

FLEX LNG Ltd.

April 2019



FLEX LNG

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Introduction



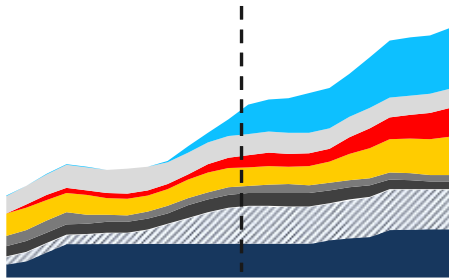
Investment Highlights

Brand New Fleet of 13 5th Gen. LNGC

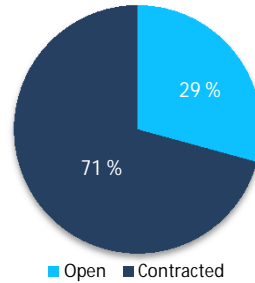


Trading: 4 | On Order: 9

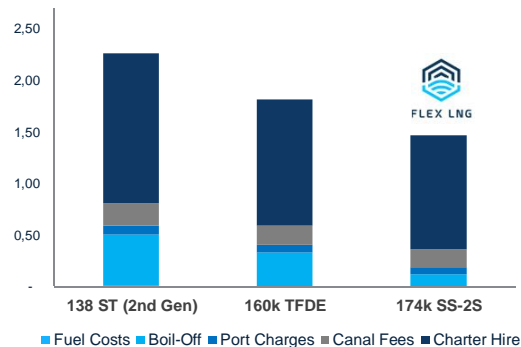
Geared to benefit growing LNG trade



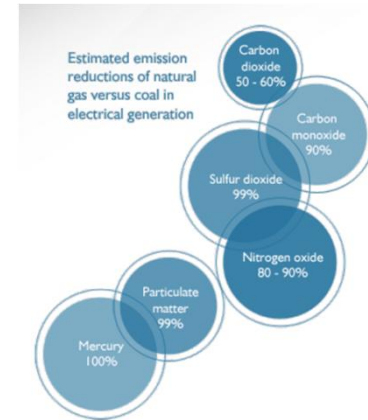
Unparalleled spot exposure



Favorable Unit Cost - US\$ / MMBtu



Play on Coal to Natural Gas switch



Seatankers – a Marine Powerhouse

FRONTLINE

GOLDEN OCEAN™

FLEX LNG

Avance Gas

SFL

Seadrill

Northern Drilling

Archer

SOLSTAD OFFSHORE

MOWI®

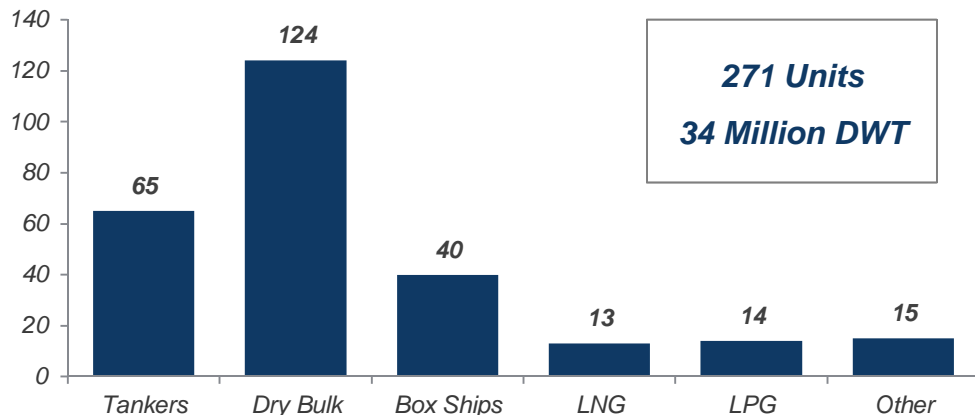
NORWEGIAN PROPERTY

AXACTOR

Arcadia PETROLEUM

Operating philosophy

- Keep it simple and focused
- Lean & efficient management teams
- Define where we are in the cycle
- Consolidation & economy of scale works
- Build credibility with customers, investors & financiers
- Think and act like an investor
- Solid cash position at holding company



Market for seaborne LNG transport is maturing

LNG 1.0



- 1960s to mid 2000s
- Traditional liner model (P2P)
- Back2back contracts 20yr+
- Steam vessels (≈ 180 tpd)
- Leverage: 80-100%
- Utility business
- Libor spread yield

2000: ≈ 100 MMtpa

LNG 2.0



- Mid-2000s – about now
- Portfolio players
- Term contracts (7-15yr)
- DFDE/TFDE vessels (≈ 135 tpd)
- Leverage: 70-80%
- MLP business
- MLP yield

Yearly liquefaction capacity:

2010: ≈ 200 MMtpa

LNG 3.0



- The way of the future
- Commoditization of LNG
- Short and medium term contracts
- Two-stroke low-speed (≈ 100 tpd)
- Leverage: 50-75%
- Capital market business
- ROCE

2020: ≈ 400 MMtpa

Unique fleet comprising of 13 modern large 5th generation LNGCs

ME-GI and X-DF vessels are the most fuel-efficient and technically advanced LNGCs

High Pressure

Low pressure

ME-GI



Ranger (2018)



Rainbow (2018)

Initial Flex LNG LNGCs

ME-GI with Partial Reliquefaction System



Endeavour (2018)



Enterprise (2018)



Constellation (2019)



Courageous (2019)

Acquired in 2017:
\$329m equity issued

ME-GI with Full Reliquefaction System



Reliance (2020)



