



**Q2  
2015**

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# Agenda 27/08 2015



1. Company Overview and Highlights Q2
2. Financials Q2
3. Market update
4. Summary

# 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 two 125,000 cbm steam Moss type LNG vessels; WilGas and WilEnergy. Awilco LNG is listed on Oslo Axess under the ticker code ALNG.

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# 2<sup>nd</sup> Quarter Highlights


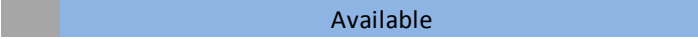
## 2<sup>nd</sup> quarter 2015

- Awilco LNG reported:
  - Net freight income of    MUSD 6.0                    MUSD 10.3 in Q1 2015
  - EBITDA of                    MUSD 1.7                    MUSD 5.5 in Q1 2015
  - Net profit/(loss) of        MUSD (11.7)                MUSD (4.7) in Q1 2015
- Vessel utilisation of 34 %, compared to 67 % in Q1 2015 (trading vessels).
- The 1983 built LNG carrier WilPower agreed sold.

## Subsequent events

- WilPower delivered on 30 July 2015.

# Contract Overview

	2015	2016
WilPride		Available
WilForce	On charter	On charter
WilGas	 Available	Available
WilEnergy	Lay-up - Marketed for project work	Lay-up - Marketed for project work

**WilPride:** Open Atlantic mid-Sep

**WilForce:** Employed until January 2017

**WilGas:** Lay-up from beginning September

**WilEnergy:** Lay-up



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# Q2 2015 Income statement

USD million	Q2'15	Q1'15	2014
Freight income	7.3	12.1	78.5
Voyage related expenses	(1.3)	(1.8)	(11.2)
<b>Net freight income</b>	<b>6.0</b>	<b>10.3</b>	<b>67.2</b>
Operating expenses	(3.4)	(3.6)	(21.1)
Administration expenses	(1.0)	(1.2)	(5.1)
<b>EBITDA</b>	<b>1.7</b>	<b>5.5</b>	<b>41.0</b>
Depreciation	(4.2)	(4.3)	(18.4)
Impairment	(3.2)	-	-
<b>Net finance</b>	<b>(6.0)</b>	<b>(5.9)</b>	<b>(25.2)</b>
<b>Profit/(loss) before tax</b>	<b>(11.7)</b>	<b>(4.7)</b>	<b>(2.6)</b>
Tax	-	-	(0.1)
<b>Profit/(loss)</b>	<b>(11.7)</b>	<b>(4.7)</b>	<b>(2.7)</b>

Net freight income MUSD 6.0

- Lower utilisation and rates
- 34 % utilisation trading vessels (67 % in Q1 2015)

Impairment MUSD (3.2)

- WilPower sold during the quarter
- Presented as held for sale end Q2, and measured at fair value less cost to sell



# Q2 2015 Balance sheet

USD million	30.06.15	31.03.15	31.12.14
Vessels	438.6	462.8	467.1
Other non-current assets	0.1	0.1	0.3
<b>Total non-current assets</b>	<b>438.8</b>	<b>463.0</b>	<b>467.4</b>
Trade receivables	2.5	2.4	2.5
Other short term assets	5.8	3.8	6.8
Cash	7.6	17.4	20.8
<b>Total current assets</b>	<b>15.8</b>	<b>23.7</b>	<b>30.1</b>
Vessel held for sale	17.8	-	-
<b>Total assets</b>	<b>472.4</b>	<b>486.7</b>	<b>497.5</b>
<b>Total equity</b>	<b>175.4</b>	<b>187.1</b>	<b>191.8</b>
Long-term interest bearing debt	279.3	282.5	285.6
Other non-current liabilities	0.2	0.2	0.2
<b>Non-current liabilities</b>	<b>279.5</b>	<b>282.7</b>	<b>285.7</b>
Short-term interest bearing debt	12.2	12.0	11.7
Other current liabilities	5.2	4.9	8.2
<b>Total current liabilities</b>	<b>17.4</b>	<b>16.9</b>	<b>19.9</b>
<b>Total equity and liabilities</b>	<b>472.4</b>	<b>486.7</b>	<b>497.5</b>

Vessels MUSD 438.6

- WilPower presented as held for sale MUSD 17.8

Current assets MUSD 15.8

- MUSD 3.0 increase in other short term assets relates to late invoice of April bareboat hire in Q1
- Cash MUSD 7.6 vs. MUSD 17.4 Q1

