



# Q1 2014

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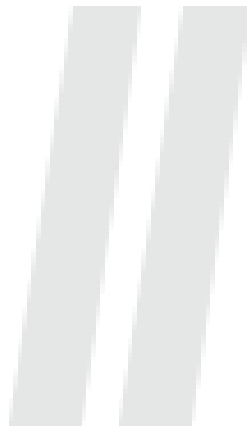
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1. Company Overview and Highlights Q1
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# Company Overview



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Awilco LNG is a pure play LNG transportation provider, owning and operating LNG vessels. The Company currently owns two 2013 built 156,000 cbm TFDE membrane LNG vessels; WilForce and WilPride, and three 125,000 cbm steam Moss type LNG vessels; WilGas, WilPower and WilEnergy. Awilco LNG is listed on Oslo Axess under the ticker code ALNG.

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# 1<sup>st</sup> Quarter Highlights

## 1<sup>st</sup> quarter 2014

- Awilco LNG reported:
  - Net freight income of      MUSD 17.6                      MUSD 15.8 in Q4 2013
  - EBITDA of                      MUSD 10.7                      MUSD 8.0 in Q4 2013
  - Net profit of                      MUSD 0.0                      MUSD (0.3) in Q4 2013
- Vessel utilisation of 95 %, compared to 90 % in Q4 2013
- WilForce commenced a three plus one year contract on 24 January 2014
- WilPride successfully completed maiden voyage


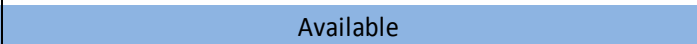


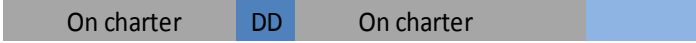
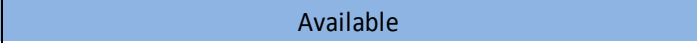
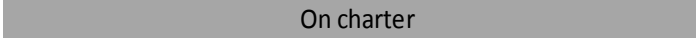
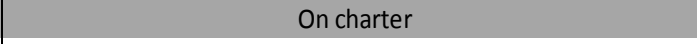
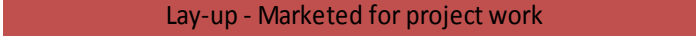

## Subsequent events

- WilPride fixed 3 cargoes in Q2, corresponding to a utilization of about of 78%
- WilEnergy charter extended for up to two months until end September with current charterer, but at somewhat lower rate.





# Contract Overview

	2014	2015
WilPride		
WilEnergy		
WilGas		
WilForce		
WilPower		

**WilPride:** Available from mid-July 2014

**WilEnergy:** Employed until end September 2014

**WilGas:** Employed until October/November 2014

**WilForce:** Employed until January 2017 plus one year option

**WilPower:** Lay-up

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# Q1 2014 Income statement

USD million	Q1'14	Q4'13	2013
Freight income	20.2	21.3	54.7
Voyage related expenses	(2.5)	(5.5)	(12.8)
<b>Net freight income</b>	<b>17.6</b>	<b>15.8</b>	<b>41.9</b>
Operating expenses	(5.6)	(5.3)	(18.5)
Administration expenses	(1.3)	(2.5)	(6.8)
<b>EBITDA</b>	<b>10.7</b>	<b>8.0</b>	<b>16.6</b>
Depreciation	(4.4)	(3.9)	(10.0)
<b>Net finance</b>	<b>(6.3)</b>	<b>(4.4)</b>	<b>(5.5)</b>
<b>Profit/(loss) before tax</b>	<b>0.0</b>	<b>(0.3)</b>	<b>1.1</b>
Tax	-	-	0.1
<b>Profit/(loss)</b>	<b>0.0</b>	<b>(0.3)</b>	<b>1.2</b>

## Net freight income MUSD 17.6

- Full quarter trading of WilPride offset by lower earnings on WilPride
- 95 % utilisation trading vessels (90 % in Q4 2014)  
(utilisation including days on hire including positioning)
- Lower positioning expenses

