



**FLEX LNG**

# **Pareto Securities' 27<sup>th</sup> Energy Conference**



**September 17, 2020**

# 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.

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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, THE LENGTH AND SEVERITY OF THE COVID-19 OUTBREAK, THE IMPACT OF PUBLIC HEALTH THREATS AND OUTBREAKS OF OTHER HIGHLY COMMUNICABLE DISEASES, 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.

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# INVESTMENT HIGHLIGHTS



## Great Hardware



Fleet of 13 large LNGCs (MEGI/XDF) built 2018-2021

## Lean Software



Flex LNG Fleet Management AS

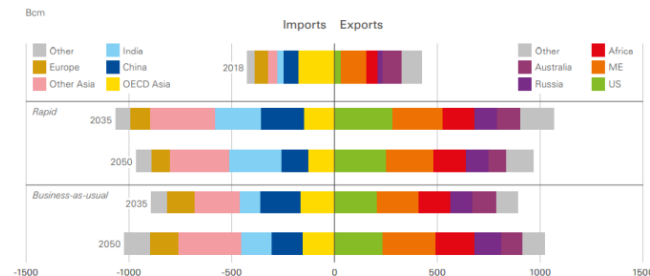
Lean and experienced in-house commercial and technical mgt. with proven industry track record

## Fully Financed

- ~\$840m paid-in equity
- ~\$1.7bn long-term attractive debt secured
- \$17m remaining unfunded capex
- \$116m cash at hand



## Attractive Market



# BALANCED CONTRACT PORTFOLIO



## Fixed hire TCs



**Flex Ranger (2018)**



**Flex Aurora (2020)**



**Flex Resolute (2020)**

## Variable hire TCs



**Flex Enterprise (2018)**



**Flex Rainbow (2018)**



**Flex Artemis (2020)**



**Flex Amber (2020)**

## Spot market



**Flex Endeavour (2018)**



**Flex Constellation (2019)**



**Flex Courageous (2019)**

## Newbuildings



**Flex Freedom (2020)**



**Flex Volunteer (2021)**



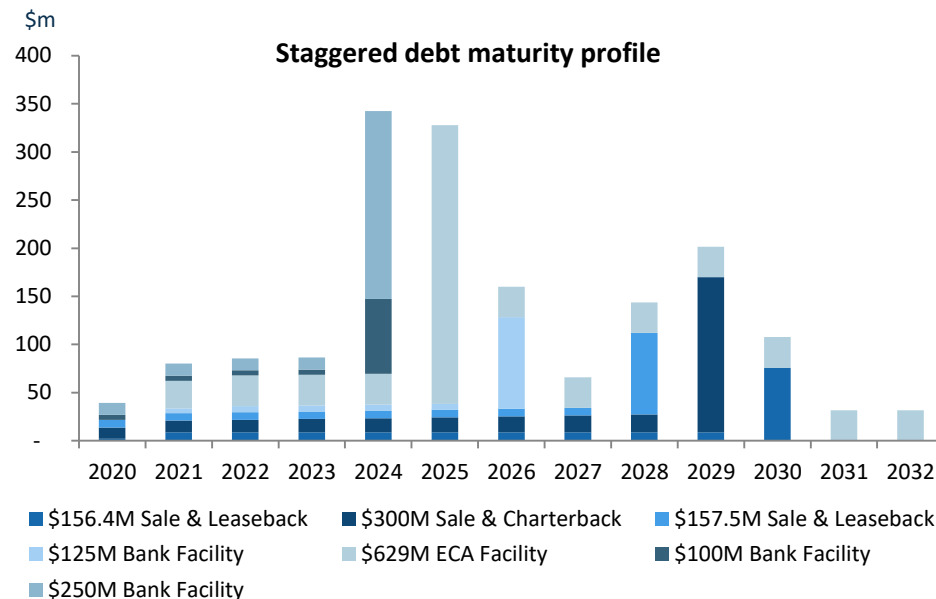
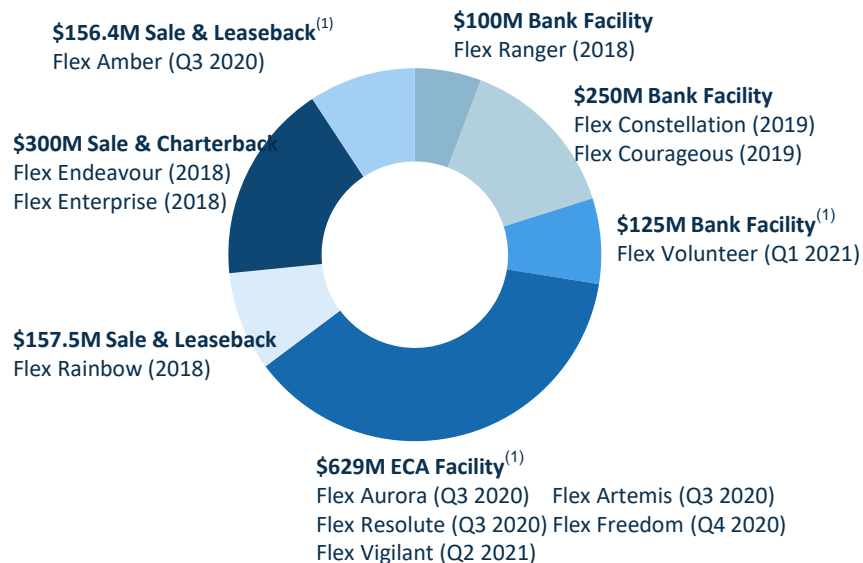
**Flex Vigilant (2021)**