Non-current liabilities MUSD 279.5

- MUSD 279.3 long term portion of WilForce and WilPride financial lease liabilities

Current liabilities MUSD 17.4

- MUSD 12.2 short term portion of WilPride and WilForce financial lease liabilities
- MUSD 2.9 deferred revenue

# Q2 2015 Cash flow

USD million	Q2'15	Q1'15	2014
<b>Cash Flows from Operating Activities:</b>			
Profit/(loss) before taxes	(11.7)	(4.7)	(2.6)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	6.1	6.0	25.1
Depreciation, amortisation and impairment	7.4	4.3	18.4
Trade receivables, inventory and other short term assets	-	-	7.0
Accounts payable, accrued exp. and deferred revenue	0.4	(3.4)	(2.2)
Net cash provided by / (used in) operating activities	2.1	2.3	45.7
<b>Cash Flows from Investing Activities:</b>			
Investment in vessels	-	-	(6.7)
Investment in vessels under construction	-	-	(0.5)
Proceeds from sale of other fixed assets	-	0.1	-
Net cash provided by / (used in) investing activities	-	0.1	(7.2)
<b>Cash Flows from Financing Activities:</b>			
Repayment of borrowings	(3.9)	(1.8)	(10.8)
Interest and borrowing costs paid	(8.1)	(4.0)	(25.0)
Net cash provided by / (used in) financing activities	(12.0)	(5.8)	(35.9)
Net changes in cash and cash equivalents	(9.8)	(3.4)	2.6
Cash and cash equivalents at start of period	17.4	20.8	18.2
Cash and cash equivalents at end of period	7.6	17.4	20.8

Operating activities MUSD 2.1

Investing activities nil

Financing activities MUSD (12.0)

- Interest payment and repayment on WilPride and WilForce financial lease liabilities
- Increase compared to Q1 due to late invoicing of April bareboat hire, thus cash flow effect in Q2 rather than Q1

