



FLEX LNG

Flex LNG Webinar

Market Outlook H2-2020

July 2020

The Webinar will be followed by a Q&A session

FORWARD-LOOKING STATEMENTS



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.

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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.

RECENT EVENTS



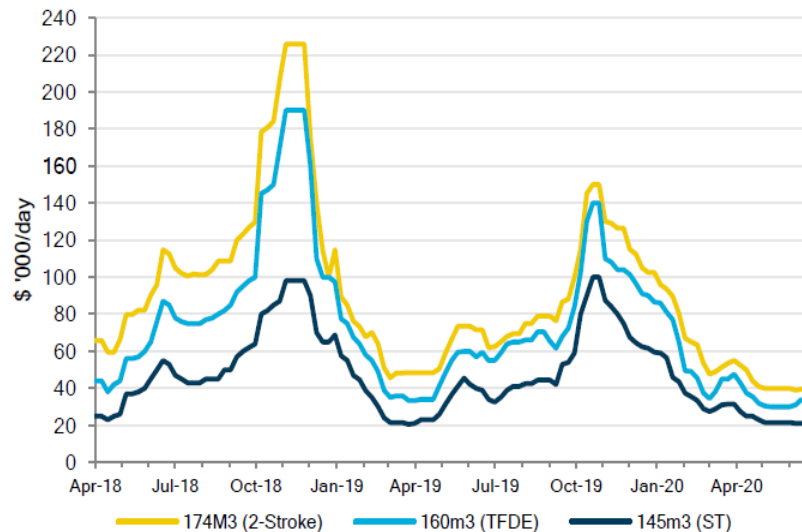
- Covid-19 has resulted in convergence of gas prices globally at very low levels
- Low prices resulted in about 130 cargo cancellations in US during April-August representing about 9mt shortfall in volumes
- Expect market improvement from autumn as cancellations taper off and floating storage continues to increase due to contango and limited storage space
- Flex Aurora, Flex Resolute and Flex Amber employed ex yard on fixed and variable TCPs with earliest redelivery Q2 2021 and onwards
- Flex Artemis scheduled for delivery mid August for long-term Clearlake/Gunvor TCP
- Final documentation for \$125m Bank Facility for Flex Volunteer and \$156.4m SLB for Flex Amber signed during June according to plan, funds available at delivery⁽¹⁾
- Flex LNG well positioned for tighter winter market with a mixed portfolio of fixed TCPs, variable TCPs as well as spot ships

1) \$125M Bank Facility and \$156.4M Sale & Leaseback remains subject customary closing conditions.

SPOT MARKET REVIEW

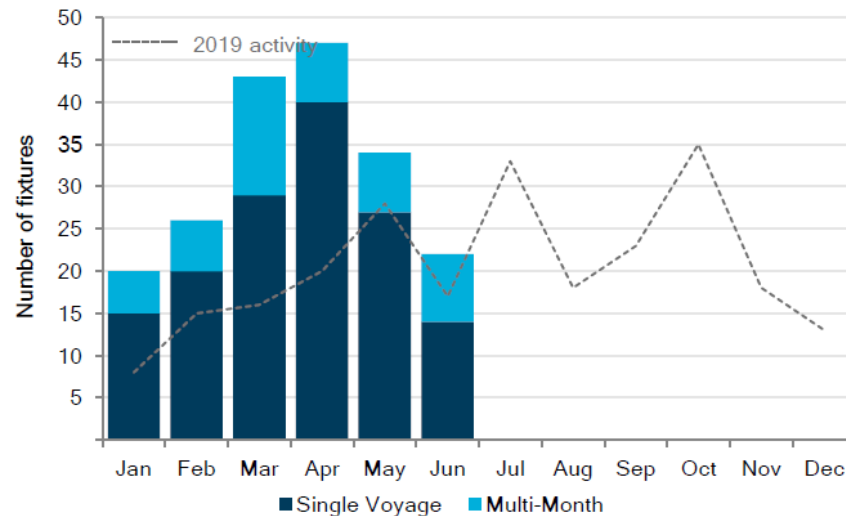


Spot LNGC freight rates (2-Stroke, TFDE, Steam)



