



# Q3 2015

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# Agenda 17/11 2015



1. Company Overview and Highlights Q3
2. Financials Q3
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.


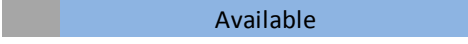
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# 3<sup>rd</sup> Quarter

## 3<sup>rd</sup> quarter 2015

- Awilco LNG reported:
  - Net freight income of MUSD 7.2 MUSD 6.0 in Q2 2015
  - EBITDA of MUSD 2.8 MUSD 1.7 in Q2 2015
  - Net profit/(loss) of MUSD (7.3) MUSD (11.7) in Q2 2015
- Vessel utilisation of 68 %, compared to 34 % in Q2 2015 (trading vessels).
- The 1983 built LNG carrier WilPower was sold and delivered to new owner on 30 July.

# Contract Overview

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

**WilPride:** Open Atlantic early-December

**WilForce:** Employed until January 2017

**WilGas:** Lay-up

**WilEnergy:** Lay-up



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# Q3 2015 Income statement

USD million	Q3'15	Q2'15	2014
Freight income	8.3	7.3	78.5
Voyage related expenses	(1.1)	(1.3)	(11.2)
<b>Net freight income</b>	<b>7.2</b>	<b>6.0</b>	<b>67.2</b>
Operating expenses	(3.4)	(3.4)	(21.1)
Administration expenses	(0.9)	(1.0)	(5.1)
<b>EBITDA</b>	<b>2.8</b>	<b>1.7</b>	<b>41.0</b>
Depreciation	(4.0)	(4.2)	(18.4)
Impairment	-	(3.2)	-
<b>Net finance</b>	<b>(6.1)</b>	<b>(6.0)</b>	<b>(25.2)</b>
<b>Profit/(loss) before tax</b>	<b>(7.3)</b>	<b>(11.7)</b>	<b>(2.6)</b>
Tax	-	-	(0.1)
<b>Profit/(loss)</b>	<b>(7.3)</b>	<b>(11.7)</b>	<b>(2.7)</b>

Net freight income MUSD 7.2

- Improved utilisation of WilPride Up from 3% in Q2 to 56% in Q3

Operating expenses MUSD (3.4)

- The reduced cost from lay-up of WilGas from end of August was offset by increased cost related to placing the vessel in cold lay-up mode





# Q3 2015 Balance sheet

USD million	30.09.15	30.06.15	31.12.14
Vessels	434.6	438.6	467.1
Other non-current assets	0.1	0.1	0.3
<b>Total non-current assets</b>	<b>434.7</b>	<b>438.8</b>	<b>467.4</b>
Trade receivables	2.6	2.5	2.5
Other short term assets	2.7	5.8	6.8
Cash	21.4	7.6	20.8
<b>Total current assets</b>	<b>26.7</b>	<b>15.8</b>	<b>30.1</b>
Vessel held for sale	-	17.8	-
<b>Total assets</b>	<b>461.4</b>	<b>472.4</b>	<b>497.5</b>
<b>Total equity</b>	<b>168.2</b>	<b>175.4</b>	<b>191.8</b>
Long-term interest bearing debt	276.1	279.3	285.6
Other non-current liabilities	0.2	0.2	0.2
<b>Non-current liabilities</b>	<b>276.3</b>	<b>279.5</b>	<b>285.7</b>
Short-term interest bearing debt	12.5	12.2	11.7
Other current liabilities	4.4	5.2	8.2
<b>Total current liabilities</b>	<b>16.9</b>	<b>17.4</b>	<b>19.9</b>
<b>Total equity and liabilities</b>	<b>461.4</b>	<b>472.4</b>	<b>497.5</b>

## Current assets MUSD 26.7

- WilPower delivered end July - net sales proceeds MUSD 17.8
- MUSD 3.0 reduction in other short term assets relates to late invoice of October BB hire
- Cash MUSD 21.4 vs. MUSD 7.6 Q2 (MUSD 3.0 higher due to late invoice of BB hire)

## Non-current liabilities MUSD 276.3

- MUSD 276.1 long term portion of WilForce and WilPride financial lease liabilities

## Current liabilities MUSD 16.9

- MUSD 12.5 short term portion of WilPride and WilForce financial lease liabilities
- MUSD 2.4 deferred revenue