Cash at the end of the quarter MUSD 7.6

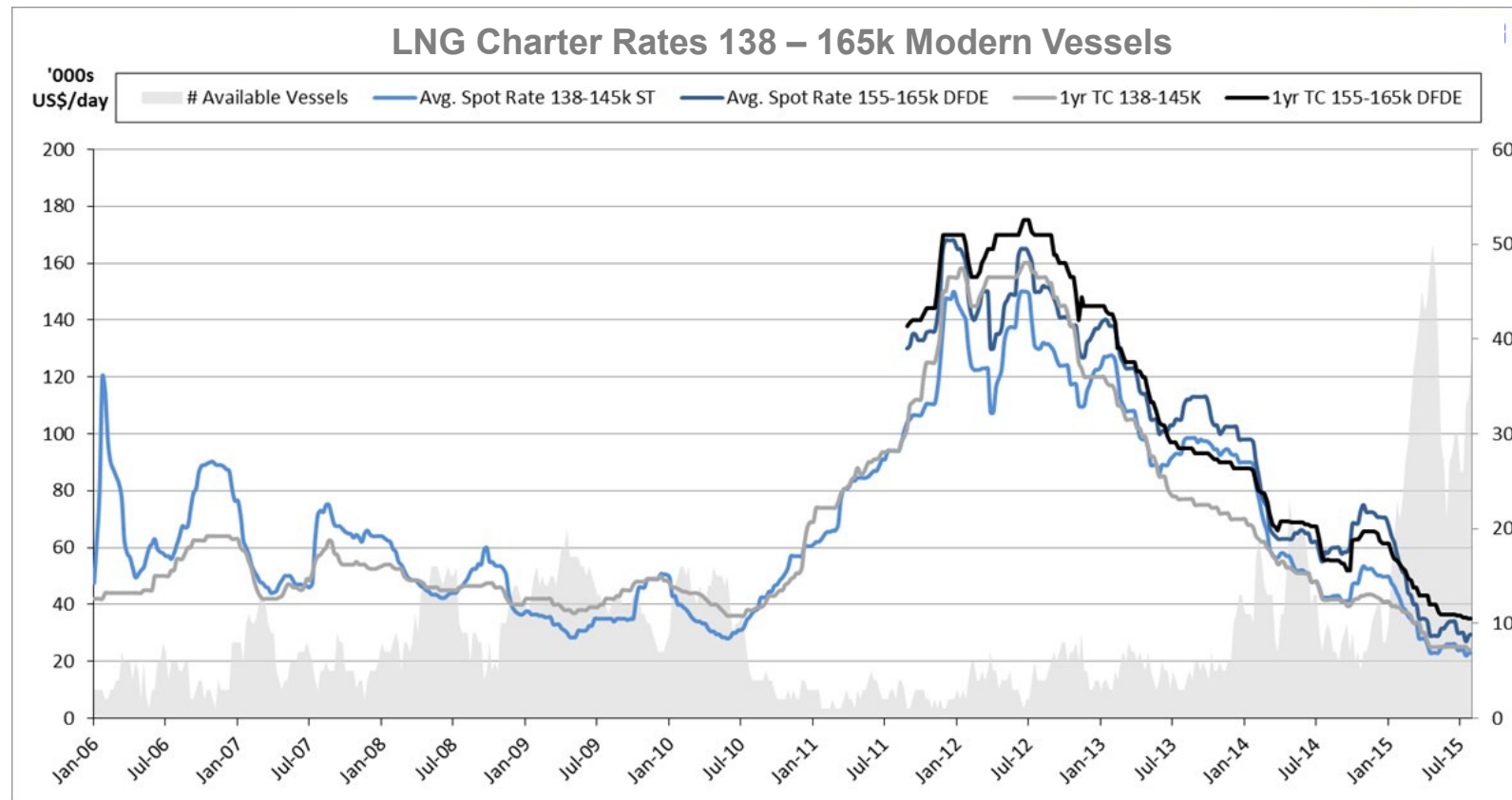


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# LNG Rates

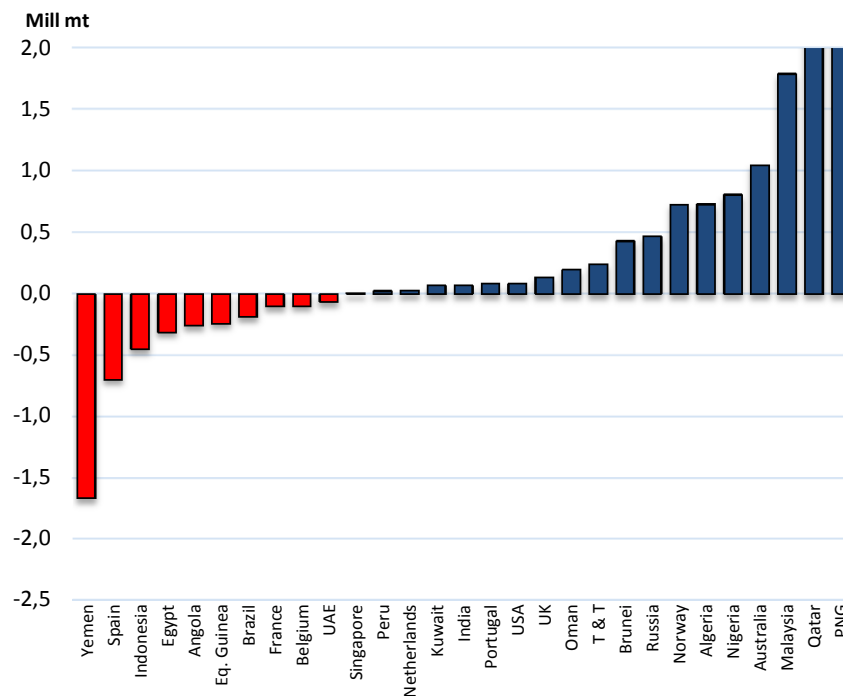


- Improving activity during the quarter, however rates continued to slide
- Too many available ships
- Spot market activity increased 27% YTD as LNG starting to look like a commodity