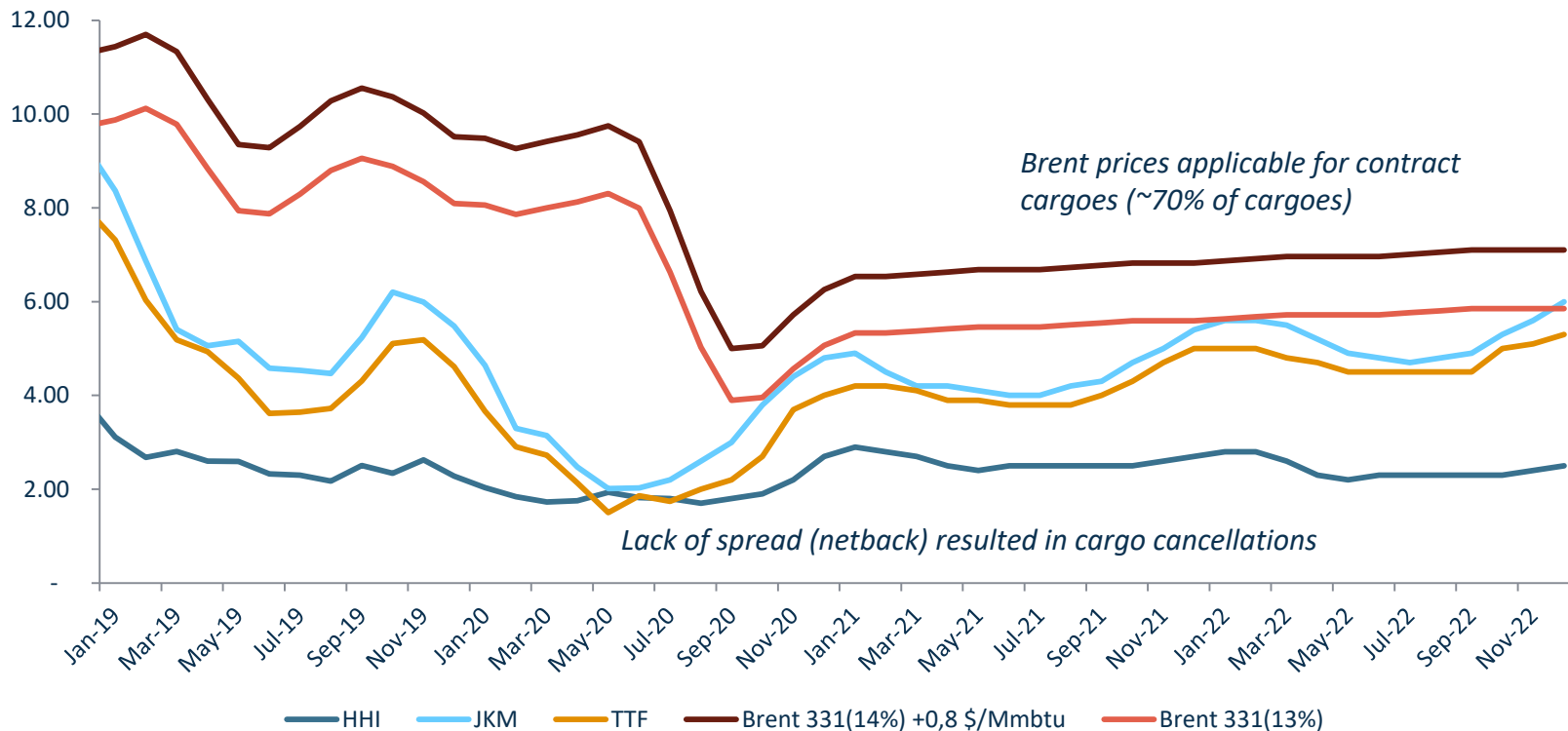
Freight market rallied in March, but fell back April – June due to cargo cancellations

Total Fixture Activity (Existing Vessels Only)