***94% of available days in Q3 booked<sup>(1)</sup>***

1) Subject normal operation and up-time of operating vessels

2) Flex Amber scheduled for delivery October 2020

# LONG-TERM FINANCING SECURED FOR ALL VESSELS



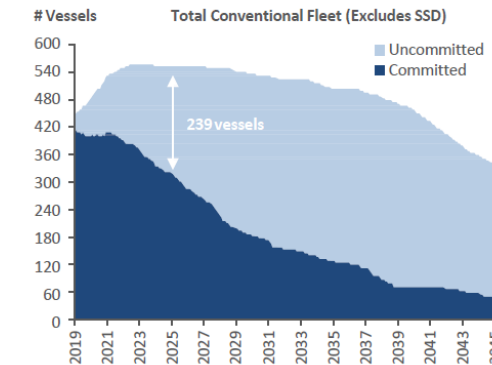
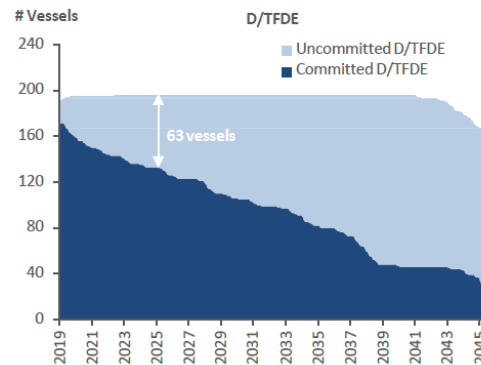
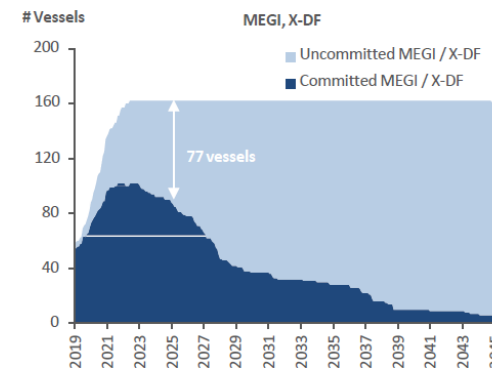
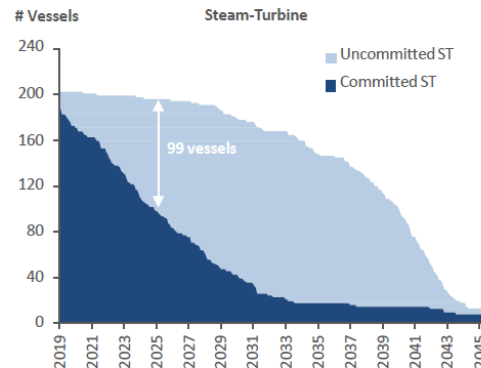
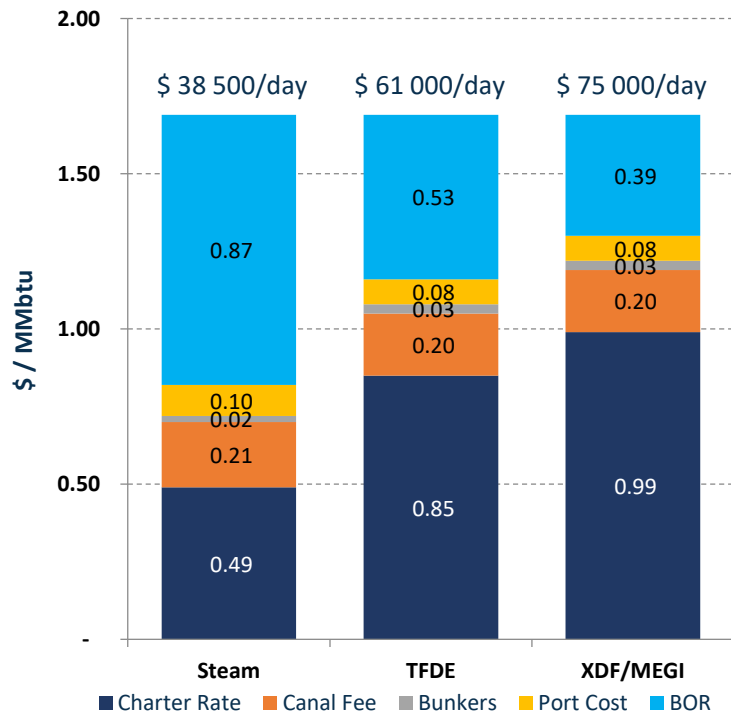
- \$1.7bn financing secured for the 13 LNG carriers with \$920m to cover remaining capex of \$937m
- \$17m in net remaining capex vs. cash of \$116m per quarter-end
- No debt maturities before H2-2024 and no bond loans outstanding