## Operating expenses MUSD (5.6)

- Increase from Q4 due to full quarter operation of WilPride

## Administration expenses MUSD (1.3 )

- Reduced due to bonus expensed in Q4 and reduction in fair value of synthetic options

## Depreciation MUSD (4.4)

- Increase from Q4 due to full quarter operation of WilPride

## Net finance MUSD (6.3)

- Full quarter financial lease for WilPride





# Q1 2014 Balance sheet

USD million	31.03.14	31.12.13
Vessels	474.2	478.7
Other non-current assets	0.3	0.4
<b>Total non-current assets</b>	<b>474.5</b>	<b>479.1</b>
Trade receivables	5.8	3.7
Other short term assets	7.9	12.6
Cash	22.5	18.2
<b>Total current assets</b>	<b>36.3</b>	<b>34.5</b>
<b>Total assets</b>	<b>510.8</b>	<b>513.6</b>

<b>Total equity</b>	<b>194.5</b>	<b>194.5</b>
Long-term interest bearing debt	294.5	297.3
Other non-current liabilities	0.1	0.1
<b>Non-current liabilities</b>	<b>294.6</b>	<b>297.4</b>
Short-term interest bearing debt	11.0	10.8
Other current liabilities	10.7	11.0
<b>Total current liabilities</b>	<b>21.7</b>	<b>21.7</b>
<b>Total equity and liabilities</b>	<b>510.8</b>	<b>513.6</b>

Vessels MUSD 474.2

Current assets MUSD 36.3

- Other short term assets includes MUSD 2.9 prepaid hire
- Cash MUSD 22.5 vs. MUSD 18.2 Q4

Non-current liabilities MUSD 294.6

- MUSD 294.5 long term portion of WilForce and WilPride financial lease liabilities

Current liabilities MUSD 21.7

- MUSD 11.0 short term portion of WilPride and WilForce financial lease liability
- MUSD 15 credit Facility was cancelled by the Company during the quarter

# Q1 2014 Cash flow

USD million	Q1'14	Q4'13	2013
<b>Cash Flows from Operating Activities:</b>			
Profit/(loss) before taxes	-	(0.3)	1.1
Taxes paid	-	(0.1)	(0.1)
Interest and borrowing costs expensed	6.3	4.5	5.6
Depreciation and amortisation	4.4	3.9	10.0
Trade receivables, inventory and other short term assets	2.5	(8.1)	(8.5)
Accounts payable, accrued exp. and deferred revenue	0.4	4.7	2.6
Net cash provided by / (used in) operating activities	13.6	4.7	10.7
<b>Cash Flows from Investing Activities:</b>			
Investment in vessels	-	-	(1.1)
Investment in vessels under construction	(0.5)	(144.0)	(291.6)
Investment in other fixed assets	-	-	(0.2)
Net cash provided by / (used in) investing activities	(0.5)	(144.1)	(292.8)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from borrowings	-	155.0	312.1
Repayment of borrowings	(2.6)	(2.2)	(6.6)
Interest and borrowing costs paid	(6.2)	(5.5)	(7.7)
Net cash provided by / (used in) financing activities	(8.8)	147.2	297.8
Net changes in cash and cash equivalents	4.3	7.8	15.7
Cash and cash equivalents at start of period	18.2	10.4	2.6
Cash and cash equivalents at end of period	22.5	18.2	18.2

Operating activities MUSD 13.6

Investing activities MUSD (0.5)

- Newbuildings delivered and trading
- No DD during the quarter

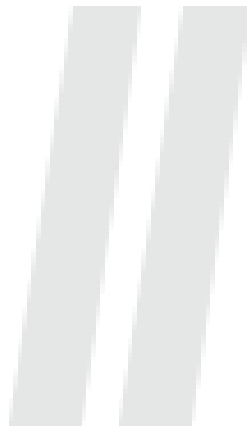
Financing activities MUSD (8.8)

- Full quarter interest payment and repayment for WilPride and WilForce

Cash at the end of the quarter MUSD 22.5

- The MUSD 15 credit facility was cancelled during the quarter

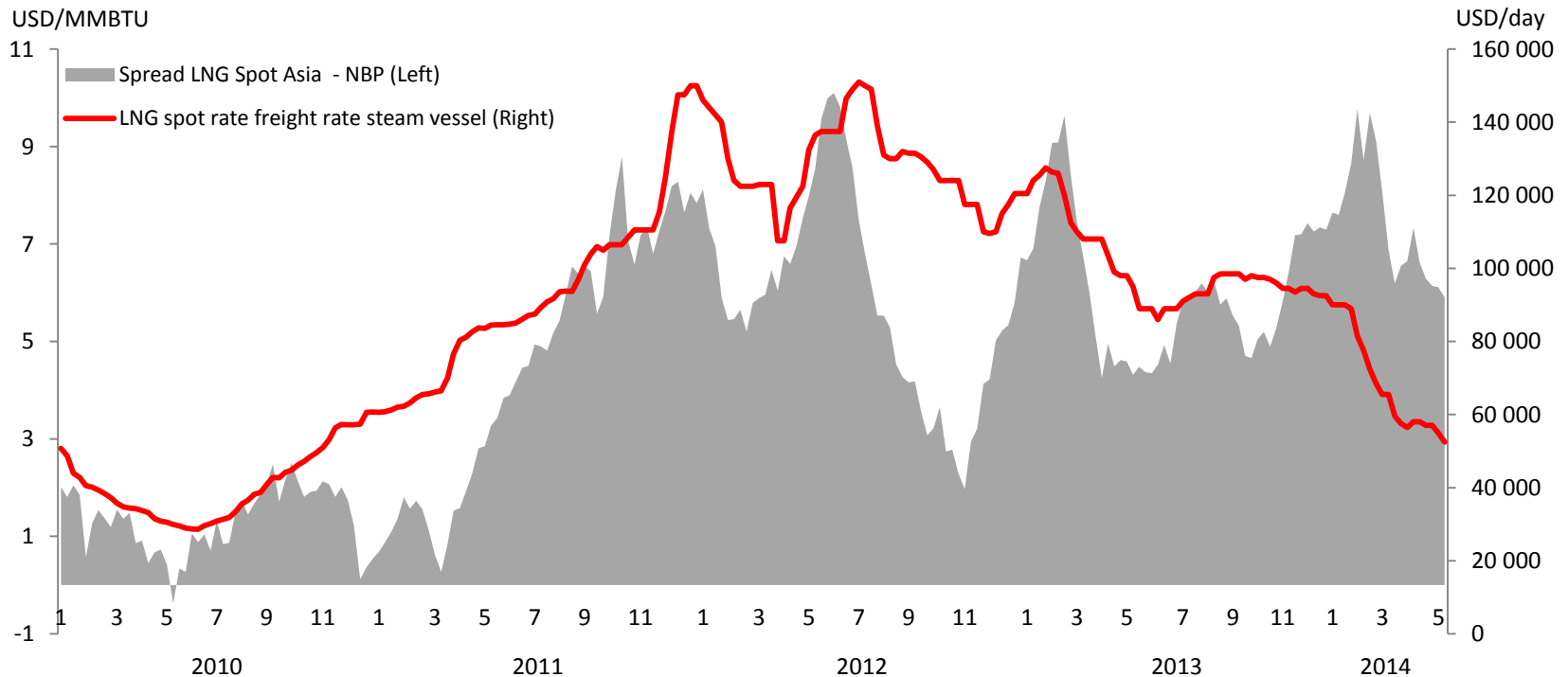
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# Rate development

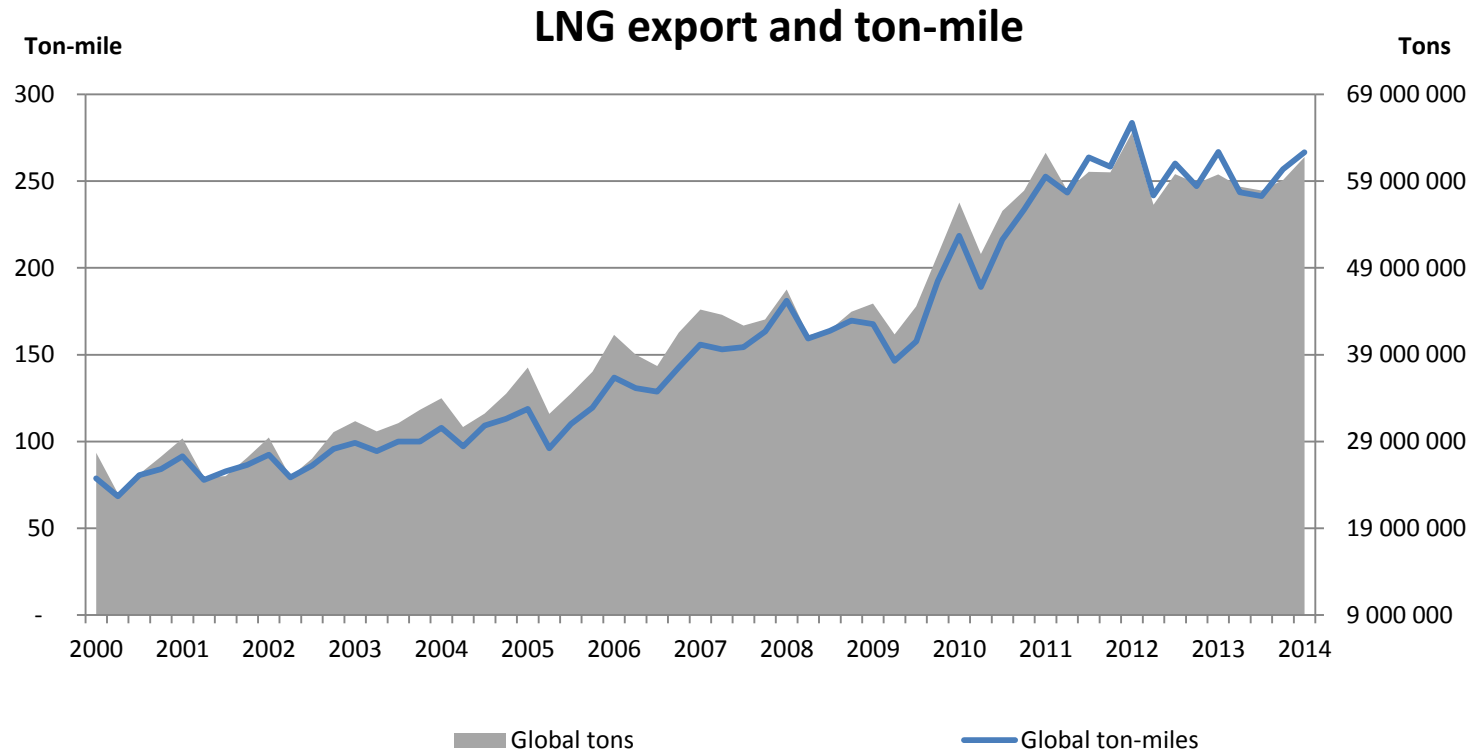
Gas spread vs. Spot rate



- Gas price seasonally coming off in Pacific and Atlantic – arbitrage still open
- Rates coming off throughout the quarter – increasing rate differential TFDE vs steam
- LNG demand remains firm – continued lack of LNG volumes combined with increasing tonnage supply remains the challenge for transportation market

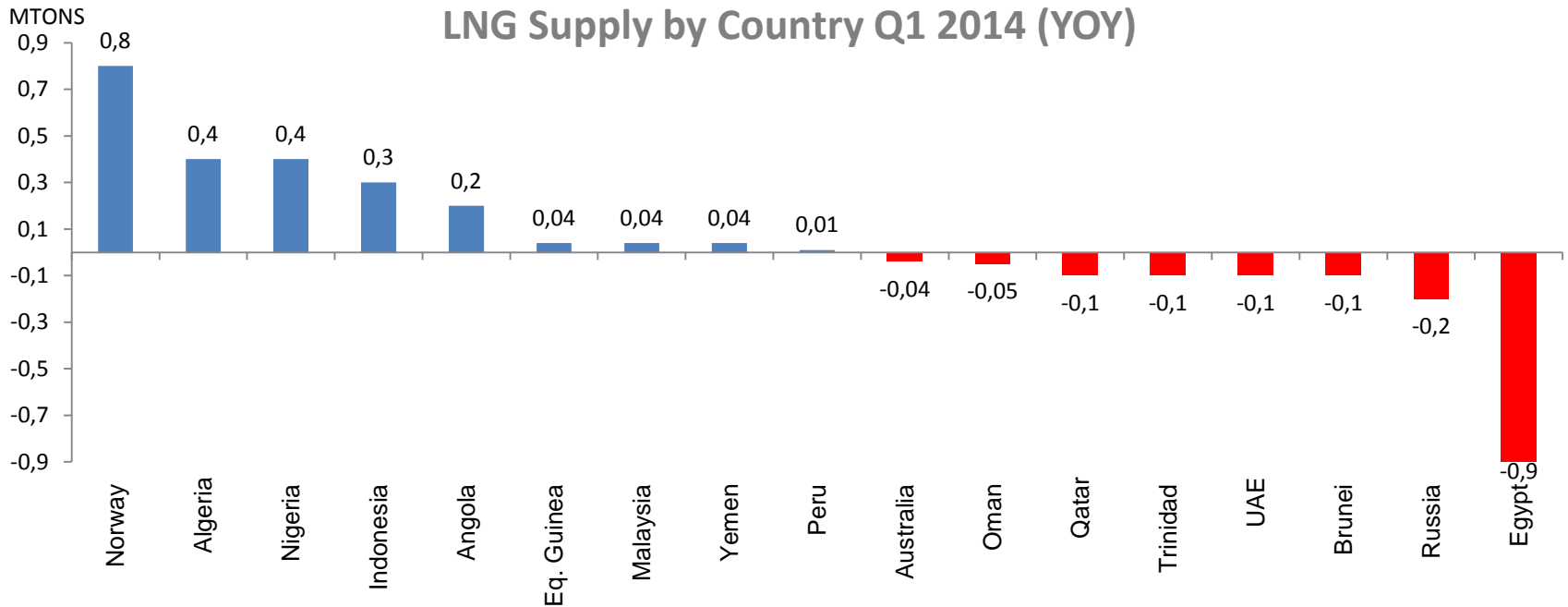
Source: Arctic Securities

# Production and ton-mile



- Ton-mile and LNG export relatively stable since 2012 – while 22 newbuildings have been delivered in same period

# LNG supply



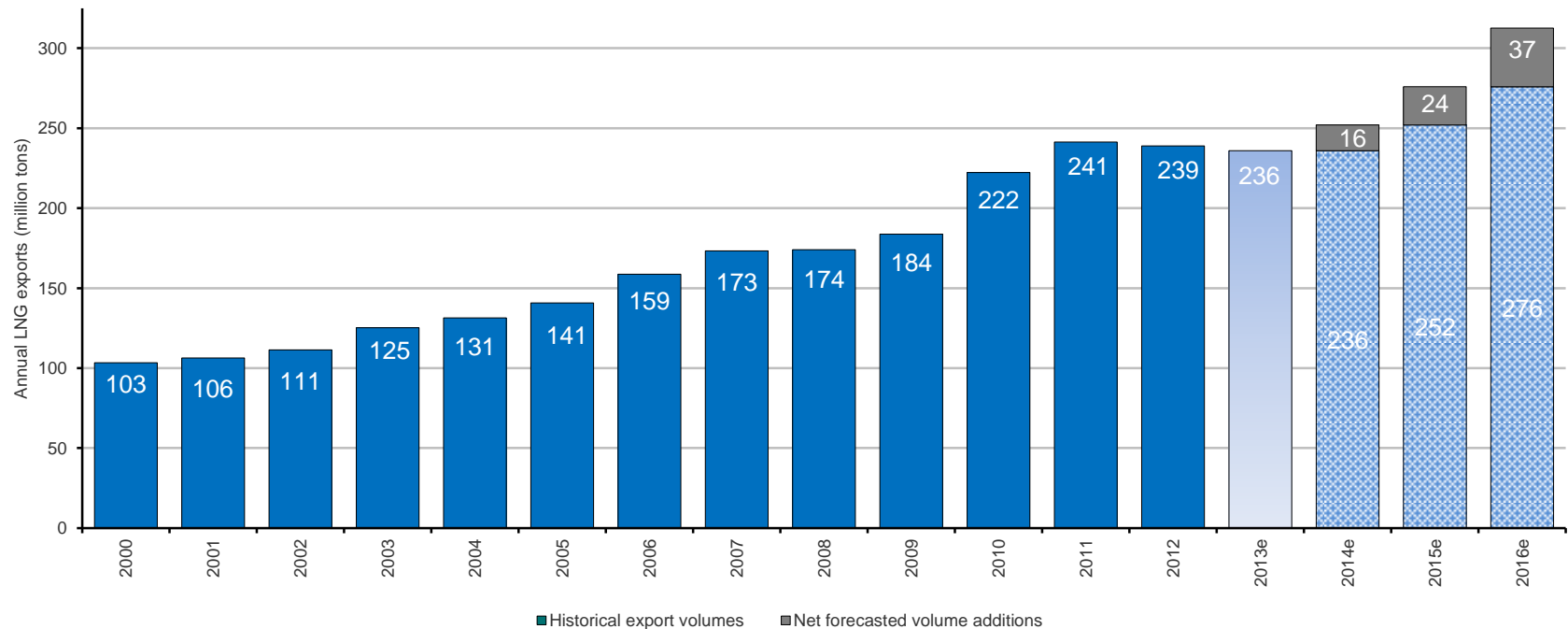
- Norway back on track in Q1, however planned maintenance in Q2
- First cargoes from Skikda have been shipped, Arzew expected startup later in 2014 – gas supply an issue
- Angola shut down due to technical issues after producing a few cargoes in Q1
- Look out for PNG in Q2 - first cargo loaded in May, expect 20 cargoes by September – 6 months ahead of schedule

Source: Fearnley



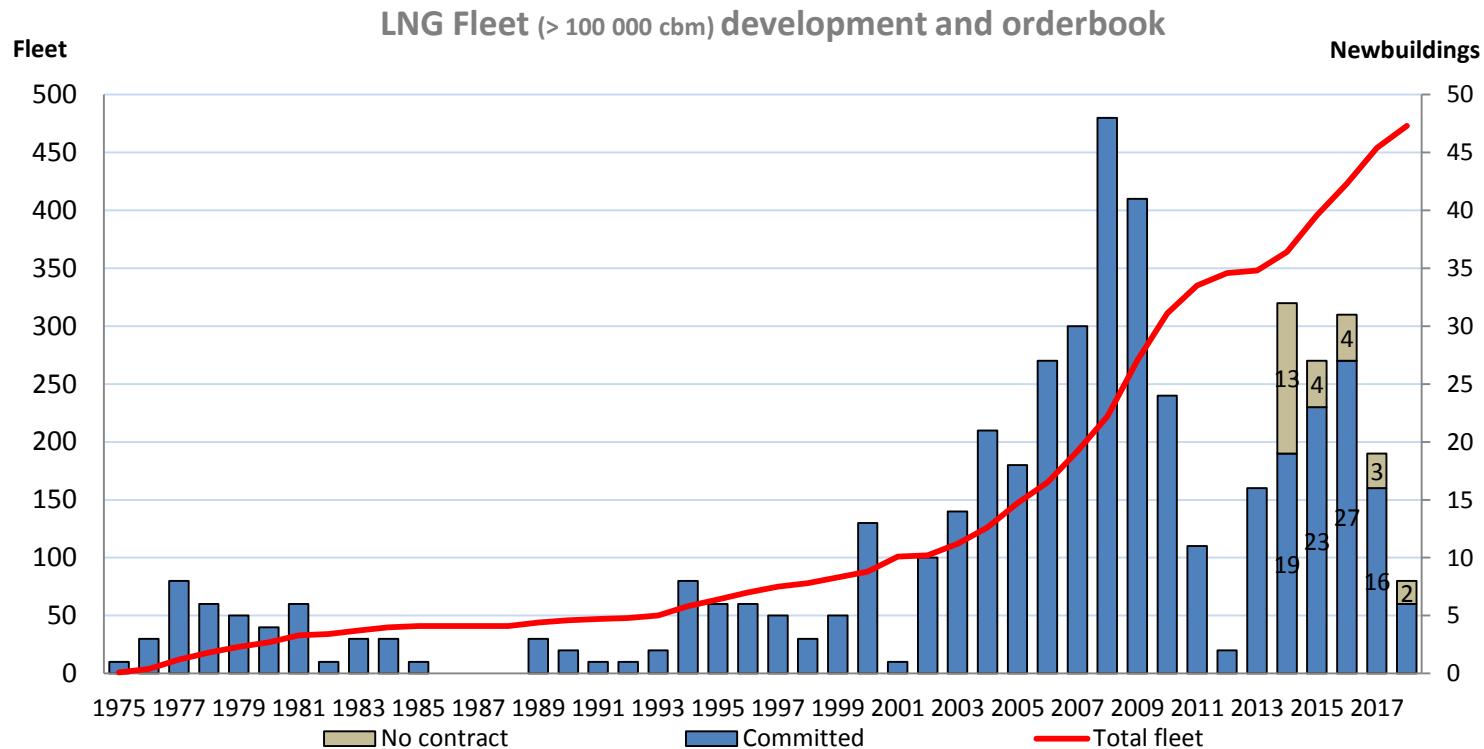
# LNG export assumptions

## LNG exports



- Potentially 12 - 16 MTPA increased production estimate for 2014 = 5-7% growth
- A total of 77 MTPA of new production capacity and ramp up is scheduled by end 2016
- 77 MTPA new LNG production requires 95 - 110 vessels depending upon trading route
- Production delays will always be an issue

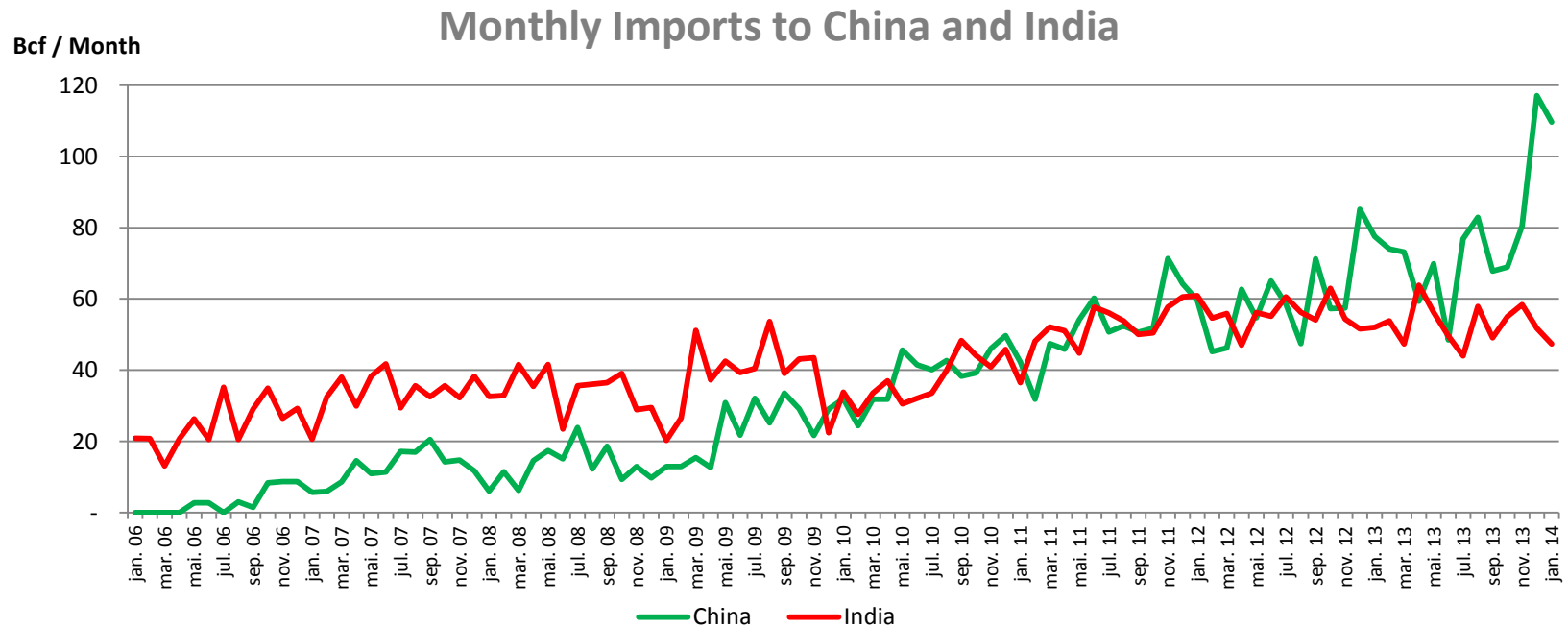
# World LNG fleet by year built



- 36 vessels over 30 years, 12 in layup, 9 coming off charter in 2014
- Total orderbook of 112 LNGC of which 25 open
- 32 vessels are scheduled for delivery in 2014, of which 13 are available – delays likely
  - Assumed 2 months average delay on NB's + exit 8 vessels total – 2014 fleet growth 6%

Source: Fearnleys LNG

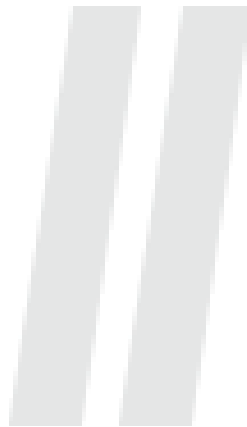
# China on track



- China imported 18.6 MT in 2013 – an increase of 20% YOY
- Regas capacity 6 MTPA in 2008 to 32 MTPA YE 2013. Target is 46 MTPA by end 2015
- 5 year plan target increase share of gas in total energy demand from 4% in 2010 to 6% in 2015 and 10% in 2020 – on track
  - Target increase gas use from 172 BCM in 2013 to 420 BCM in 2020 – LNG is a must!

Source: Fearnley

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# Summary

- New projects start-up and vessel orderbook points to a continued weak market balance in 2014 with improvement expected mid/late 2015 – but sentiment is improving
- The long term LNG picture is very strong with +120 MTPA of new production under construction with historic and expected growth at 7%
- Demand for LNG is strong – and expected to remain so in the foreseeable future
  - This demand will be met – just a matter of time
- The next waves of new production will be Australia 2014–16 , USA & Russia 2016-18 and Canada & East Africa from the end of the decade
- Start up and production levels from new liquefaction determine the LNG market going forward



# Summary Awilco LNG

- ☑ Startup 2011 when acquired and operating three 2<sup>nd</sup> gen vessels
- ☑ Established the organisation and in-house technical management
- ☑ Ordered, supervised construction, financed and taken delivery of two newbuildings
- ☑ Midterm contract WilForce
- ☑ WilPride trading spot market with 84 % utilisation since delivery
- ☐ Short-midterm contract WilPride – waiting for the “right” deal
- ☐ Infrastructure projects 2<sup>nd</sup> gen vessels – increased activity
- ☐ Further growth – when?



# Q&A

## A Pure Play LNG Transportation Provider





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