Resolute (2020)



Freedom (2020)

Acquired in 2018: \$300m equity issued

X-DF



Aurora (2020)



Amber (2020)



Volunteer (2021)

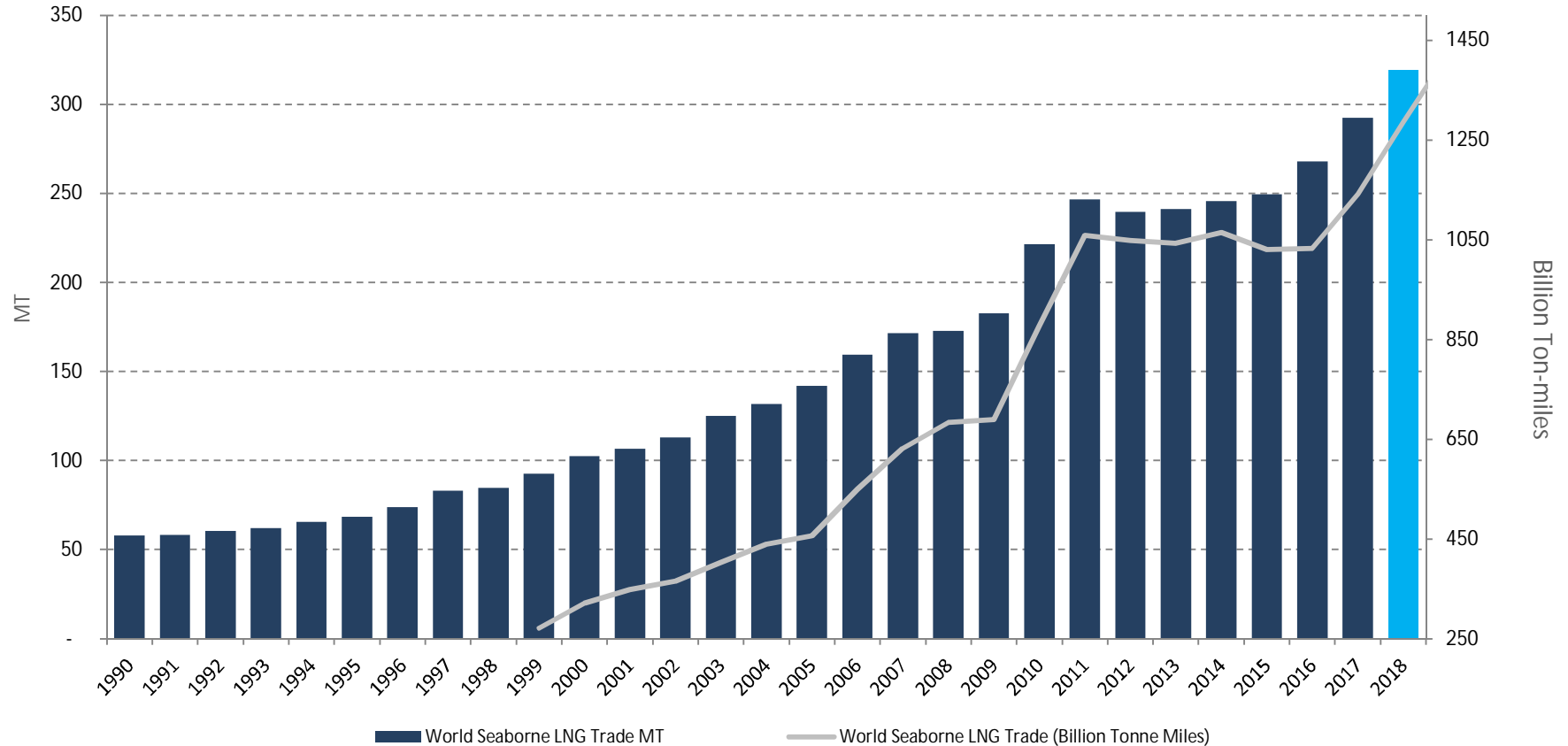


Vigilant (2021)