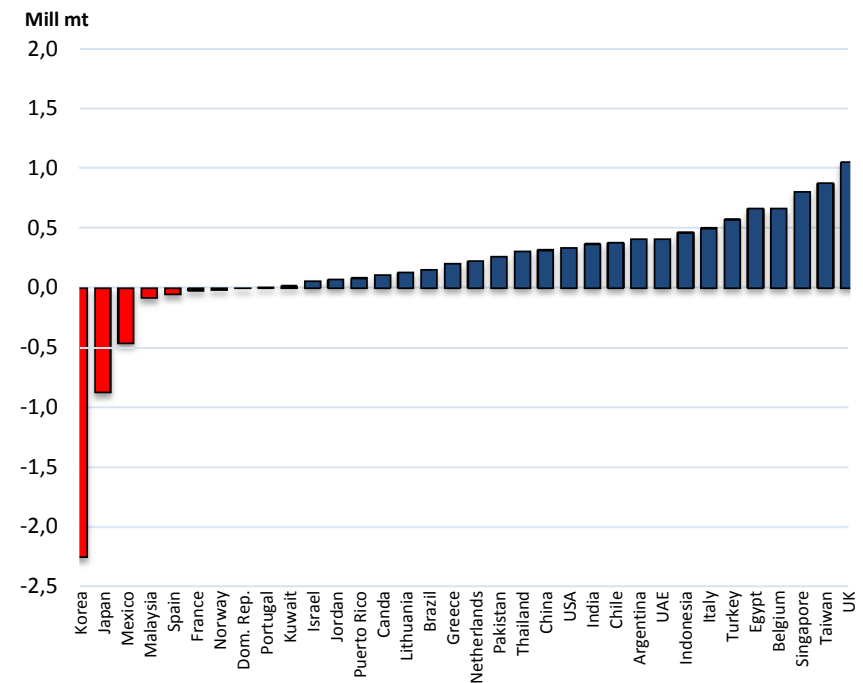
Source: Fearnley LNG

# LNG production and import

Production per country 2015 vs 2014 per end June



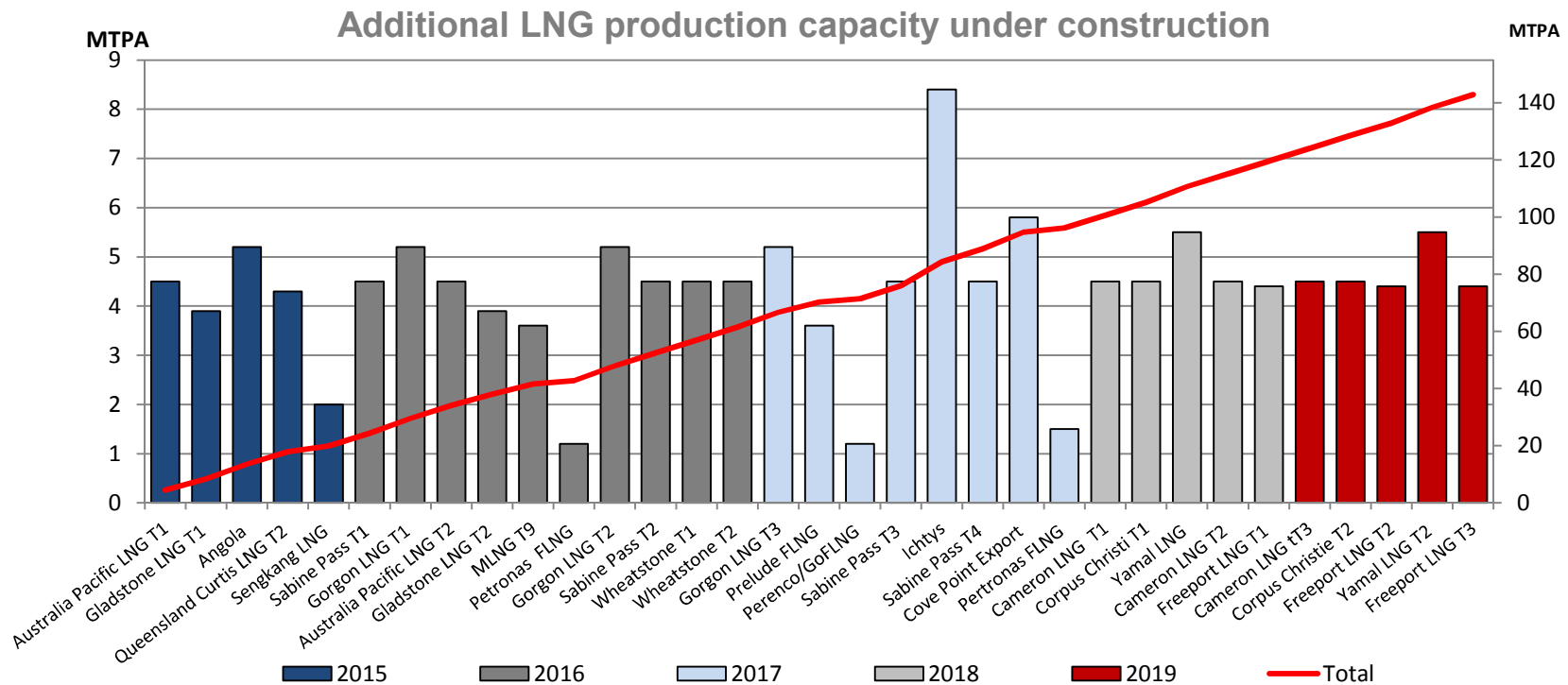
Imports per country 2015 vs 2014 end June