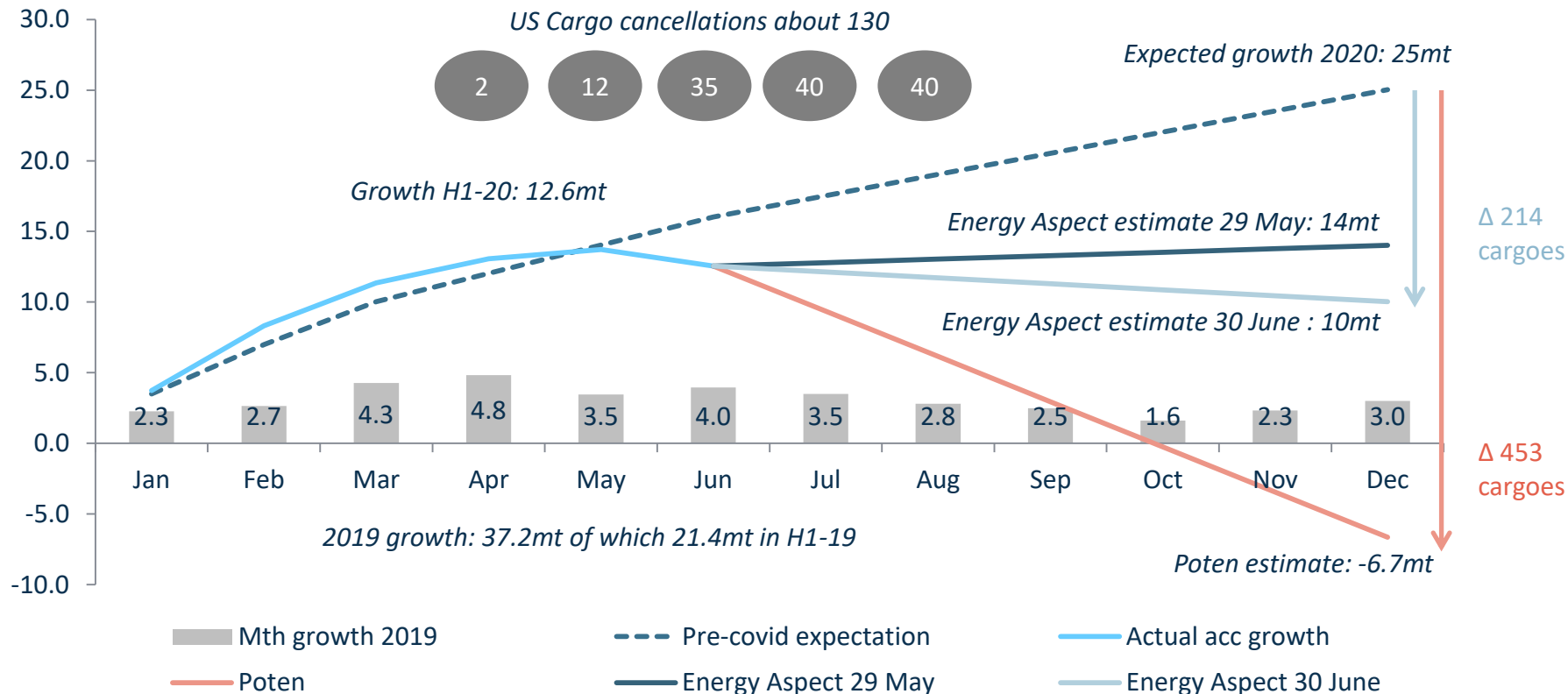


Very high fixture activity but mostly focused on single voyages rather than term contracts

GLOBAL GAS PRICES CONVERGED TO LOW LEVELS BUT IN CONTANGO



WE EXPECT AROUND 10MT GROWTH IN 2020 vs. 25MT PRE-COVID19



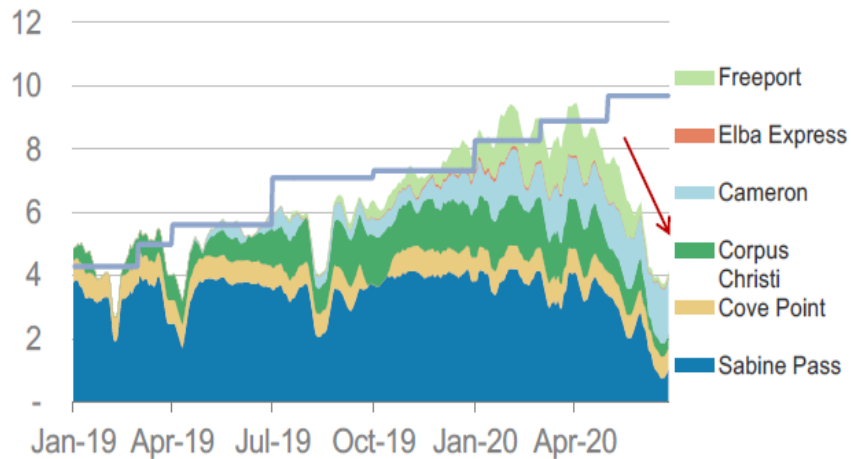
1) Source: Energy Aspect, Kpler, Poten, Fearnleys, Platts and Company

