

Market Update

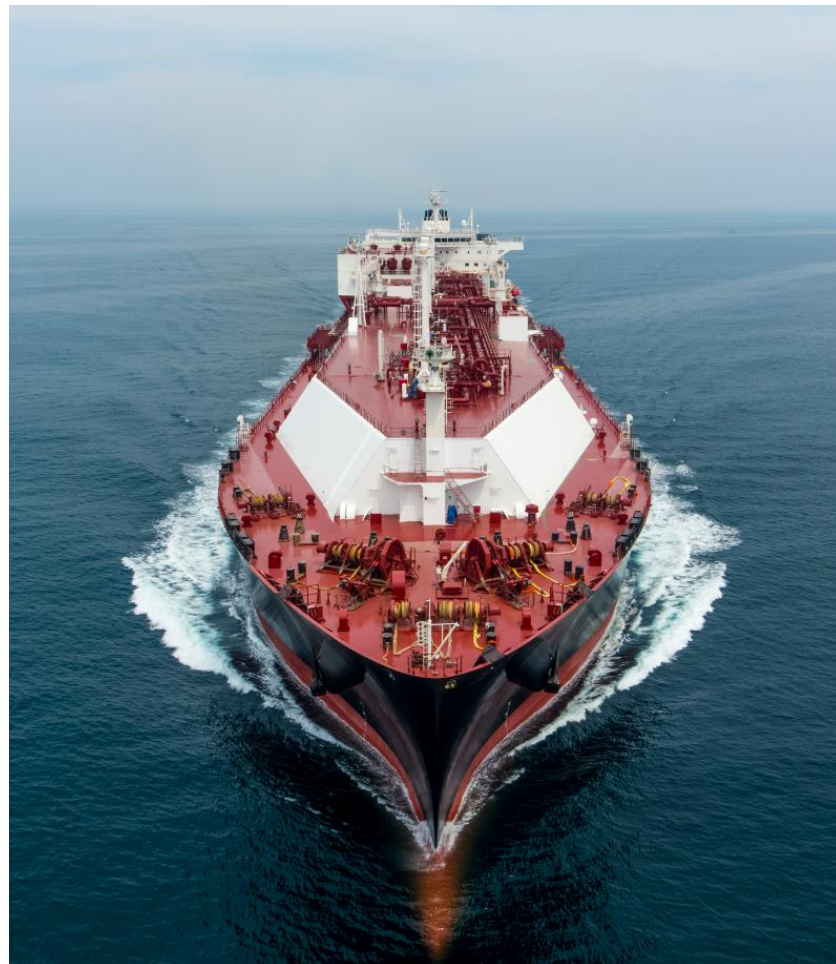
January 2019



FLEX LNG

Company Highlights

- During 2017 and 2018, Flex LNG has raised \$629m of equity and \$473m of debt financing to increase its fleet from two to thirteen LNGCs
- All thirteen LNGCs are large 174k cbm fifth generation vessels fitted with slow speed two stroke dual fuel engines (ME-GI and XDFs) resulting in significant reduction in unit transportation costs compared to steam or tri-fuel vessels
- Four vessels delivered during 2018, two vessels scheduled for delivery in 2019 and another seven for delivery in 2020/21
- Due to well positioned fleet and buoyant market, revenues expected to increase from \$19m in Q3 to \$ ≈35m in Q4



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)



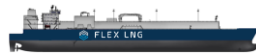
Rainbow (2018)

Initial Flex LNG LNGCs

ME-GI with Partial Reliquefaction System



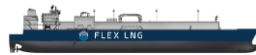
Endeavour (2018)



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)



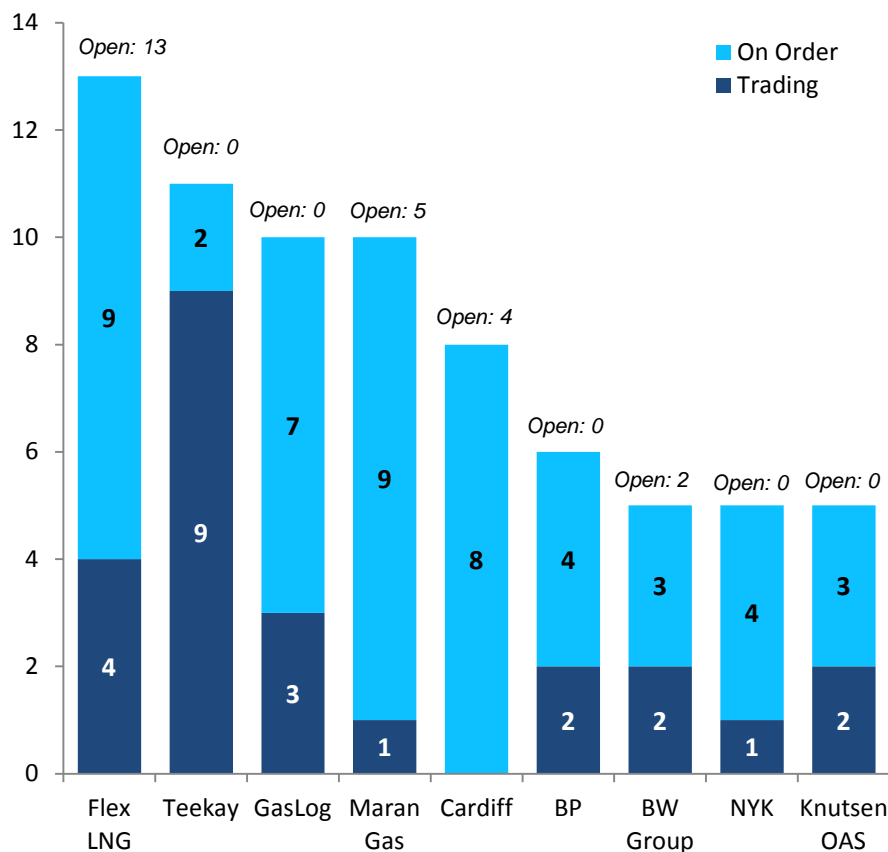
Volunteer (2021)



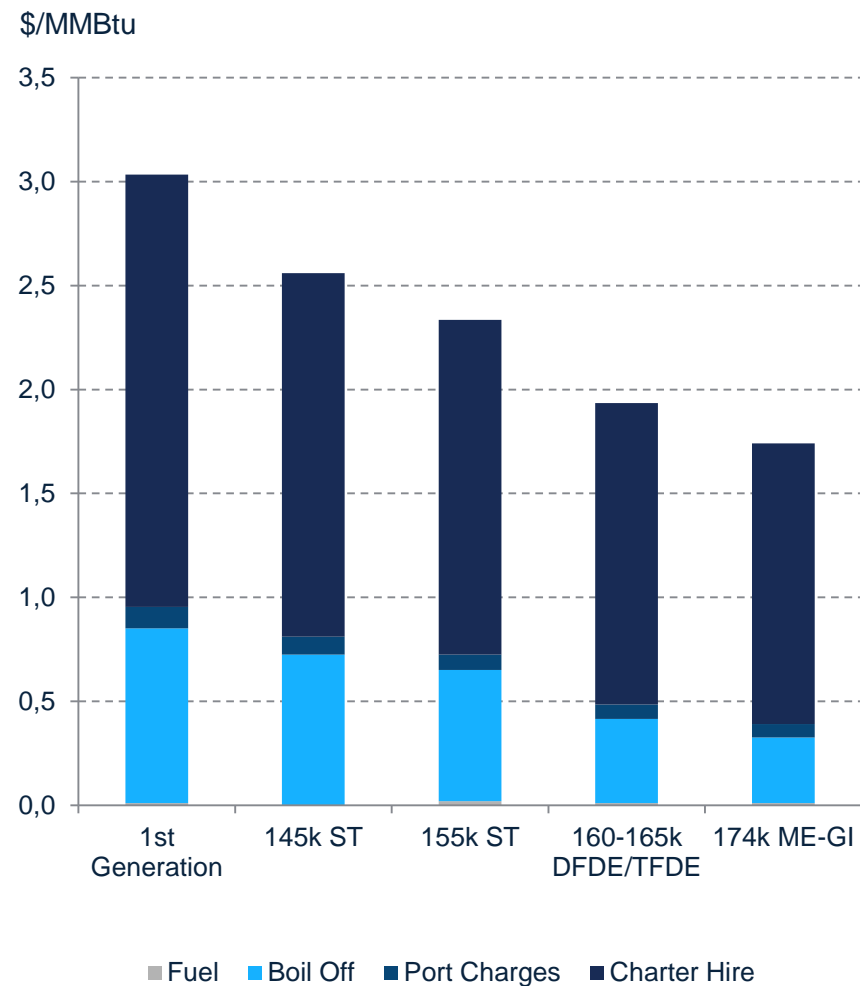
Vigilant (2021)