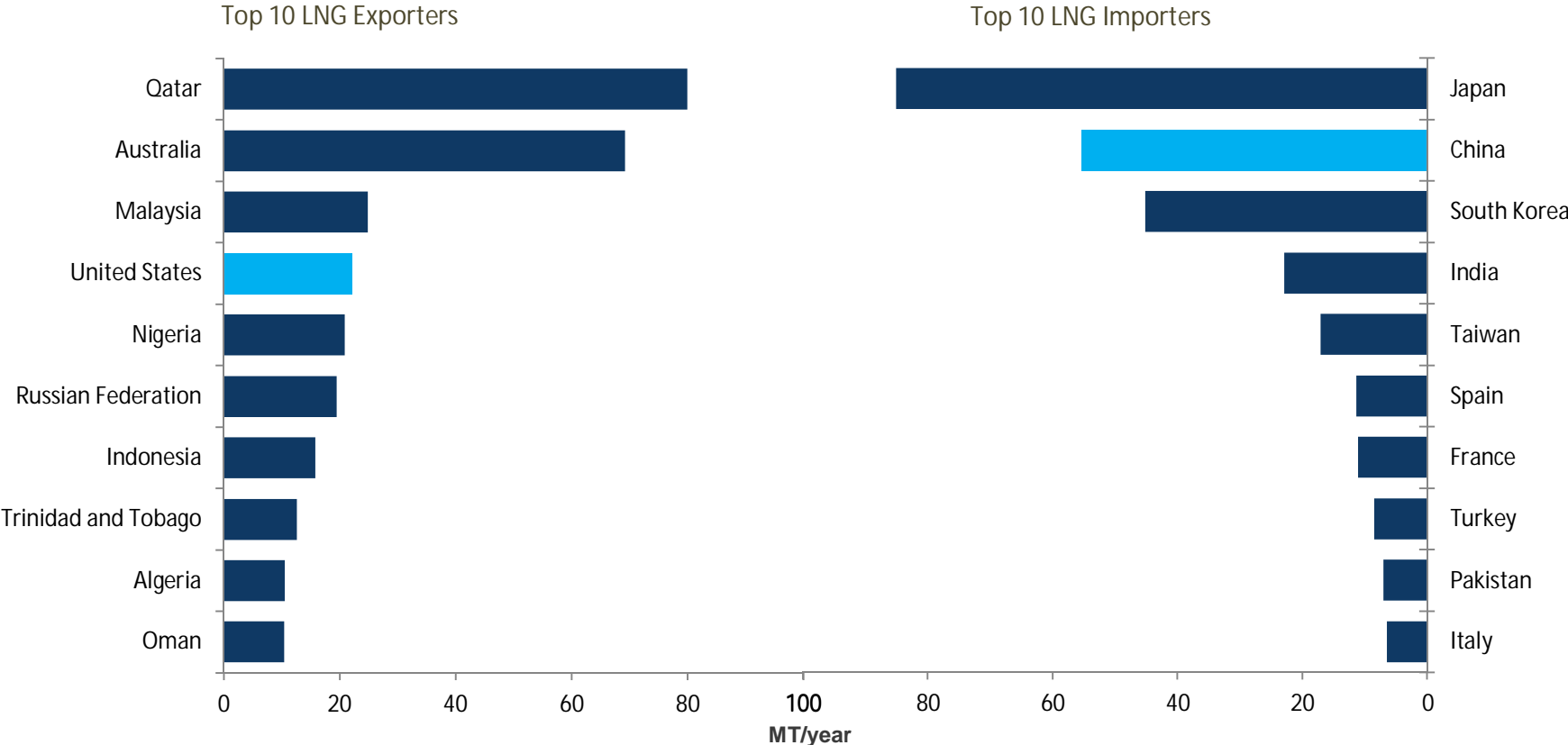
The LNG Market



LNG Market Growing

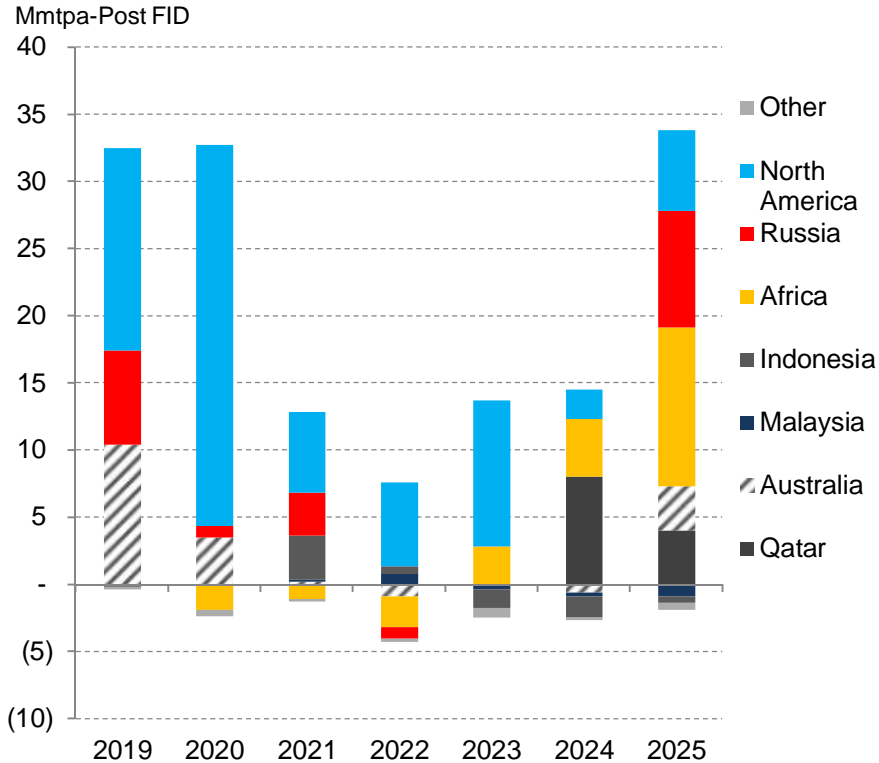


Major LNG Flows in 2018

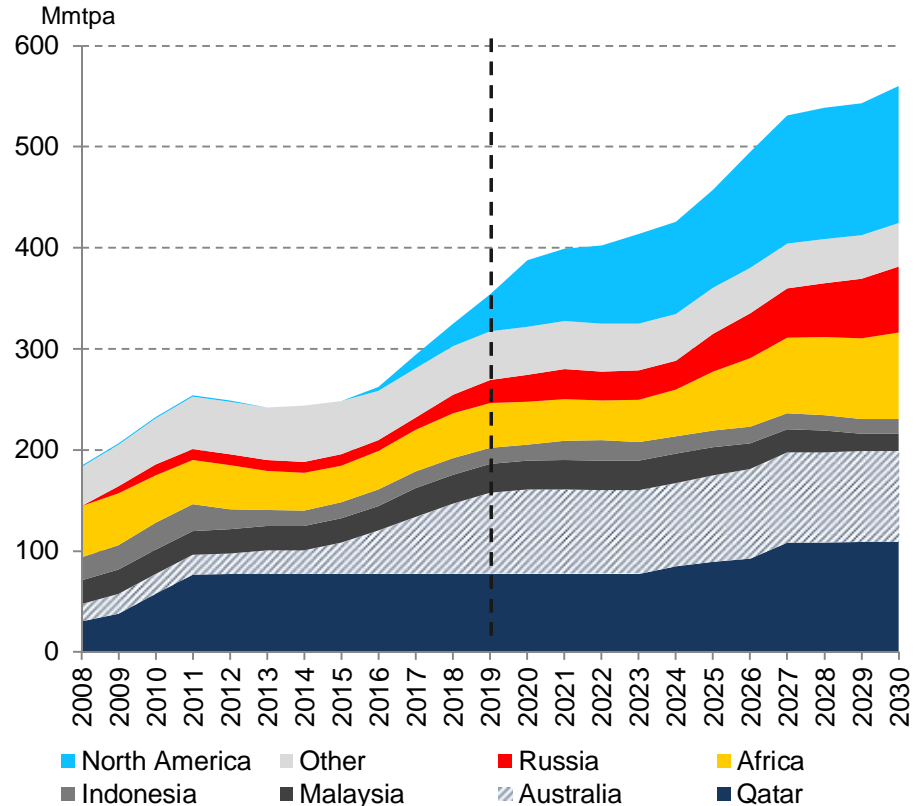


Glut of LNG coming to the market