2) Cargo size estimated to 70,000mt

~130 US CARGOES CANCELLED APRIL-AUGUST



Feedgas deliveries (Bcf/d) to LNG plants



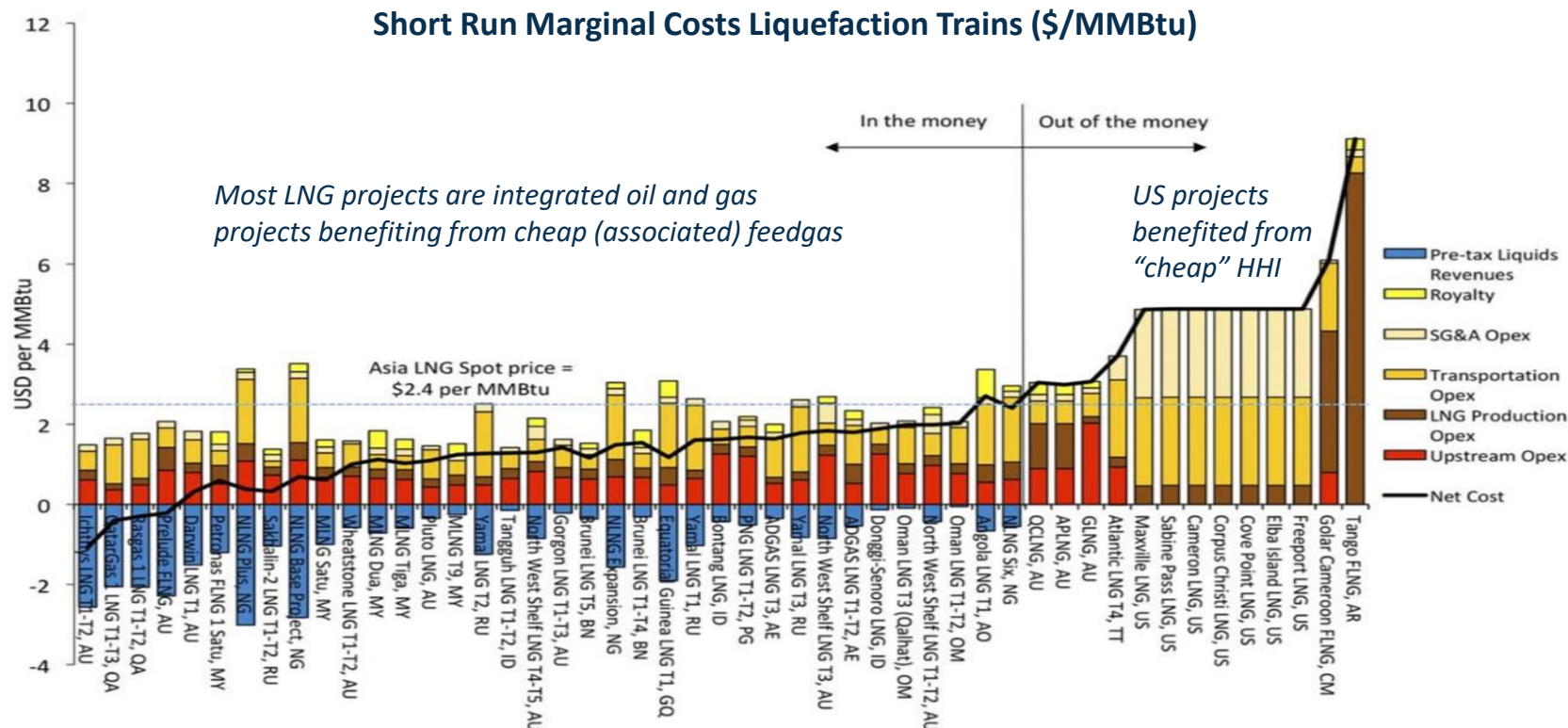
Cove Point (cheap feedgas) and Cameron (offtakers also equity partners) limited impact from cancellations

US LNG Exports (Bcf/d)



Expect cargo cancellation to taper off from September, but risk of cancellations next summer