- Production is finally starting to improve: up 6.7 % YOY
- PNG producing above scheduled capacity and Qatar increased production
- Import: Korea and Japan down as expected. China disappointing

Source: Clarksons Platou

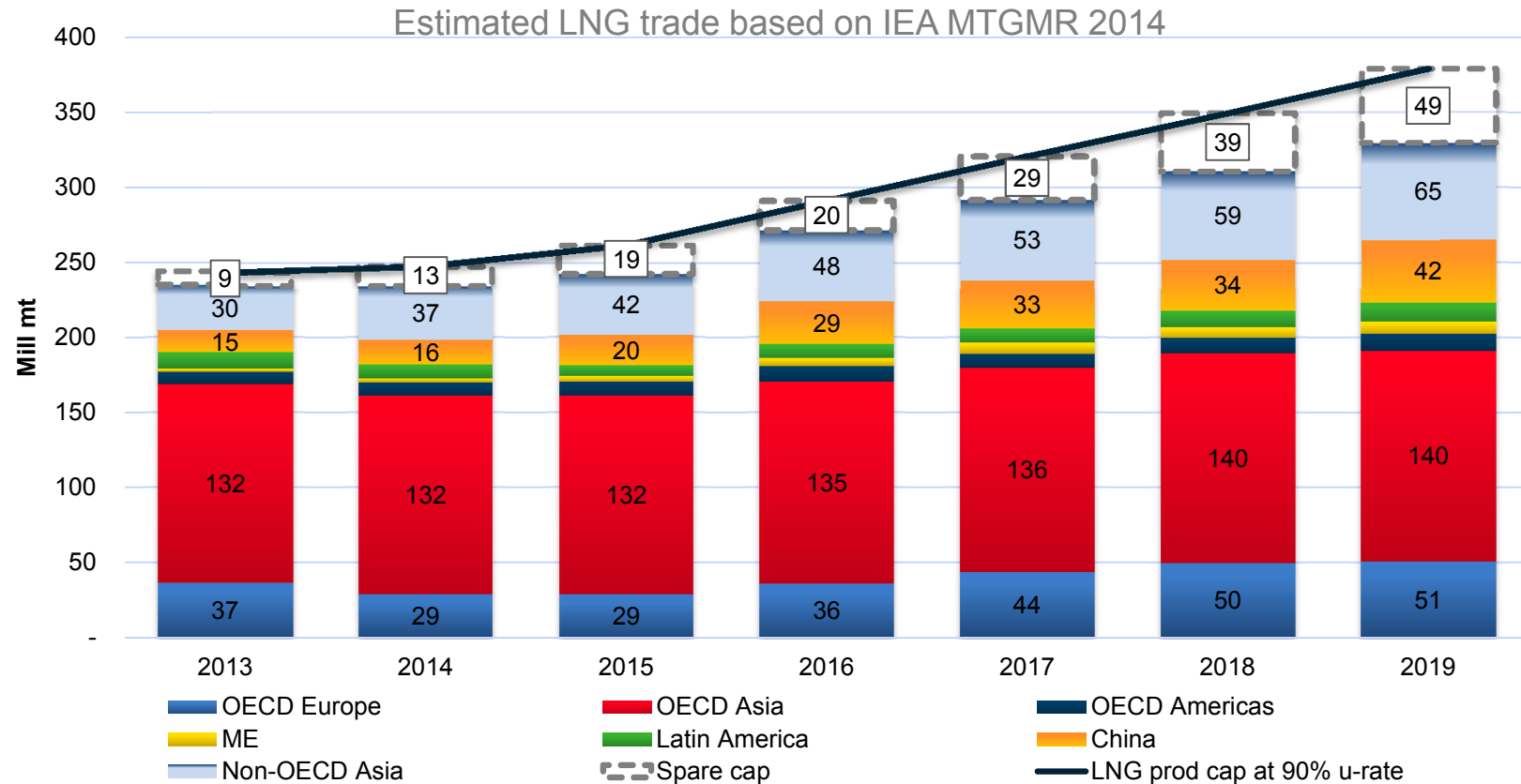
# LNG production



- 140 MTPA of new LNG capacity (including Angola) with planned startup Q3 2015 - Q4 2019
- A total of 30 MTPA expected next 6 months
- Despite recent drop in oil price, later projects seem unaffected but some delays may be expected