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

# NEW SHIPS WILL REPLACE OLD SHIPS



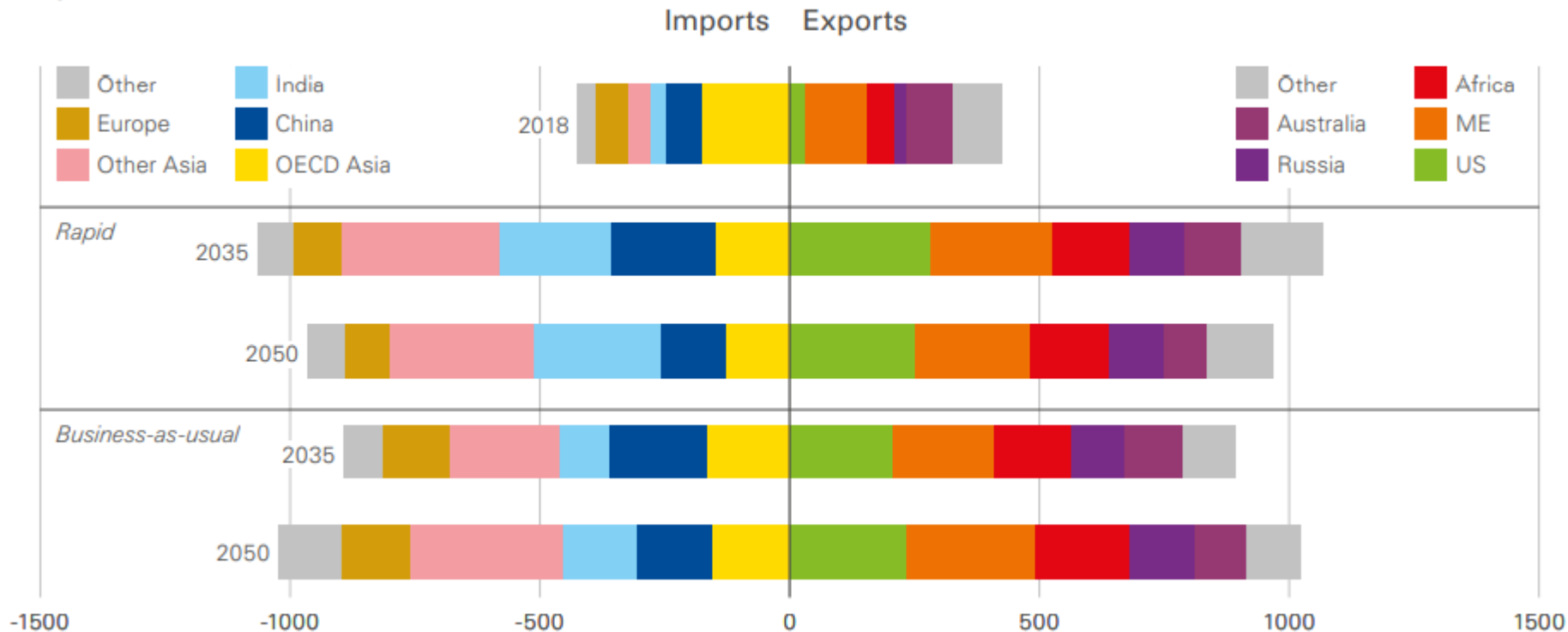
## Unit Transportation Cost @ \$ 8 / MMbtu