US INHERENTLY MOST AT RISK OF CANCELLATIONS

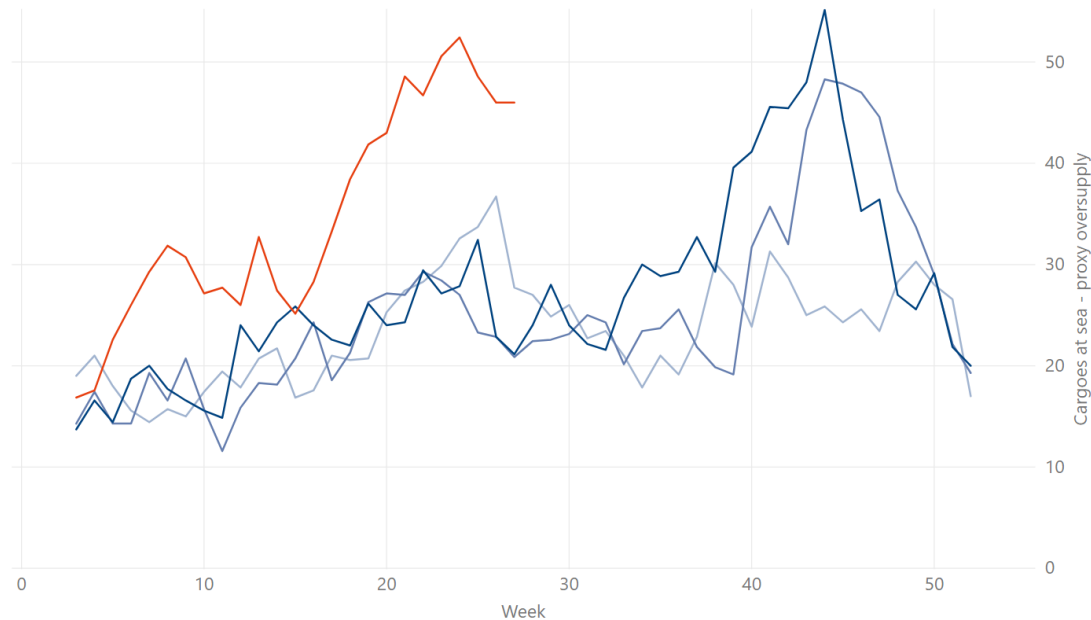


ANOTHER YEAR OF FLOATING STORAGE

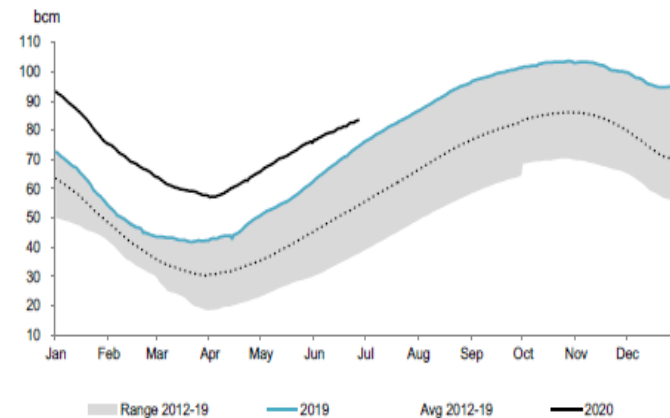


Cargoes at sea - Floating or sailing for too long

— 2017 — 2018 — 2019 — 2020



European gas storage