The leading owner of 5th generation LNGCs

Flex LNG is the largest owner of 5th gen LNG vessels



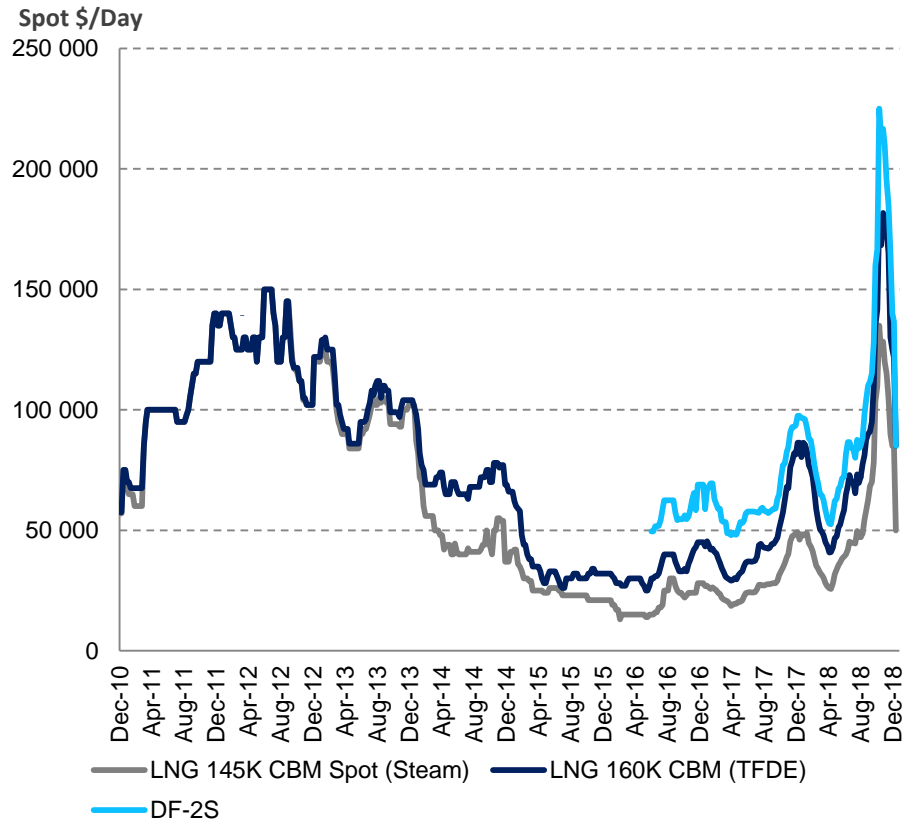
Unit transportation costs (round-trip US gulf to China)



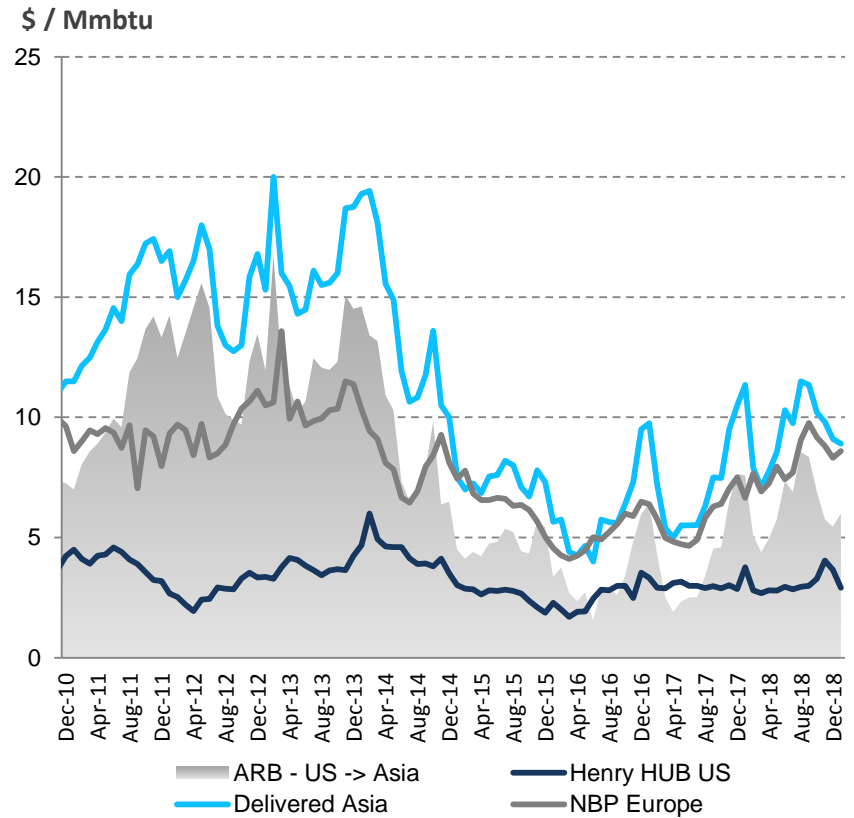
(1) Assuming speed of 16.5 knots (~74 days round trip), term charter rate of USD 70k/day, boil off gas priced at USD 5 / mmbtu, port cost of USD 250k, and allowance for port fees and loading discharge time. Source: Poten & Partners