# LNG EXPECTED TO DOUBLE EVEN WITH RAPID DECARBONIZATION



Bcm



# WE ARE COMMITTED TO ESG

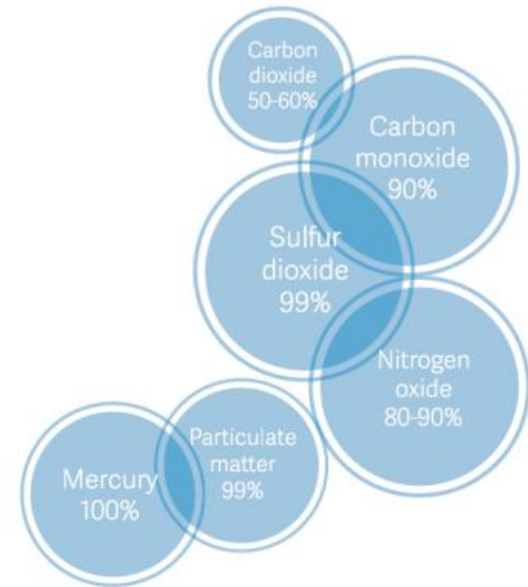


- We publish annual ESG reports according to SASB guidelines which includes information about:

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



Estimated emission reduction of natural gas vs. coal in power generation<sup>(1)</sup>



1) Source: : Texas A&M University



# WHAT IS A FAIR LONG TERM EARNINGS EXPECTATION?



Equity invested: ~\$840m

Equity return: ~12%

Annual return: ~\$100m

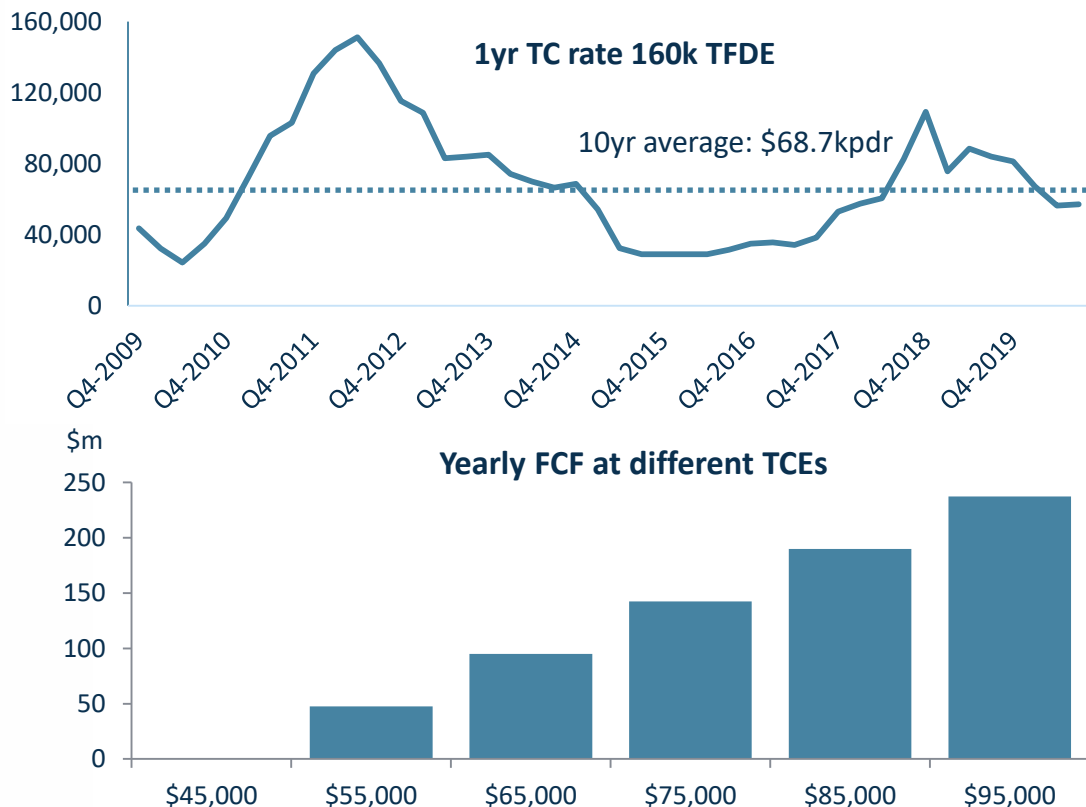
## Rate requirement:

Cash break-even: ~\$45kpdr

TCE rate: ~\$66.5kpdr

Number of ships: 13

Annual earnings: ~\$100m



# SUMMARY



## Great Hardware



Flex Endeavour (2018)