Year on Year Change LNG Export Volumes

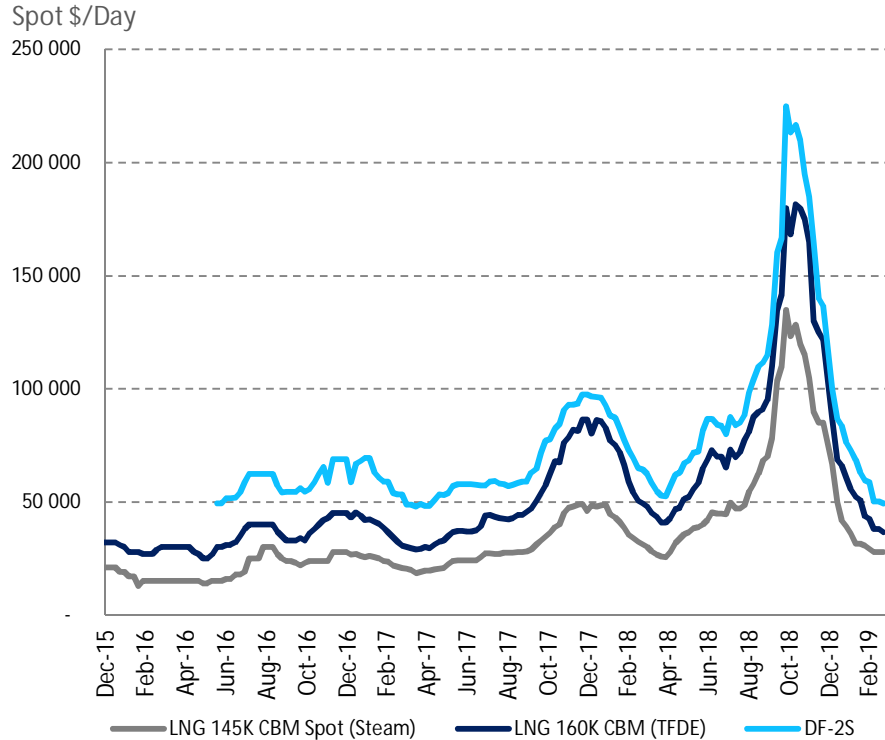


Post FID AND Likely LNG Export Projects

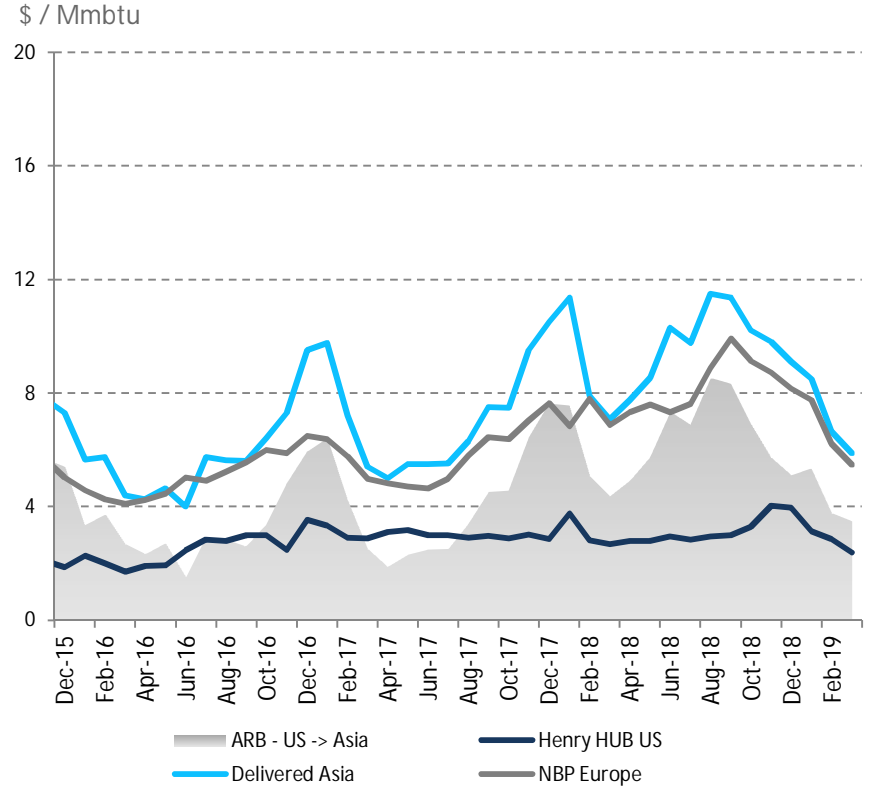


LNG rates and regional prices

Estimated weekly average LNGC spot rates