Source: Clarksons Platou

# LNG finally supply driven



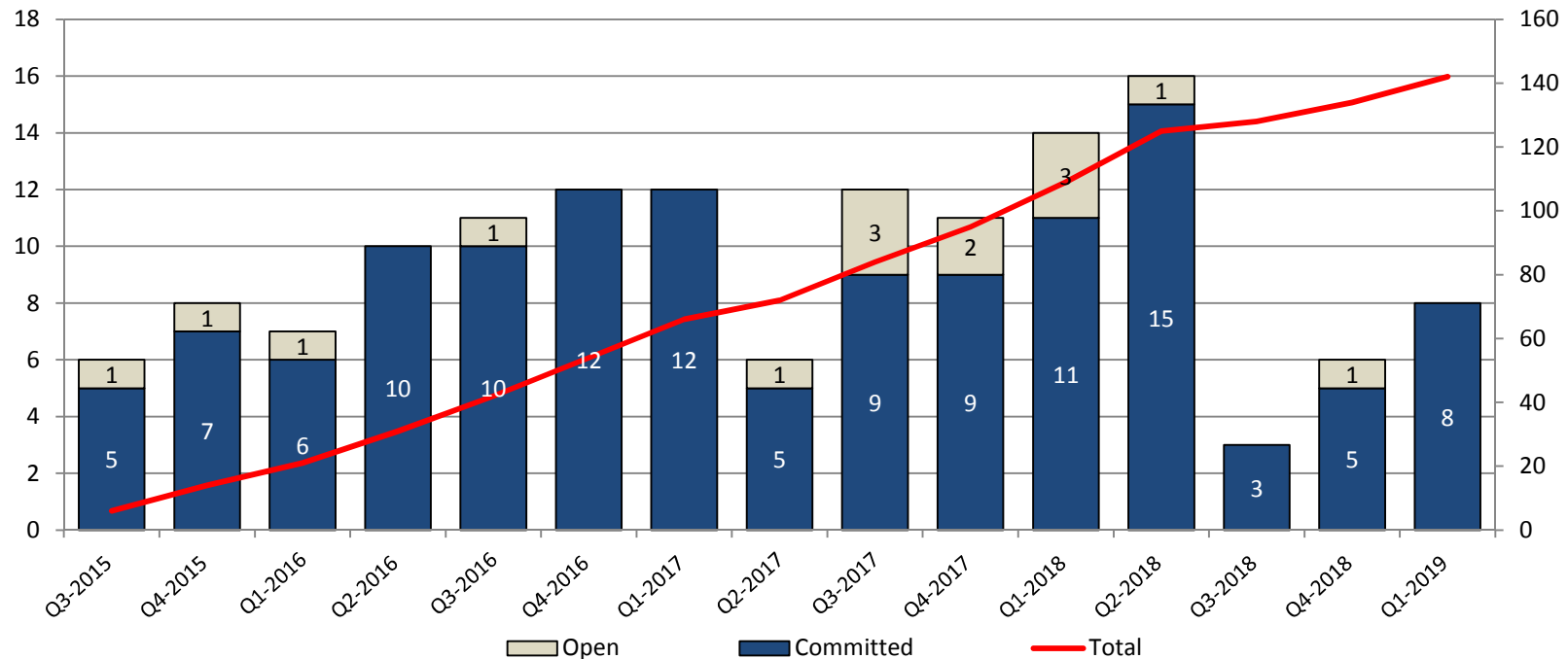
- LNG market developing from demand driven to supply driven with increasing available LNG volumes
- LNG finally becoming a commodity with traders actively involved

Source: IEA MTGMR 2014, Clarksons Platou



# LNG fleet orderbook

Newbuilding deliver by quarter

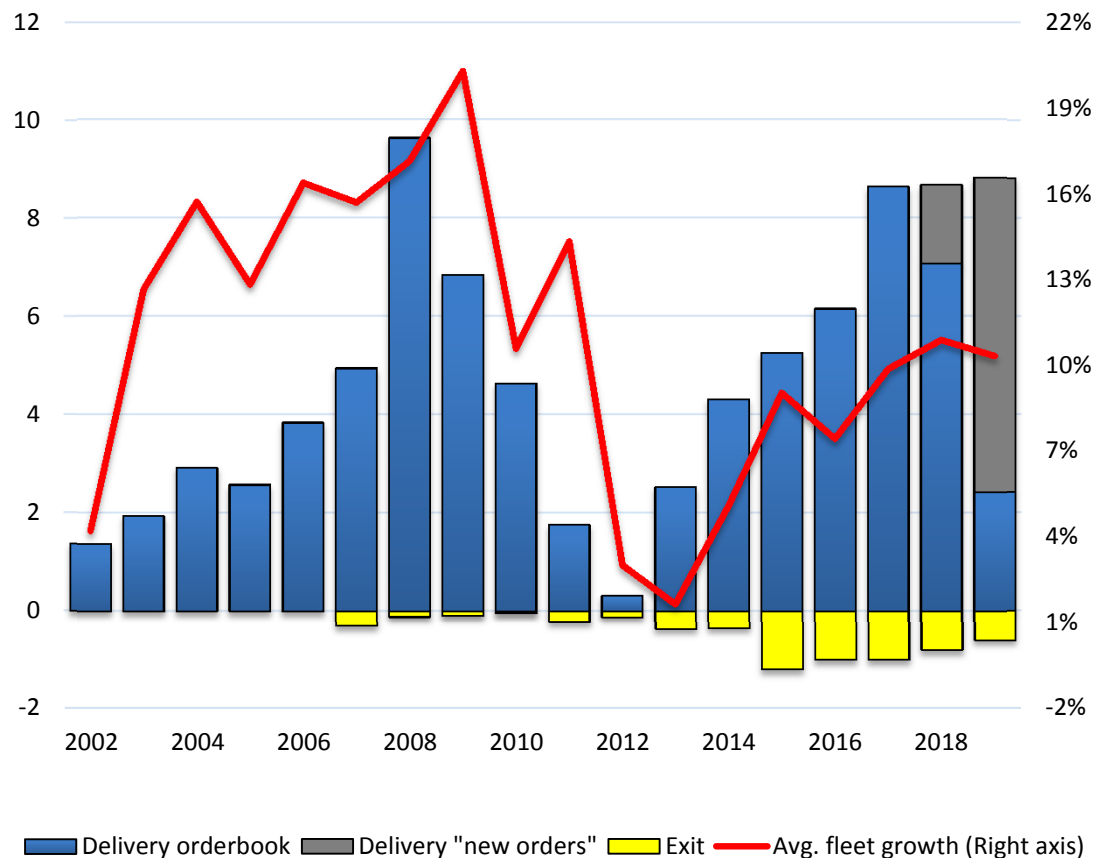


- Six vessels delivered in Q2, 12 vessel delivered 1H 15
- 16 new orders reported during 1H 15
- 142 vessels on order excluding FSRU and FLNG

Source: Fearnley LNG

# LNG carrier fleet growth

Deliveries and exit of LNG carriers >10,000 cbm (in mill cbm)



- Deliveries in 2014 – 2017 based on current orderbook
- Assume exit age 35 years on average
- New orders based on need for new tonnage from new LNG projects in 2017-19
- Vessels "leaving" the market due to unefficiency not taken into consideration

Source: Clarksons Platou

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# Summary

- Continued low rates but improving activity
- Spot market volume increased by almost 30% compared to same period last year
- Recent new LNG startups have been on schedule – or ahead. PNG producing above expected
- About 30 MTPA of new nameplate capacity (including re-start Angola production) scheduled for start during next six months
- Too many available vessels today, this will improve as new production starts
- Watch out for ton-mile development going forward
- Long term shipping demand for LNG remain strong – LNG supply expected to increase by 50 % next 4 years



# Awilco LNG – summary

- Earnings are dismal – but a lot of new LNG production expected next 6 months. There is a light in the tunnel!
- Short-midterm contract WilPride – with improving fundamentals ...no rush
- Infrastructure projects
  - Increased interest in FSRU - also for conversions
  - These projects are large and slow moving
- Cash is no issue with WilPower sold and delivered to new owners

# Q&A

## A Pure Play LNG Transportation Provider





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