LNG transportation in early phase of recovery

Estimated weekly average LNGC spot rates

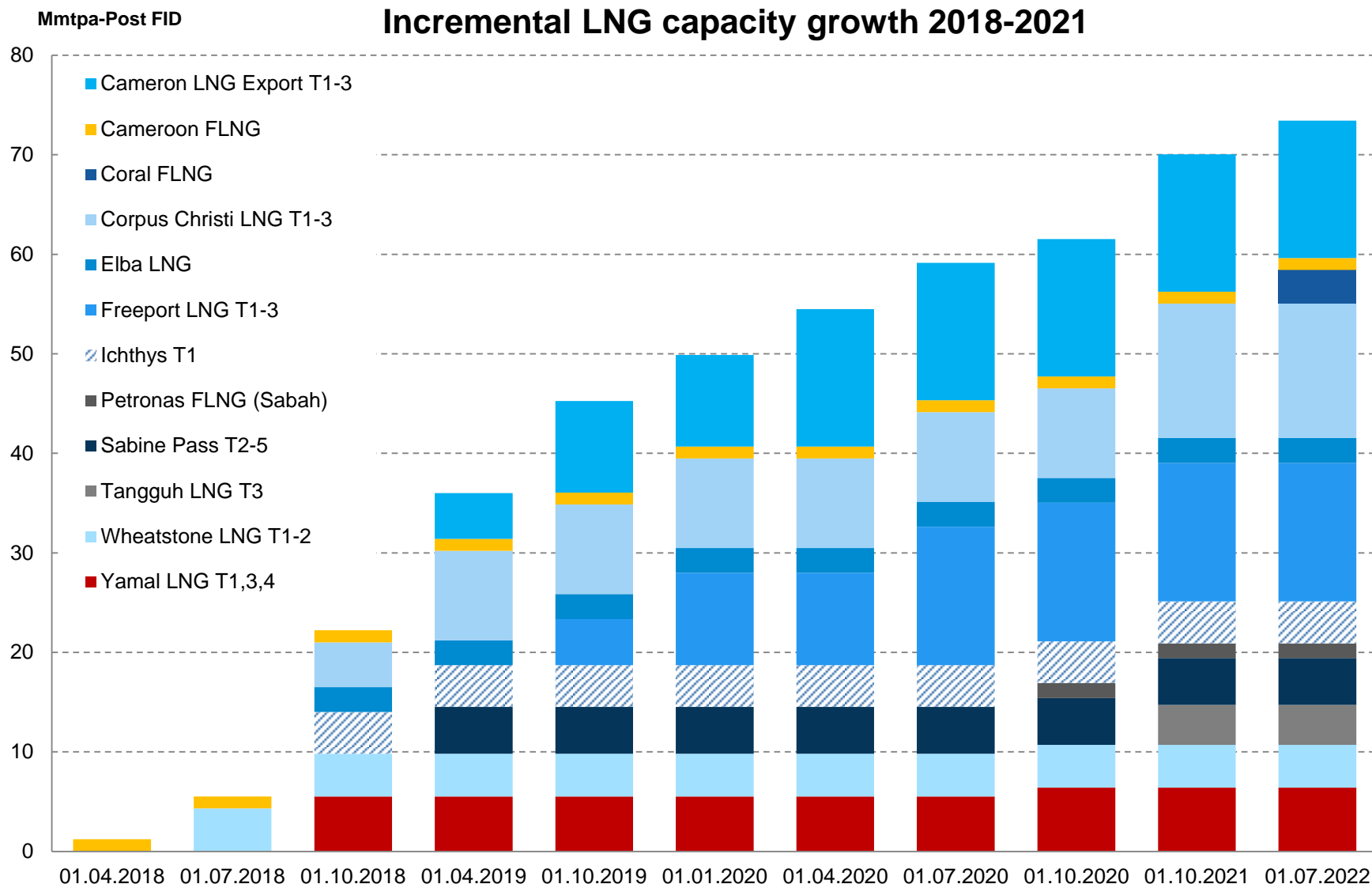


Natural Gas Prices by Region and Arbitrage US -> Asia



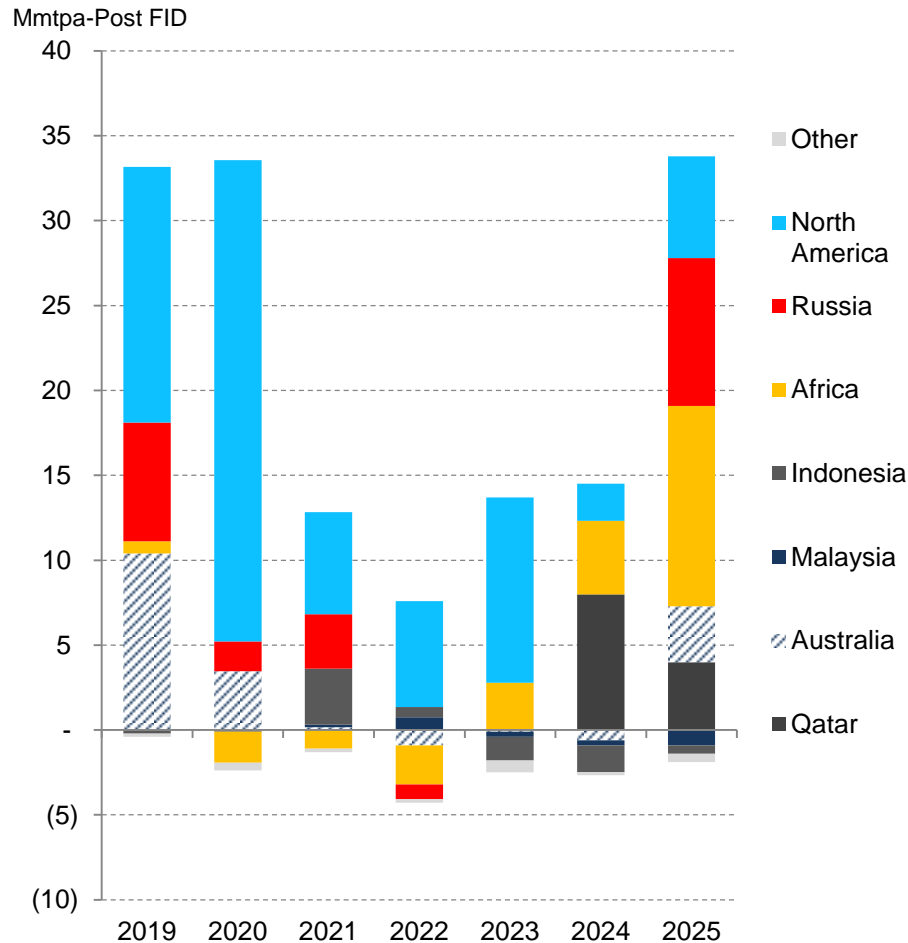
- Headline spot rates doubled from 2017 to 2018 due to tighter LNGC market driven by strong demand
- Arbitrage window expected to improve from Q4-18 to 2019

Steep nameplate capacity growth going in to 2019

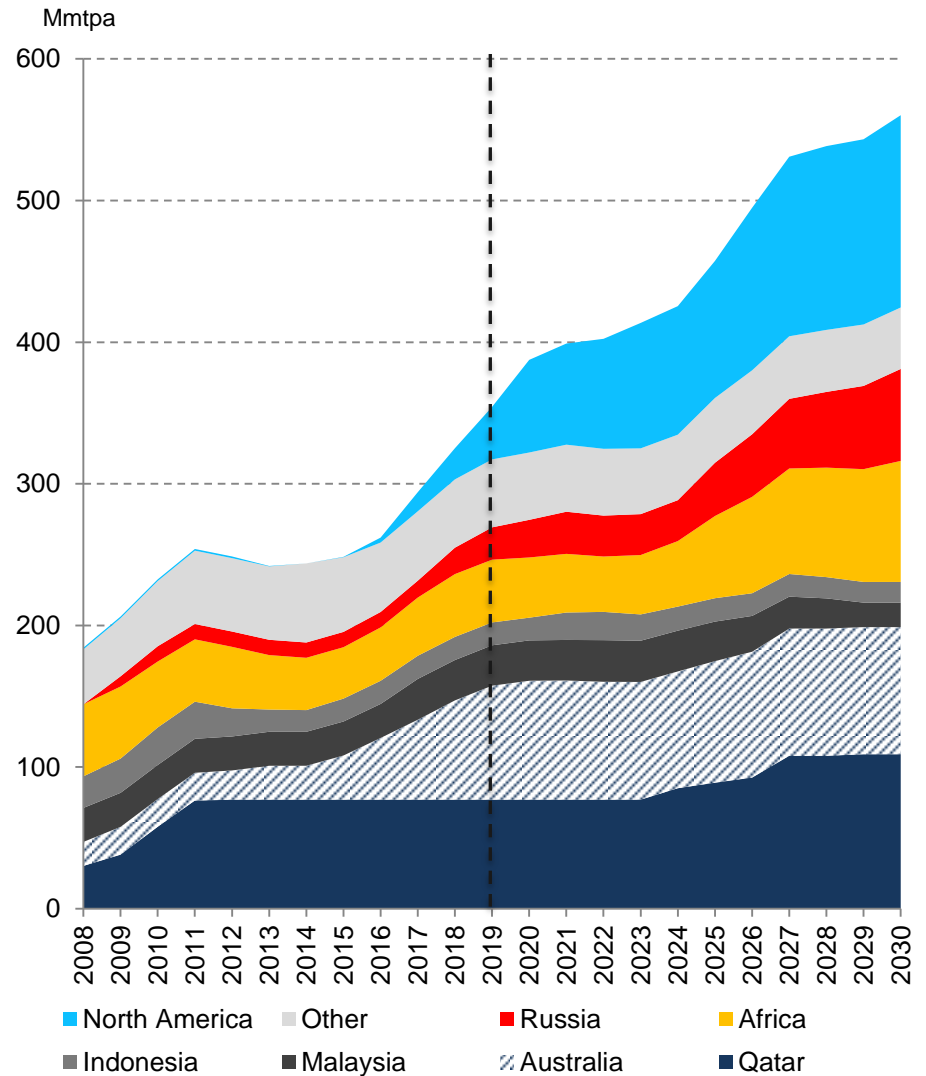


Resulting in glut of LNG coming to the market

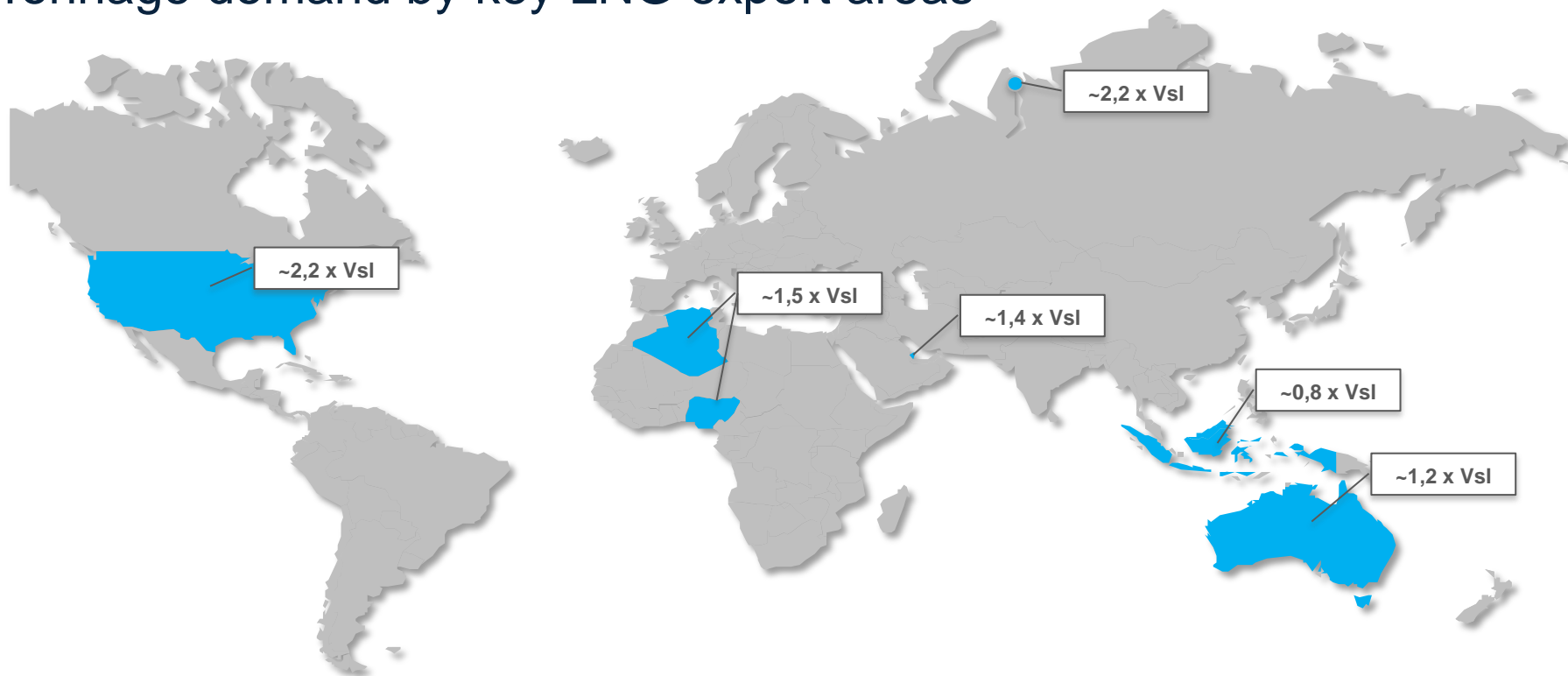
Year on Year Change LNG Export Volumes



Post FID AND Likely LNG Export Projects



Tonnage demand by key LNG export areas



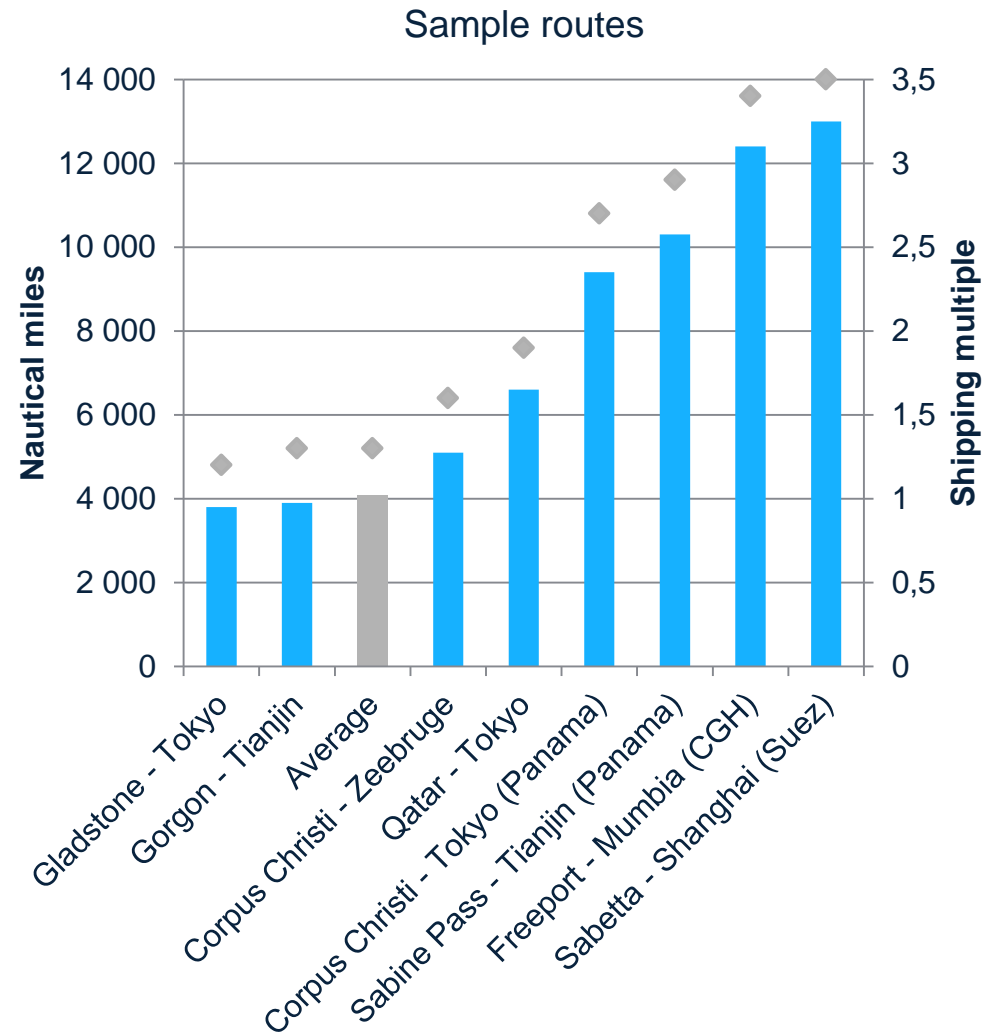
2018			2019E		
Country / Region	% of Supply	Multiplier	New Export MT	Vessel Demand	New % split Supply
Africa	10 %	1,46	0,70		9 %
Australia	22 %	1,16	10,5	12,2	21 %
Qatar	24 %	1,39			23 %
South East Asia	15 %	0,83			14 %
U.S.	7 %	2,19	15,0	32,9	10 %
Row	22 %	1,50	7,0	15,4	23 %
Volume weighted multiplier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

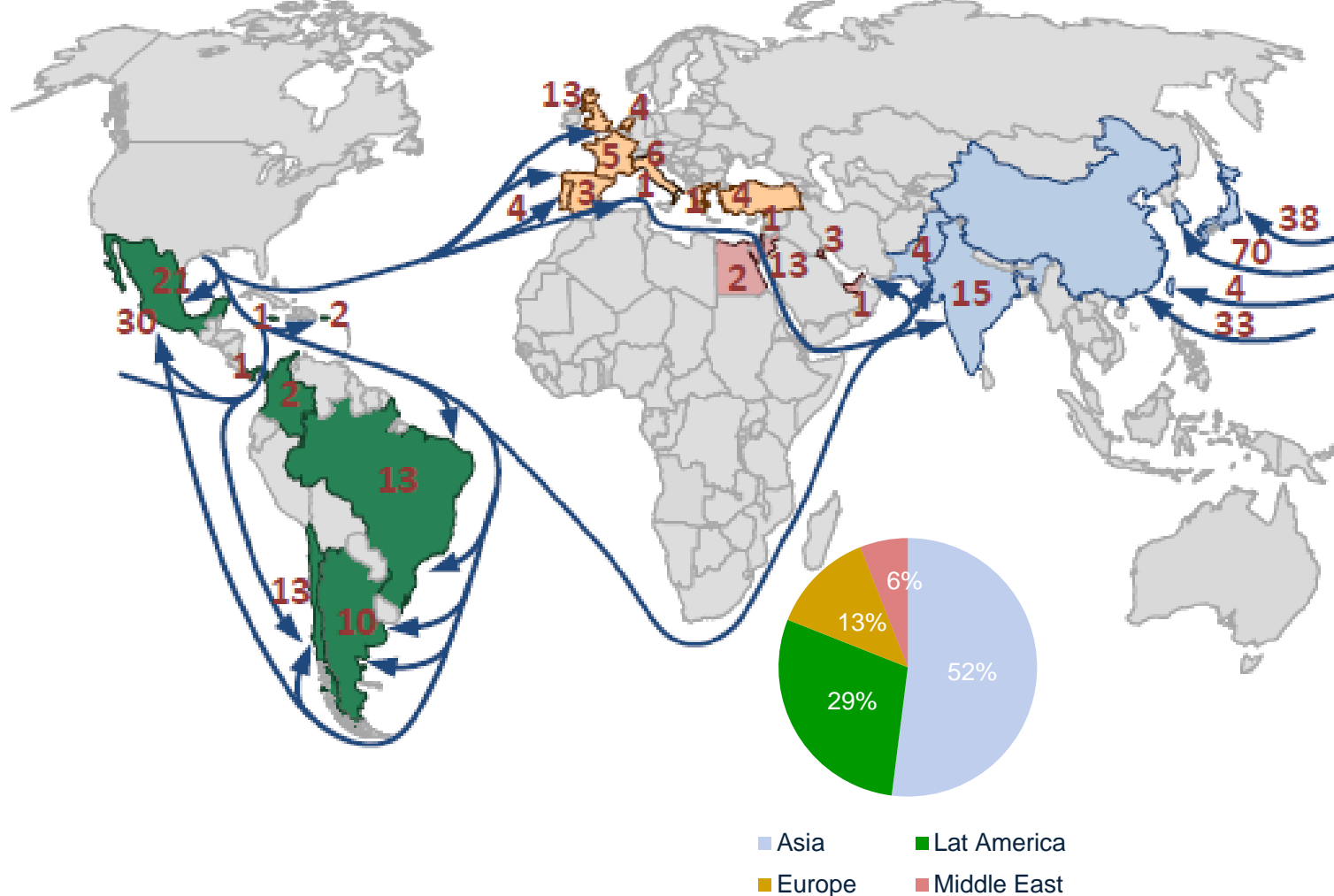
of Vessels needed to deliver 1 MT of LNG gradually increasing as especially US and Northern Russia (winter) volume grows. 2018/2019 the multiplier is expected to increase by 2,5%, absolute volume by 9%, fleet by ~10%

Why 1.3x multiple for LNGC?

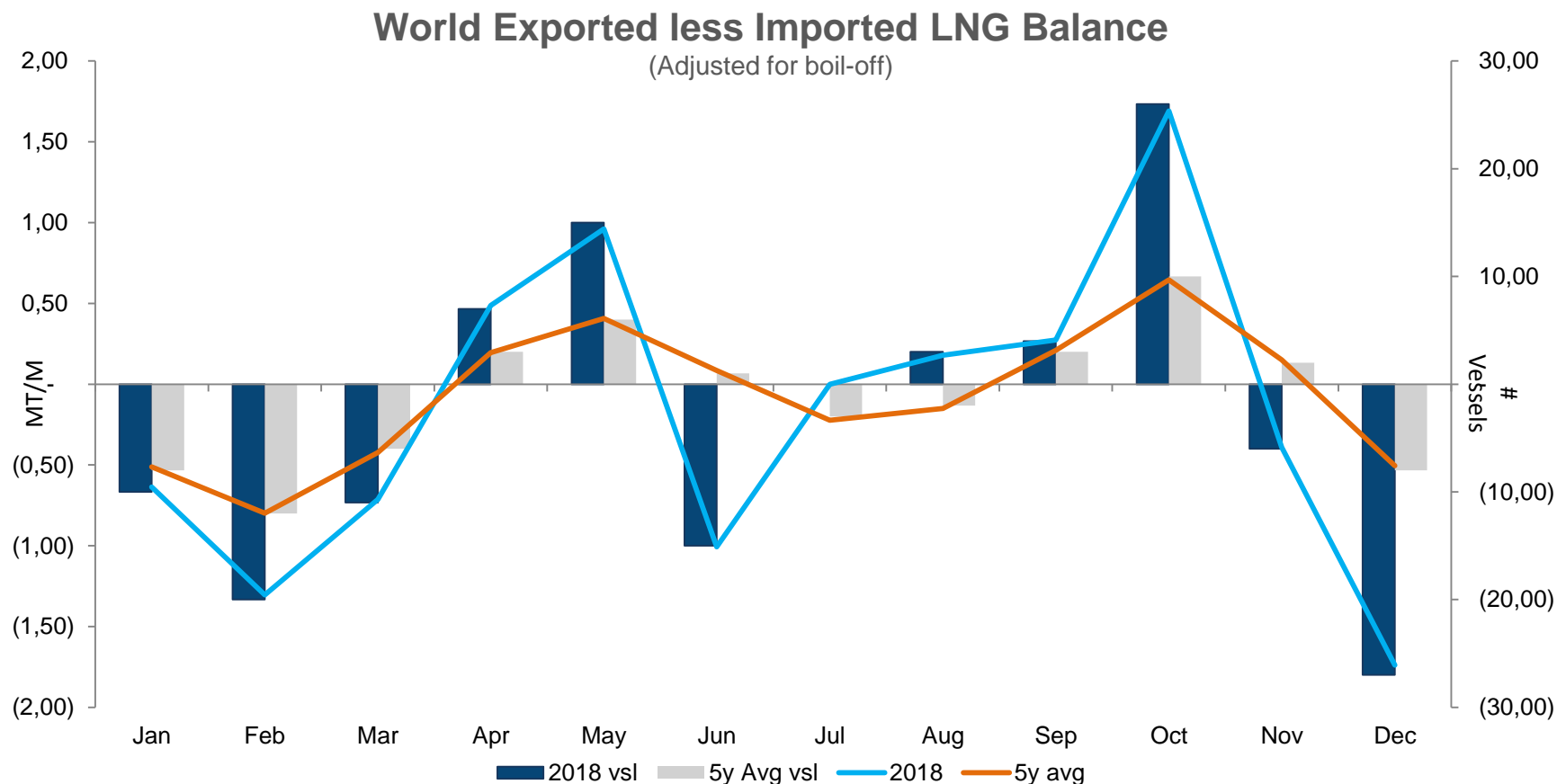
Basic assumptions:

- Average size of 155,000 cbm is capacity of 68,350 tonnes
- Average sailing distance: 4,000 nautical miles
- RT 8,000 nautical miles
- Average speed (ballast/laden): 15 knots
- Average RT inc discharge/loading time: 29 days
- 2% time spent for dry-docking
- Average utilization: 90%
- Yearly lifting capacity per vessel: $\approx 750,000$
- Gives multiple per mmpta of about 1.3 x





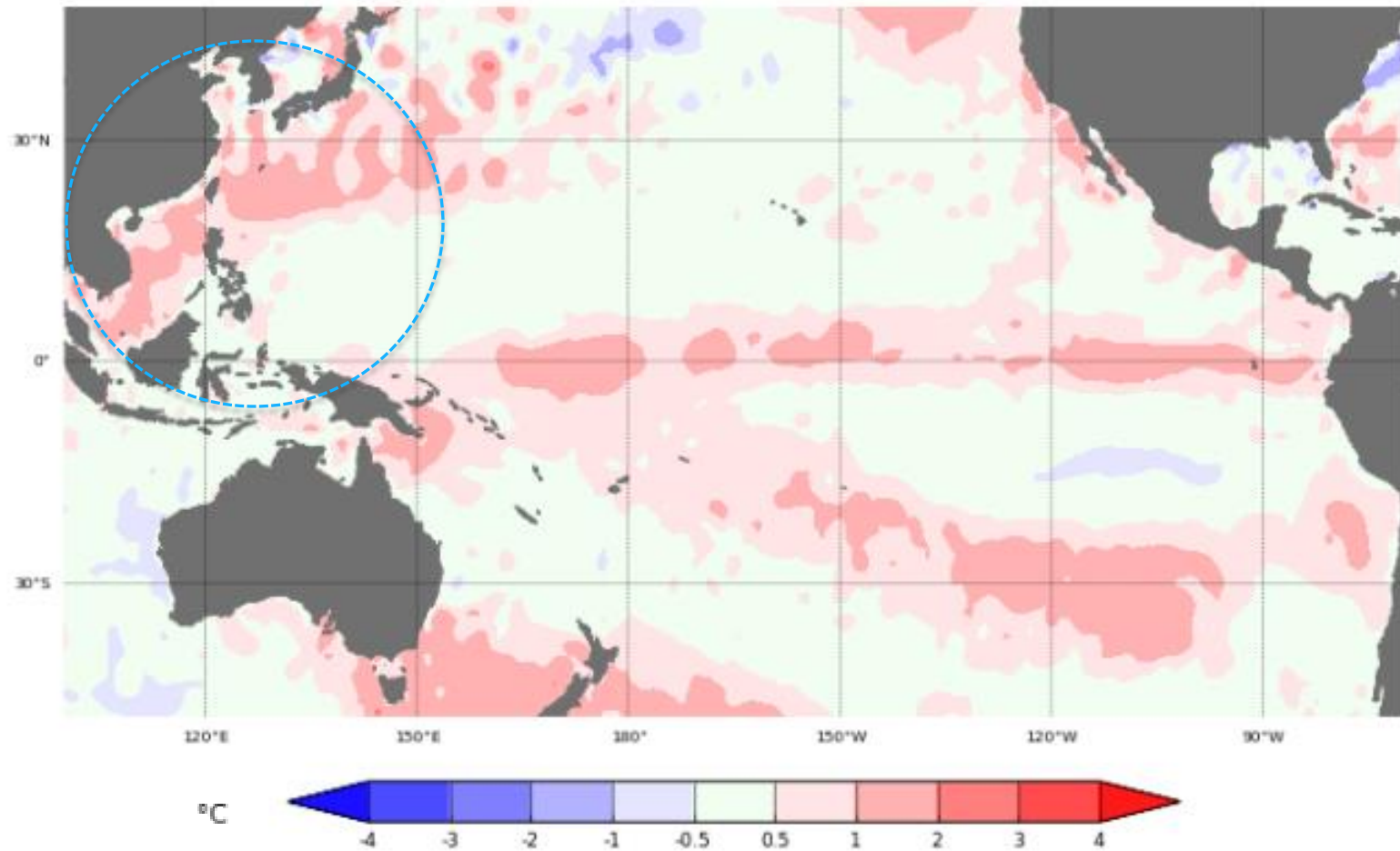
Larger than usual movement in inventories



- In periods where Exports surpasses Demand, storage appears
- Vessel demand increases in the build up towards peak demand
- As imports catch up, inventories are drawn and vessel availability grows

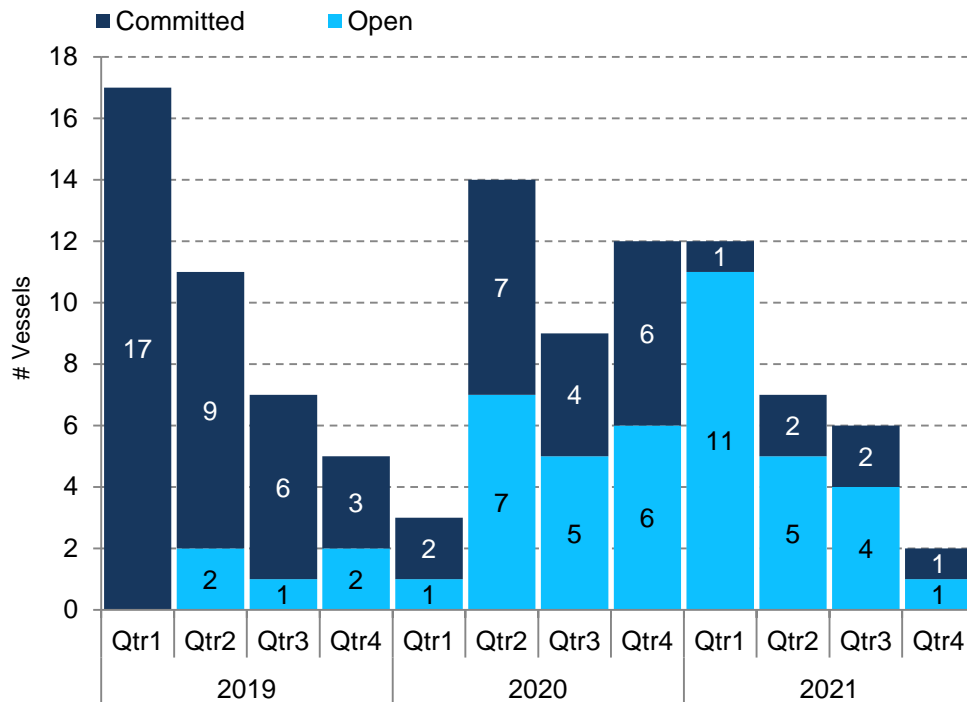
El Nino conditions have resulted in higher temperatures in Pacific

Sea Surface Temperature anomaly December 2018

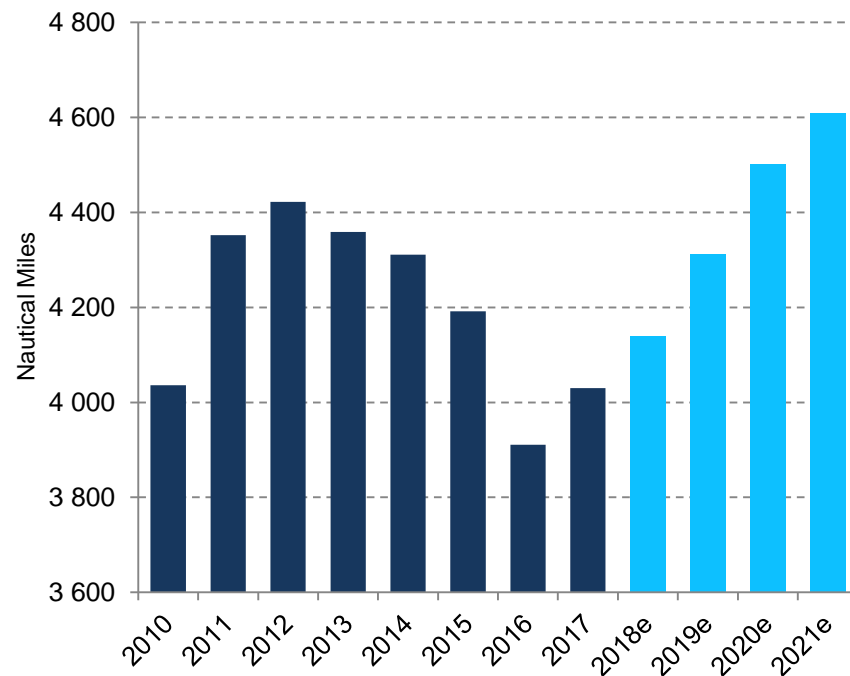


Very few uncommitted vessels available before H2-2020

Order book for large LNG carriers



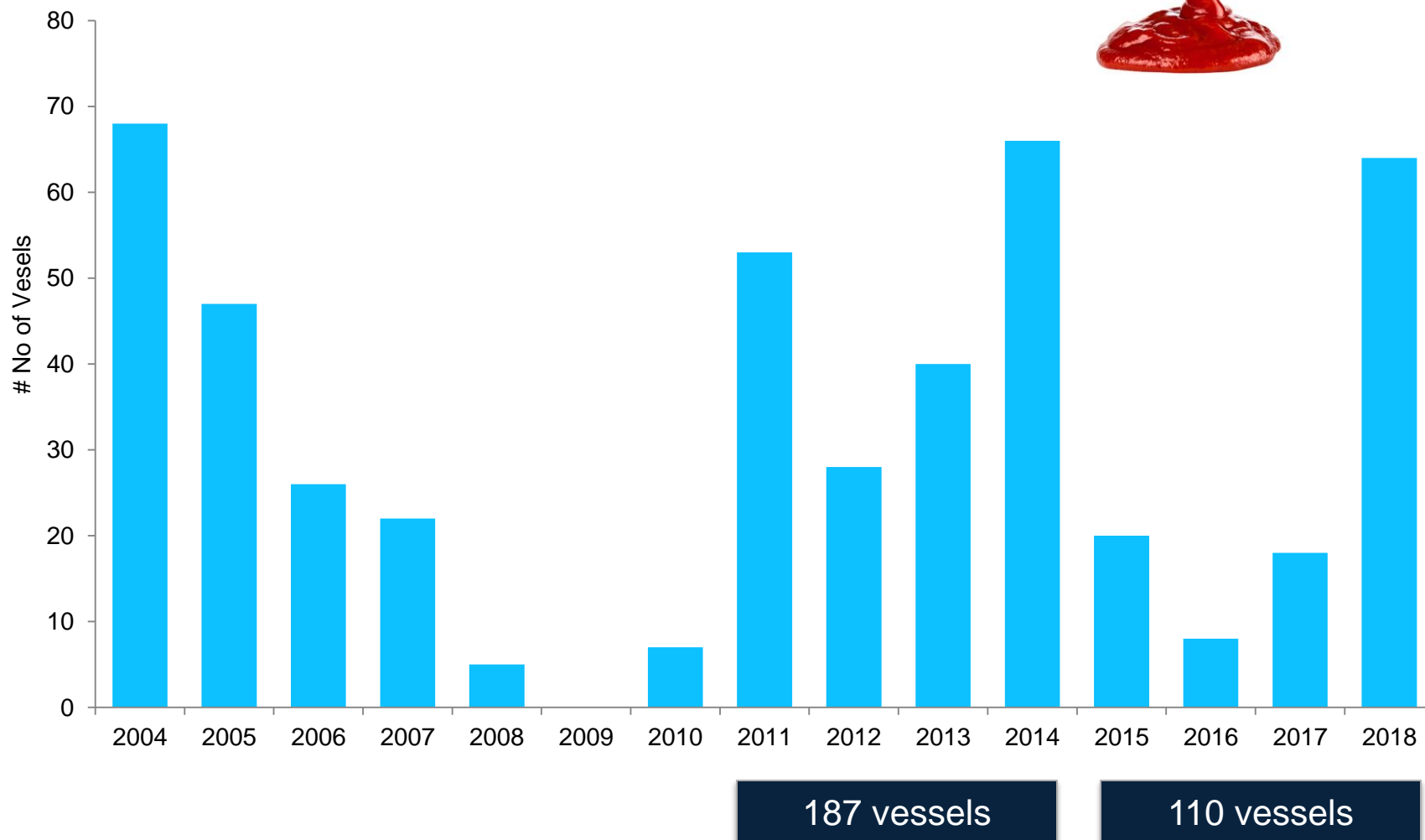
Average sailing distances (laden)



- About 105 LNGC orders including 6 Arc 7 LNGCs
- Very limited open vessels before H2-2020
- Increased sailing distances due to US/Russian volumes supportive of LNGC demand

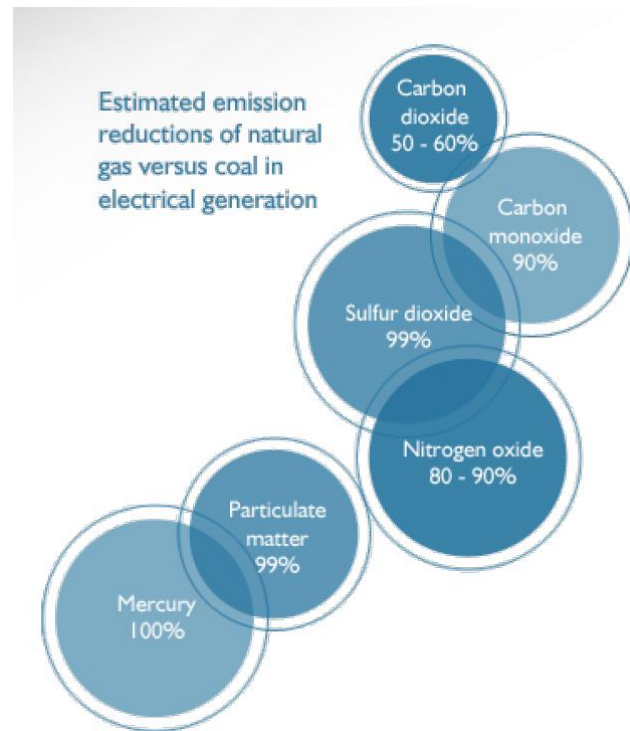
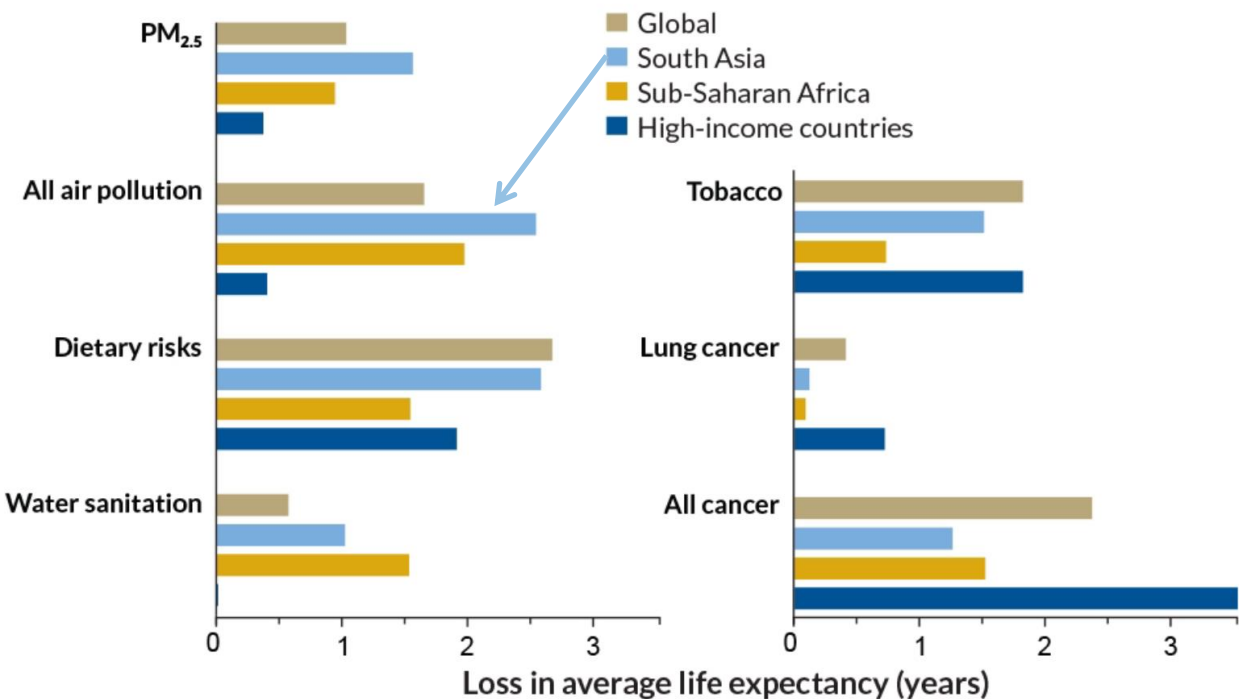
Ketchup effect on ordering

LNG Contracting activity



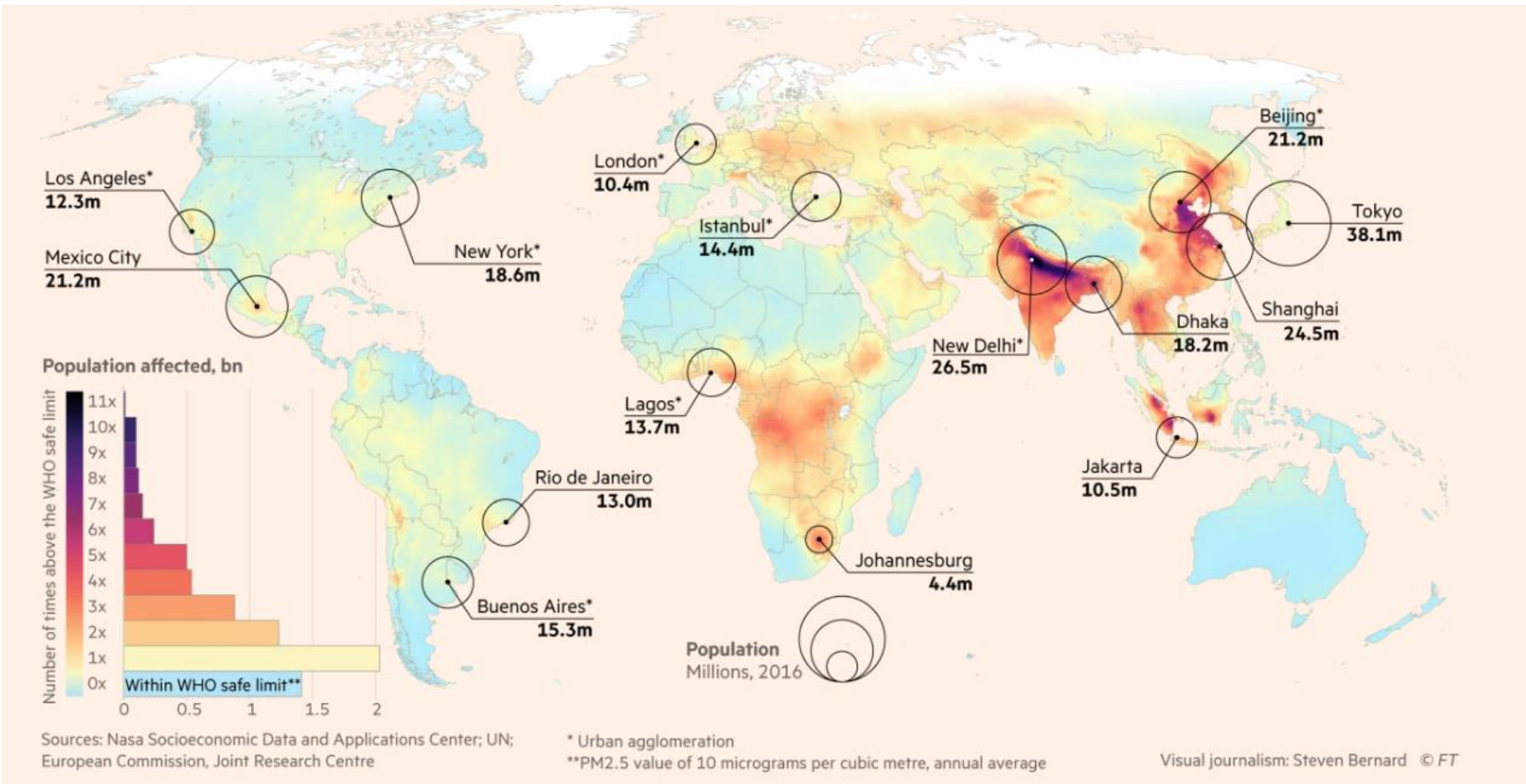
Switching to LNG is as much health policy as energy and/or environmental policy

How much different risks shorten life expectancy



- In South Asia, air pollution larger health risk than tobacco, cancer, water sanitation and on par with dietary risk
- If the air pollution improves from China's level to the American EPA standard level, that means that would improve everyone's education by around one year

Air pollution: a glocal problem



- 9 out of 10 people breathe unhealthy air.
- 6.5 million pre-mature deaths every year caused by outdoor and household air pollution.

Summary



Right Ships

Four LNGCs on the water and nine LNGCs under construction, all fitted with 5th generation propulsion (two-stroke low-speed engines) providing substantial fuel savings and larger parcel size



Right Time

The market have re-balanced and is now in early phase of recovery with higher charter rates and utilization as well as increased interest for longer term contracts



Right Market

LNGC market have very strong long-term fundamentals due to increased demand for LNG, emissions focus and commoditization of LNG resulting in more trading



Right Owner

The principal shareholder has evidenced unrivaled performance in building strong shipping companies and is supportive of Flex LNG in relation to credit and S&P transactions

Q&A