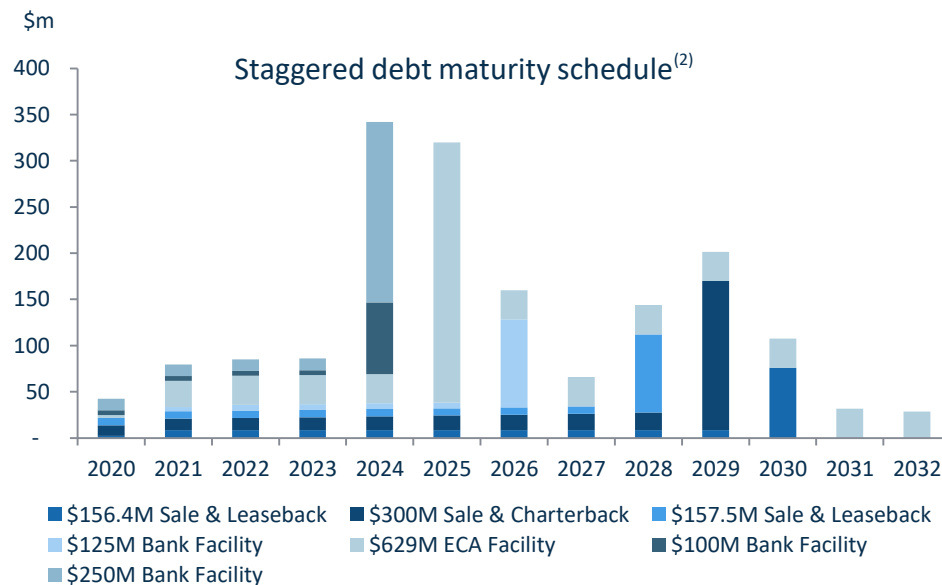
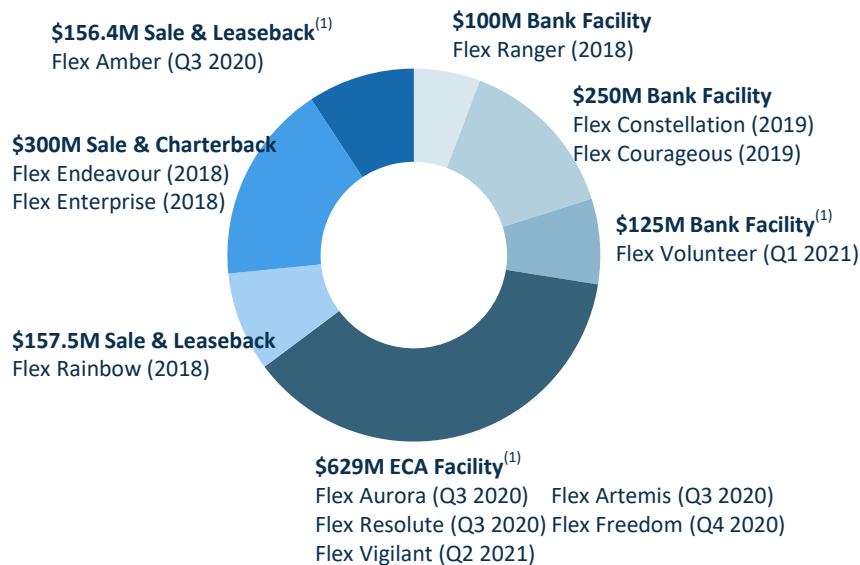


“Given cargo cancellations will still be encouraged, more vessels should be available to float and we see floating storage potential as high as 50 vessels, up from the 34 seen last year.”