Flex Enterprise (2018)



Flex Ranger (2018)



Flex Rainbow (2018)



Flex Constellation (2019)



Flex Courageous (2019)



Flex Aurora (2020)



Flex Artemis (2020)



Flex Resolute (2020)



Flex Amber (2020)



Flex Freedom (2020)



Flex Volunteer (2021)



Flex Vigilant (2021)

9 LNGCs on the water, average age ~1 year

4 newbuildings

## Lean Software

Experienced in-house commercial and technical mgt. with proven industry track record

## Fully Financed

~\$840m of equity raised and ~\$1.7bn of long-term debt secured. Cash of \$116m vs. \$17m remaining unfunded capex

## Attractive Market

LNG market expected to more than double in size by 2050 both in business as usual as well as in rapid decarbonization scenarios



FLEX LNG



# INCOME STATEMENT



(in thousands of \$ except per share data)	Three months ended	
	Jun 30, 2020	Mar 31, 2020
Vessel operating revenues	25,753	38,192
Voyage expenses	(316)	(1,206)
Vessel operating expenses	(6,460)	(7,541)
Administrative expenses	(1,567)	(1,572)
Depreciation	(8,584)	(8,587)
<b>Operating income/(loss)</b>	<b>8,826</b>	<b>19,286</b>
Interest income	14	129
Interest expense	(9,498)	(10,105)
Gain/(loss) on derivatives	(6,648)	(21,903)
Foreign exchange gain/(loss)	701	(2,283)
Other financial items	(11)	(25)
<b>Income/(loss) before tax</b>	<b>(6,616)</b>	<b>(14,901)</b>
Income tax credit/(expense)	(41)	24
<b>Net income/(loss)</b>	<b>(6,657)</b>	<b>(14,877)</b>
<b>Earnings/(loss) per share</b>	<b>(0.12)</b>	<b>(0.27)</b>
<b>Adjusted EBITDA</b>	<b>17,399</b>	<b>27,848</b>
<b>Adjusted net income/(loss)</b>	<b>(710)</b>	<b>9,309</b>
<b>Adjusted earnings/(loss) per share</b>	<b>(0.01)</b>	<b>0.17</b>

- Vessel operating revenues of \$25.8m vs. \$38.2m for Q1-20
- Adjusted EBITDA<sup>(1)</sup> of \$17.4m vs. \$27.8m for Q1-20
- Gain/(loss) on derivatives includes unrealized non-cash loss on interest rate swaps of \$6.2m vs. \$21.8m in Q1-20
- Unrealized foreign exchange gain of \$0.7m vs. loss of \$2.3m in Q1-20
- Net loss of \$6.7m vs. \$14.9m for Q1-20
- Adjusted net loss<sup>(1)</sup> of \$0.7m vs. adjusted net income of \$9.3m for Q1-20
- Adjusted loss per share<sup>(1)</sup> of \$0.01 vs. adjusted earnings per share of \$0.17 for Q1-20

1) Adjusted EBITDA, Adjusted net income/(loss) and Adjusted earnings/(loss) per share are non-GAAP measures. A reconciliation to the most directly comparable GAAP measures are included in the Q2-20 earnings report

# BALANCE SHEET



(in thousands of \$)

	Jun 30, 2020	Mar 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash, restricted cash and cash equivalents	115,993	120,802
Other current assets	20,312	19,201
<b>Non-current assets</b>		
Vessels and equipment	1,130,000	1,138,674
Other fixed assets	7	8
Vessel purchase prepayment	349,472	349,472
Derivative instruments	0	0
<b>Total Assets</b>	<b>1,615,784</b>	<b>1,628,157</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	35,927	35,706
Derivative instruments	29,771	23,561
Other current liabilities	11,374	14,538
<b>Non-current liabilities</b>		
Long-term debt	726,252	735,310
Other non-current liabilities	2	1
<b>Total equity</b>	<b>812,458</b>	<b>819,041</b>
<b>Total Equity and Liabilities</b>	<b>1,615,784</b>	<b>1,628,157</b>

- Solid liquidity of \$116m as per June 30, 2020
- Restricted cash balance of only \$0.1m (tax)
- Increase in working capital of \$4.3m main reason for the reduction in cash by \$4.8m
- Assets consist of six vessels in operation and seven newbuildings under construction
- Vessel purchase prepayments of \$349.5m relates to remaining seven newbuildings
- Total interest bearing debt of \$762m, of which \$35.9m is due next 12 months<sup>(1)</sup>
- Equity ratio of 50%

1) Long term debt is presented net of debt issuance cost