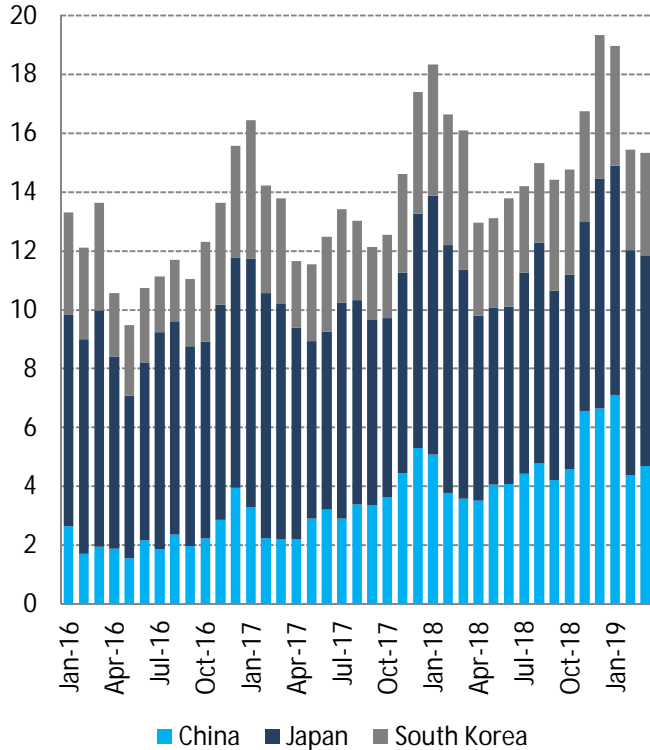


Natural Gas Prices by Region and Arbitrage US -> Asia



El Nino conditions affected Asian winter demand

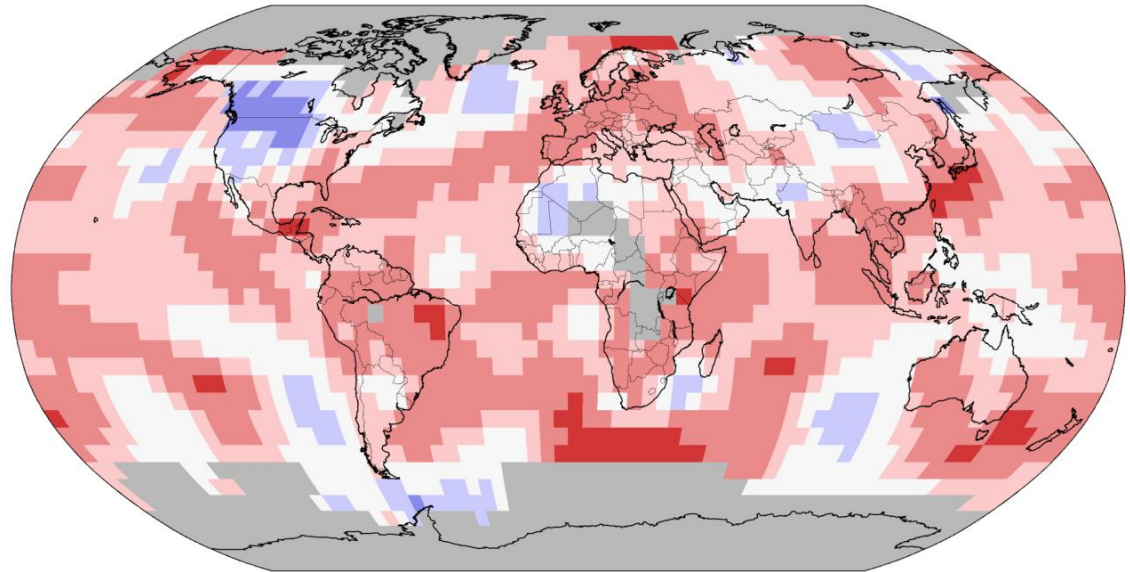
Imports (Mt)



Land & Ocean Temperature Percentiles Feb 2019

NOAA's National Centers for Environmental Information

Data Source: NOAA GlobalTemp v4.0.1-20190312

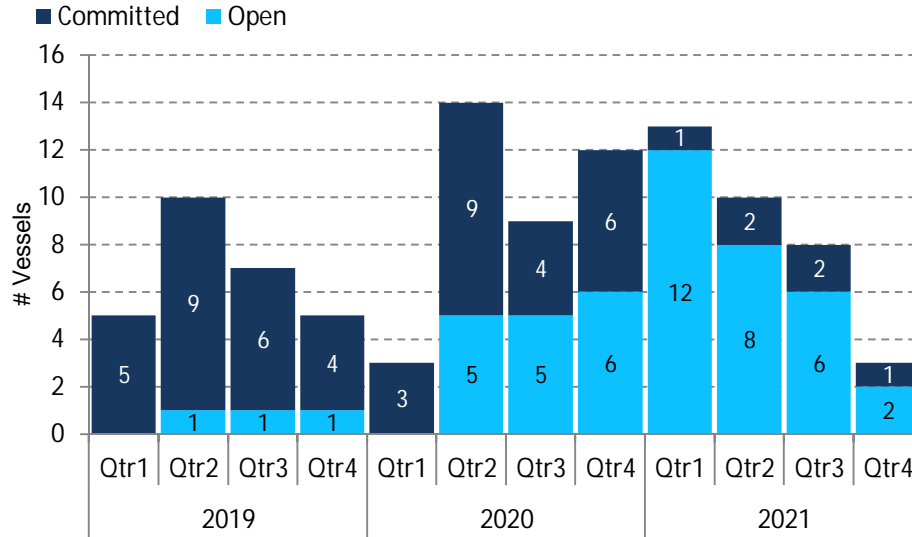


Fleet Supply

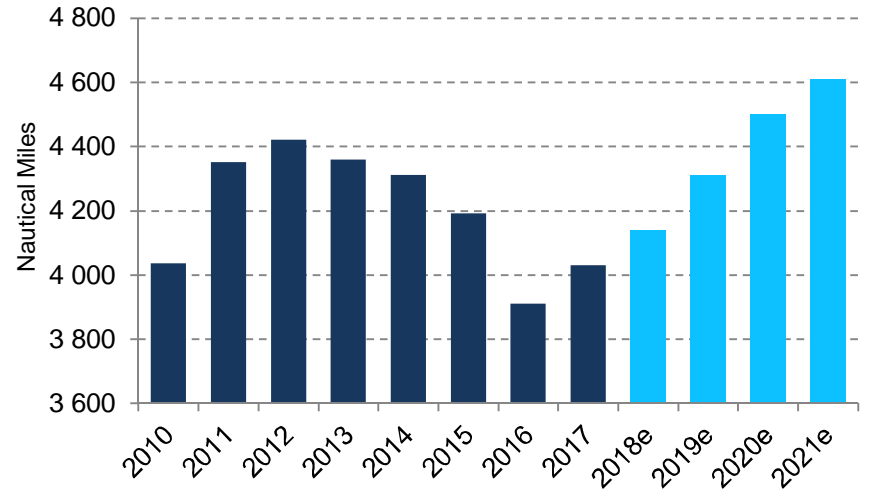


Few available vessels before 2020

Order book for large LNG carriers



Average sailing distances (laden)



- We have registered 100 LNGC orders for delivery in the period until 2021 including 5 Arc 7 LNGCs
- About 27 vessels in total scheduled for delivery in 2019 as 14 vessels delivered so far in Q1
- Very limited open vessels before mid-2020
- Increased sailing distances supportive of LNGC demand

Tonnage demand by key LNG export areas



Country / Region	2018		2019E		
	% of Supply	Multiplier	New Export MT	Vessel Demand	New % split Supply
Africa	10 %	1,46	0,70		9 %
Australia	22 %	1,16	10,5	12,2	21 %
Qatar	24 %	1,39			23 %
South East Asia	15 %	0,83			14 %
U.S.	7 %	2,19	15,0	32,9	10 %
Row	22 %	1,50	7,0	15,4	23 %
Volume weighted multiplier		1,34	33,2	60	1,37

of Vessels needed to deliver 1 MT of LNG gradually increasing as especially US and Northern Russia (winter) volume grows. 2018/2019 the multiplier is expected to increase by 2,5%, absolute volume by 9%, fleet by ~10%

Appendix



Income Statement

Unaudited Figures in USD, 000	Q4 2018	Q3 2018	YTD 2018
Voyage revenues	36 101	19 008	77 209
Voyage related costs	-5 977	-5 167	-26 161
Administrative expenses	-1 781	-1 132	-4 639
EBITDA	28 343	12 709	46 409
Depreciation	-6 872	-5 477	-17 412
EBIT	21 471	7 232	28 997
Finance income	283	72	607
Finance cost	-6 511	-6 124	-17 781
Other financial items	-17	-1	-54
EBT	15 226	1 179	11 769
Income tax	12	-	10
Net Income (loss)	15 238	1 179	11 779

- Revenues of \$36.1m in line with guidance of approx. \$35m implying fleet TCE of about \$95kpdr and spot earnings of about \$130kpdr
- Increased revenues due to burgeoning spot market, with all-time high charter rates reported
- Net income of \$15.2m and \$11.8m for fourth quarter and full year 2018 respectively

Balance Sheet

Unaudited Figures in USD, 000	YE 2018	YE 2017		YE 2018	YE 2017
Newbuildings and capitalized costs	0	594 937	Share capital	5 410	3 680
Vessel purchase prepayment	421 472	72 000	Share premium	1 189 665	885 323
Vessels	812 489	3	Other equity	-367 751	-368 902
Total non-current assets	1 233 961	666 940	Total equity	827 324	520 101
			Other financial liabilities	431 602	160 000
			Total non-current liabilities	431 602	160 000
Inventory	915	1 041	Current portion of long-term debt	23 365	0
Other current assets	4 413	6 568	Current liabilities	12 095	4 409
Cash and cash equivalents	55 097	9 961	Total current liabilities	35 460	4 409
Total current assets	60 425	17 570			
			Total liabilities	467 062	164 409
TOTAL ASSETS	1 294 386	684 510	TOTAL EQUITY AND LIABILITIES	1 294 386	684 510

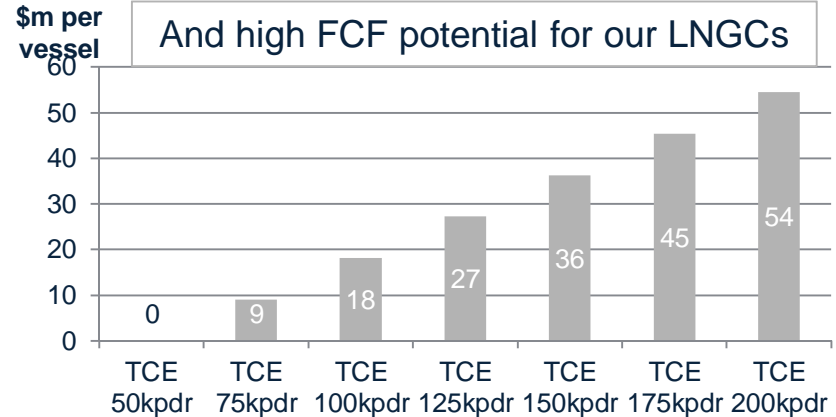
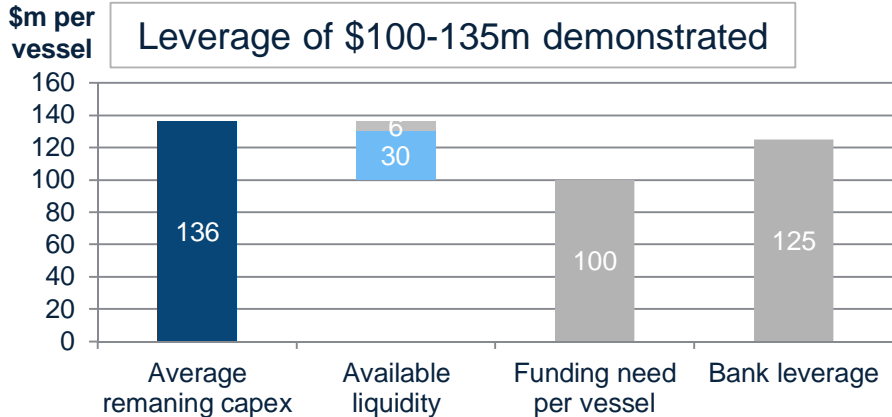
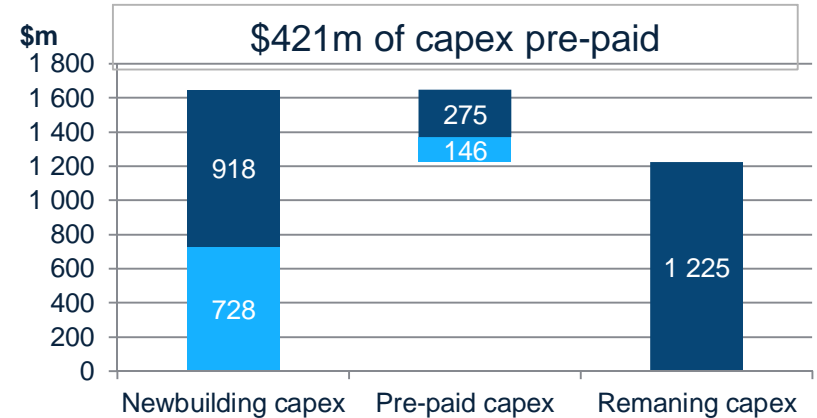
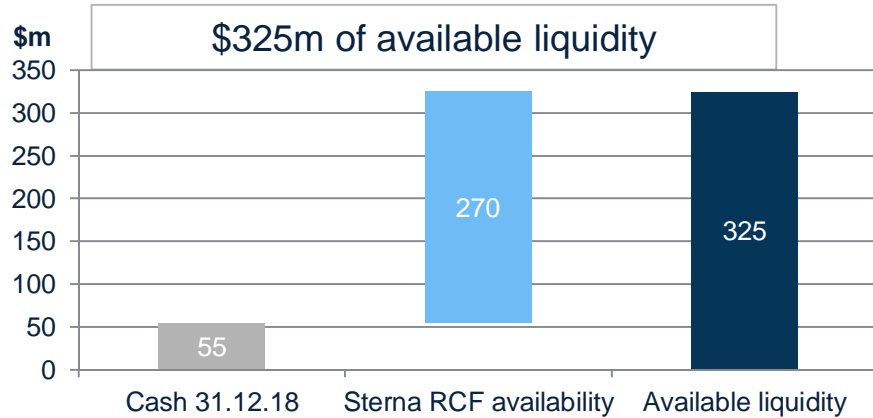
- Balance sheet consist of four vessels on the water and nine newbuildings under construction
- Vessel purchase prepayments of \$421m relates to the nine newbuildings
- Total interest bearing debt of \$455m of which \$23m is due next 12 months
- Equity ratio of 64% and very solid liquidity situation given availability of \$270m Sterna RCF

Cashflow

Unaudited Figures in USD, 000	Q4 2018	YTD 2018
Net Income (loss)	15 226	11 769
Working capital adjustments	1 320	4 918
Other non-cash items	6 839	17 392
Net cash flow from operating	23 385	34 079
Newbuilding capex	1 010	-233 550
Advanced payment for newbuilding assets	-275 400	-349 000
Net cash flow used in investing	-274 390	-582 550
Net proceeds from issue of shares	295 311	295 311
Net proceeds from issuance of debt	-	584 613
Repayment of debt	-5 906	-286 069
Other	123	-248
Net cash flow from financing	289 528	593 607
Net cash flow	38 523	45 136
Cash balance at the beginning of period	16 574	9 961
Cash balance at the end of period	55 097	55 097

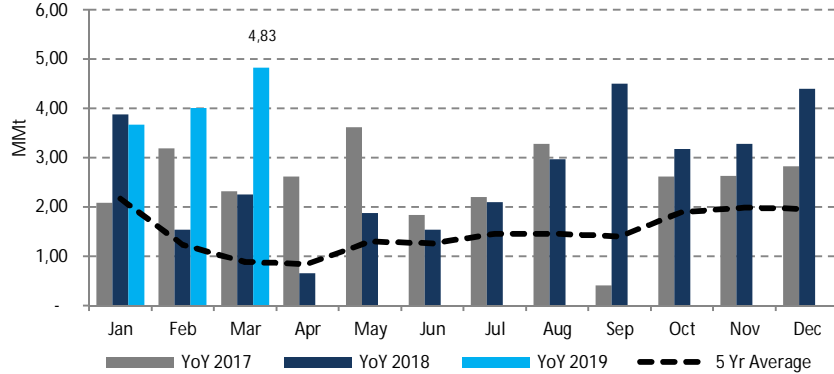
- Positive operational cashflow of about \$23m and \$ 34m for the fourth quarter and 2018 respectively
- About \$ 234m of newbuilding capex in connection with deliveries during 2018
 - About \$7m each for Flex Endeavour/Enterprise
 - About \$110m each for Flex Ranger/Rainbow
- Prepayment of \$275m in connection with acquisition of five newbuildings in October 2018 in connection with the \$300m private placement of new shares
- Raised \$ 472.5m of external finance through bank loans and Rainbow SLB during 2018
 - Repaid Sterna RCF in full (outstanding \$160m at beginning of year)
 - Thus \$270m is currently available under this facility

Well capitalized for remaining newbuildings

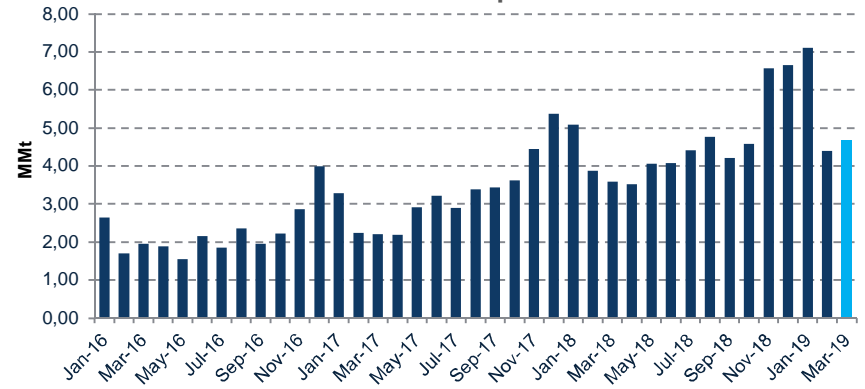


Key LNG Trades

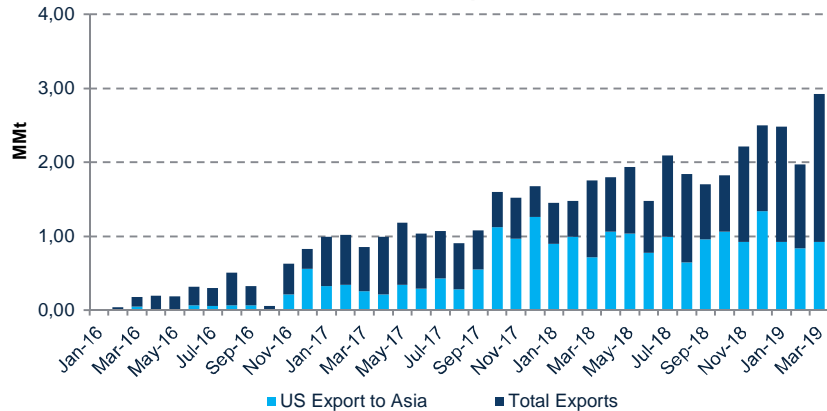
Year on Year Change (growth) in Global LNG Exports



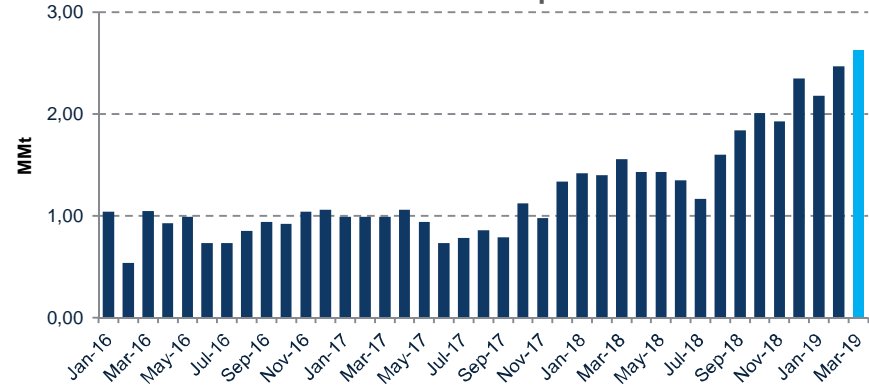
China LNG Imports



US LNG Exports



Russian LNG Exports





Stay Cool !