“Go for float” June 30, 2020

FINANCE UPDATE

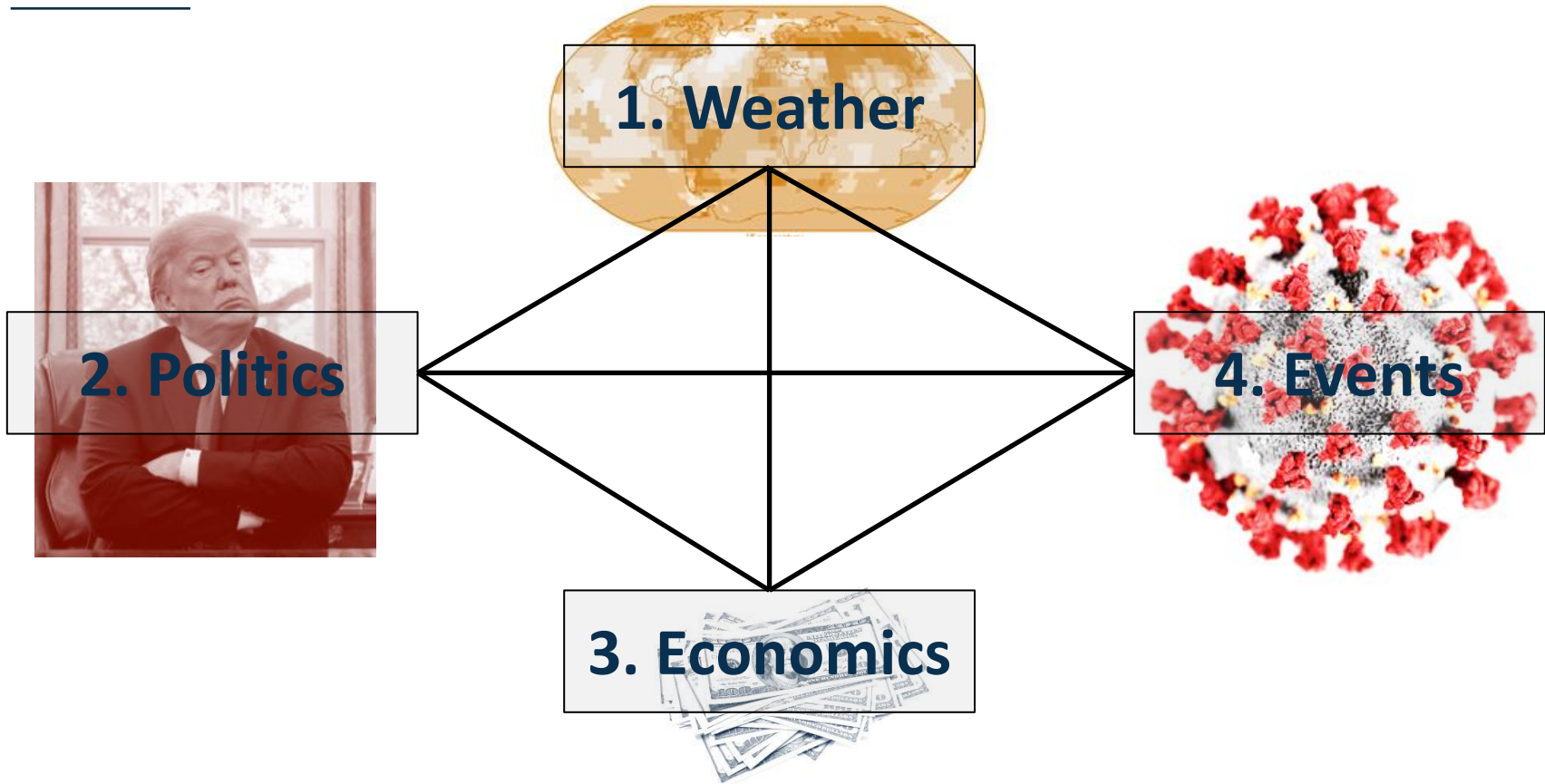


- Flex Amber \$156.4m SLB signed June 22, 2020
- Flex Volunteer \$125m Bank Facility signed June 29, 2020
- \$1.7bn debt in place for 13 ships - \$910m secured for seven newbuildings with \$937m remaining capex

1) \$629M ECA Facility, \$125M Bank Facility and \$156.4M Sale & Leaseback remains subject customary closing conditions.

2) Repayment schedule based on contracted delivery dates for 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.

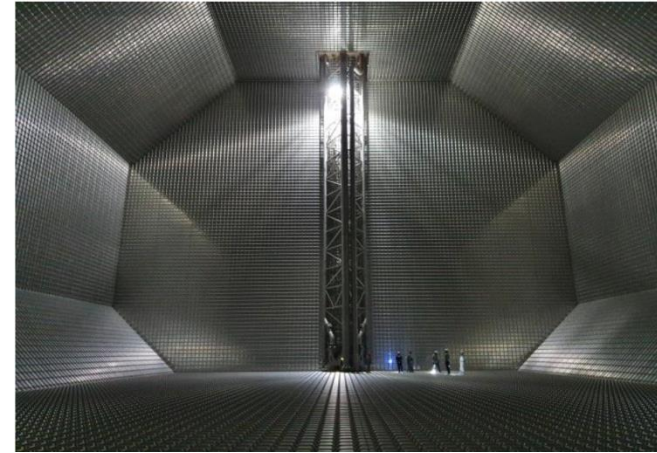
MAIN SHORT TERM DRIVERS



SUMMARY



- Flex LNG is well positioned with a mixed portfolio of fixed and variable TCP as well as spot ships
- We expect incrementally tighter shipping market with less cargo cancellations from September
- Winter temperatures and potential Covid-19 second wave will decide length of shipping tightness as well as inventory levels which affects 2021 summer LNG prices
- Back to basics for newbuildings, ships will be ordered for long term charters with very limited speculative orders
- Flex LNG has secured \$910m financing to cover the \$937m remaining capex and also have a healthy cash position
- Flex LNG consists of 13 next generation large (MEGI/XDF) LNG carriers, all financed, and with first class in-house mgt



Flex Aurora cargo tank



This webinar was hosted by:

Presenter



Øystein M. Kalleklev, CEO
Flex LNG Management

Moderator



Thorolf Aurstad, SVP
Flex LNG Management

To ask a question please use the chat function:

