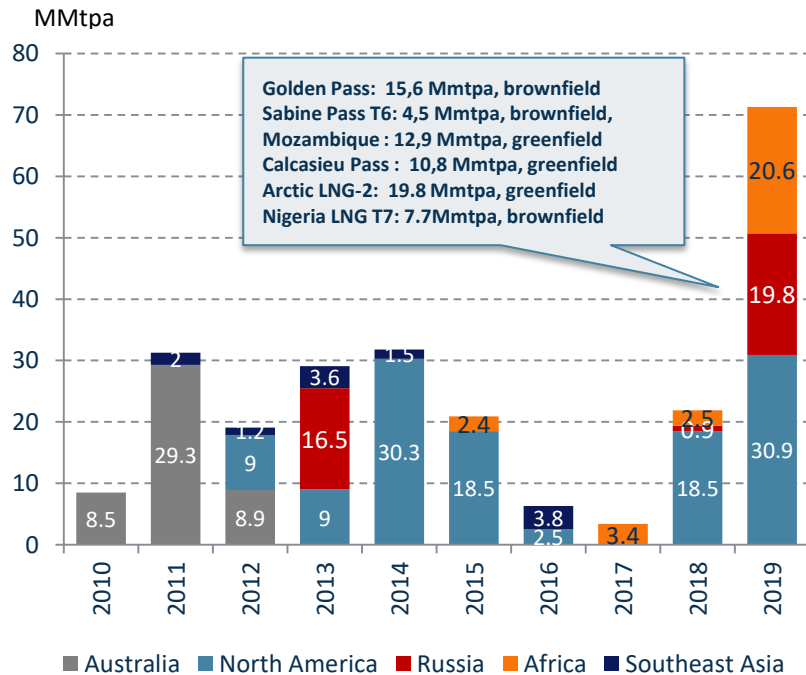
## South Korea first-quarter thermal coal imports set for 10-year low on anti-pollution measures



# FID'S DELAYED FOR NOW, BUT ~70MMTPA MADE THE CUT



## FID of new volumes in 2019



## Main contenders for FID in 2020/21

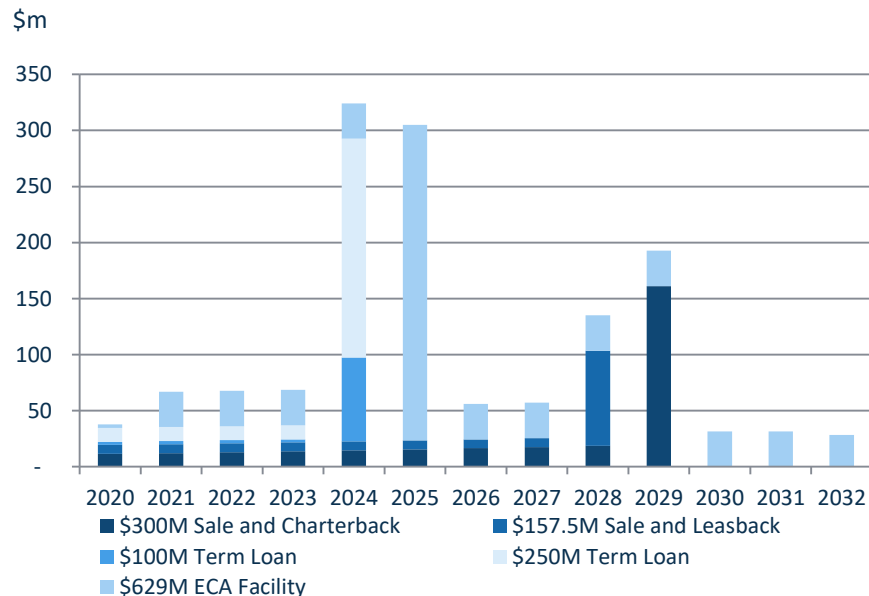
Likely FIDs	Country	Volume (Mmtpa)
Woodfibre LNG		2.1
Rovuma LNG		15.0
Qatargas expansion		13-19
Pluto Train 2		5.0
Energia Costa Azul		3.3
Driftwood LNG Phase 1		16.6
Port Arthur		13.5
Freeport T4		5.0
PNG T3/Papua LNG		8.0



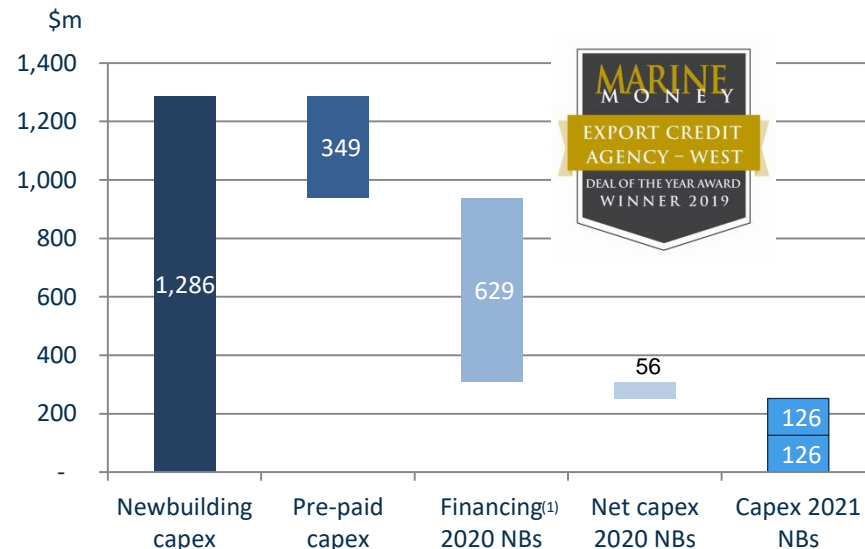
**Total FID volumes**

**102-119**

# LONG TERM FINANCING SECURED AND LIMITED REMAINING CAPEX



- Long funding secured with first loan maturity in July 2024
- Staggered debt maturity profile, mitigating re-financing risk



- Unfunded capex in 2020 of \$56m vs. cash of \$129m as per Dec 31
- Accordion of \$50m under \$629m financing for 2020 NBs<sup>(2)</sup>
- Remaining capex of \$126m per vessel for the two NBs scheduled for delivery in 2021 in line with recent bank financings and well below Hyundai Glovis sale and charterback of \$150m per vessel

1) The \$629m ECA facility for the 2020 newbuildings remains subject customary closing conditions. Repayment schedule for \$629m ECA facility based on contracted 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.

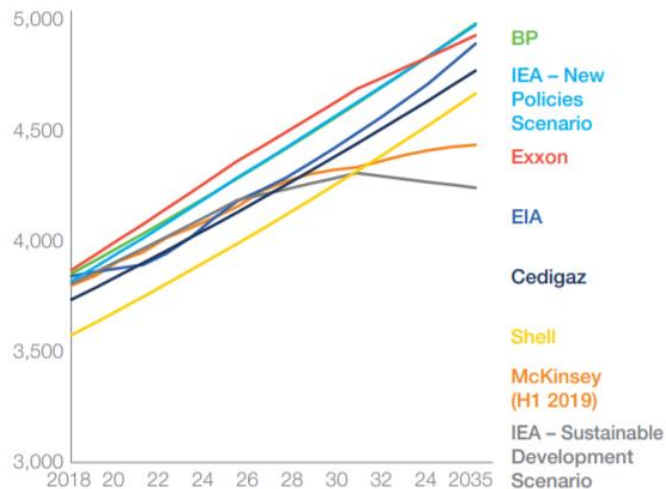
2) \$50m accordion is uncommitted and subject to acceptable long-term charters and credit approval by lenders.

# REMEMBER THE TREND IS A LNG FRIEND



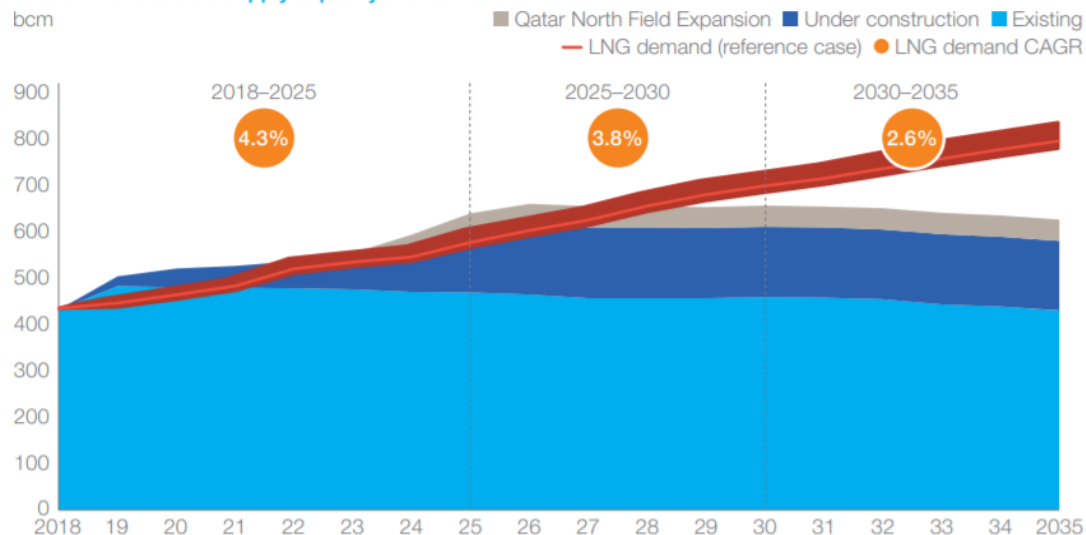
## Projected gas demand

bcm



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

bcm



1) Source: McKinsey

# SUMMARY

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- Freight market improved from lows in February and headline rates (MEGI/XDF) are currently ~\$55kpd
- Anticipate TCE of close to \$70kpd in Q1
- The whole LNG product market will be in steep contango which will incentivize floating storage in H2
- Cheap speed up transition away from coal
- Flex LNG very well capitalized with \$840m equity, \$129m of cash at year-end 2019 and industry low cash-break even levels of ~\$45kpd
- Attractive long-term debt secured with first maturities in July 2024 and very limited remaining capex to fund
- LNG fleet of 13 ships consist entirely of next generation large LNG carriers (MEGI/XDF)
- LNG is a long story with annual growth of ~4% expected over the next two decades



*Change of Management on Flex Constellation to in-house mgt company Flex LNG Fleet Management on March 27, 2020 performed remotely by ABS for first time ever*





FLEX LNG

Q&A