# Q3 2015 Cash flow

USD million	Q3'15	Q2'15	2014
<b>Cash Flows from Operating Activities:</b>			
Profit/(loss) before taxes	(7.3)	(11.7)	(2.6)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	6.1	6.1	25.1
Depreciation, amortisation and impairment	4.0	7.4	18.4
Trade receivables, inventory and other short term assets	(0.1)	-	7.0
Accounts payable, accrued exp. and deferred revenue	(0.8)	0.4	(2.2)
Net cash provided by / (used in) operating activities	2.0	2.1	45.7
<b>Cash Flows from Investing Activities:</b>			
Investment in vessels / sale of vessels	17.8	-	(6.7)
Investment in vessels under construction	-	-	(0.5)
Proceeds from sale of other fixed assets	-	-	-
Net cash provided by / (used in) investing activities	17.8	-	(7.2)
<b>Cash Flows from Financing Activities:</b>			
Repayment of borrowings	(2.0)	(3.9)	(10.8)
Interest and borrowing costs paid	(4.0)	(8.1)	(25.0)
Net cash provided by / (used in) financing activities	(6.0)	(12.0)	(35.9)
Net changes in cash and cash equivalents	13.8	(9.8)	2.6
Cash and cash equivalents at start of period	7.6	17.4	18.2
Cash and cash equivalents at end of period	21.4	7.6	20.8

Operating activities MUSD 2.0

Investing activities MUSD 17.8

- WilPower delivered end July, net sales proceeds MUSD 17.8

Financing activities MUSD (6.0)

- Interest payment and repayment on WilPride and WilForce financial lease liabilities
- Decrease compared to Q2 due to late invoicing of April and October bareboat hire, thus double cash flow effect in Q2

Cash at the end of the quarter MUSD 21.4

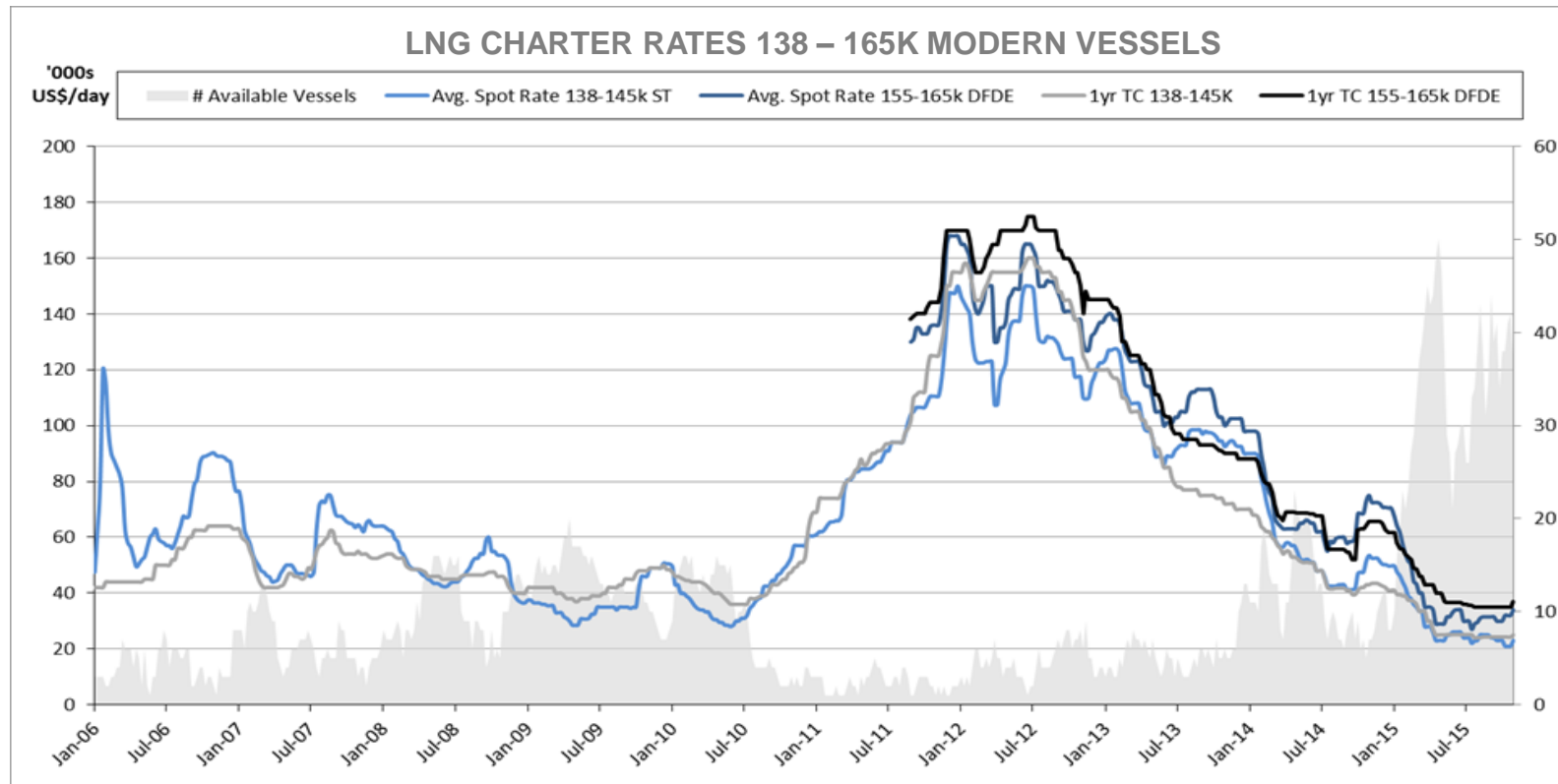


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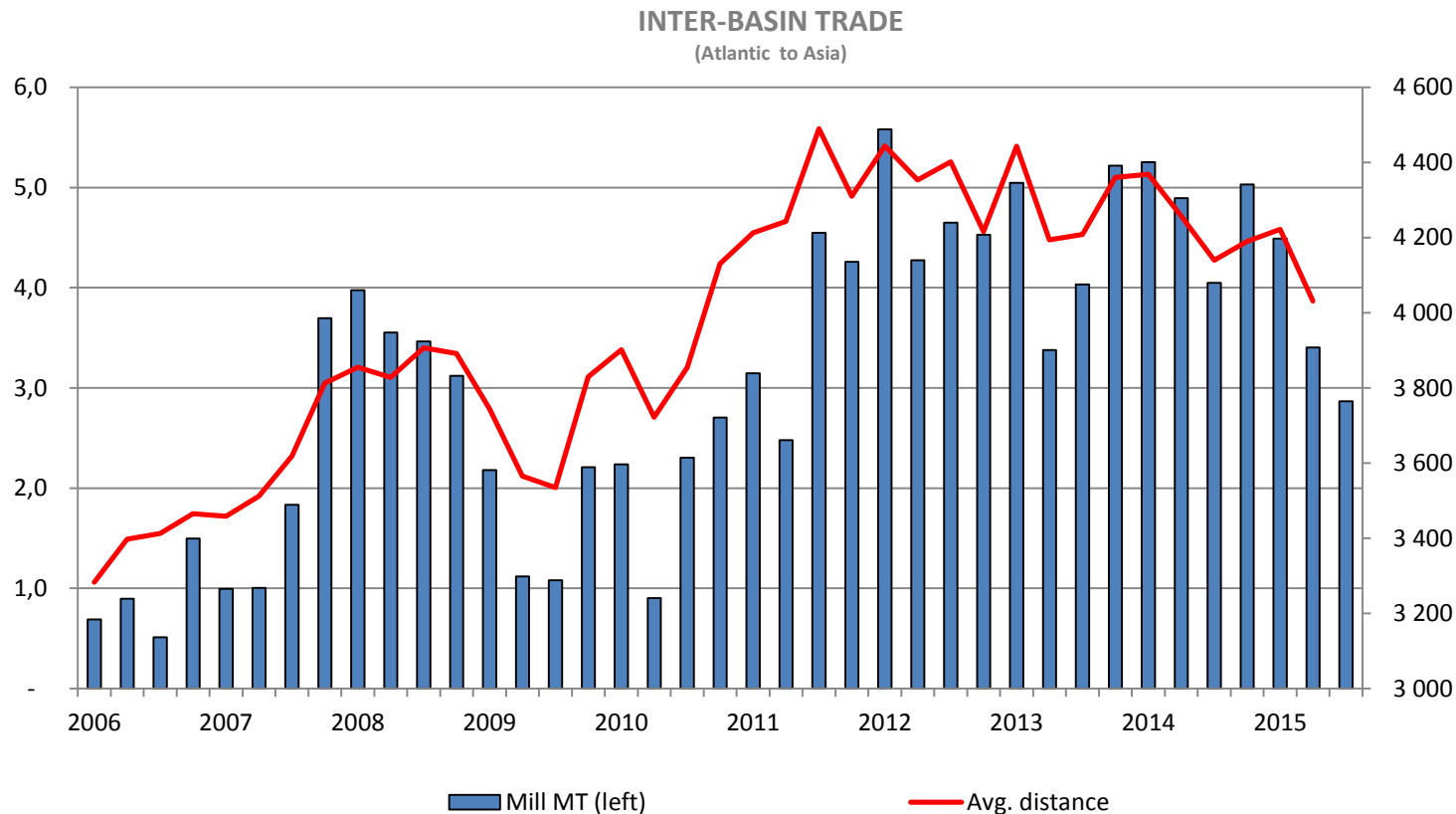
# LNG Rates



- Disappointing market development in Q3 with little activity, low rates and utilisation during most of the quarter
- Pockets of high fixing periods but too few and far apart to change sentiment
  - Atlantic basin looks short tonnage rest of 2015

Source: Fearnley LNG

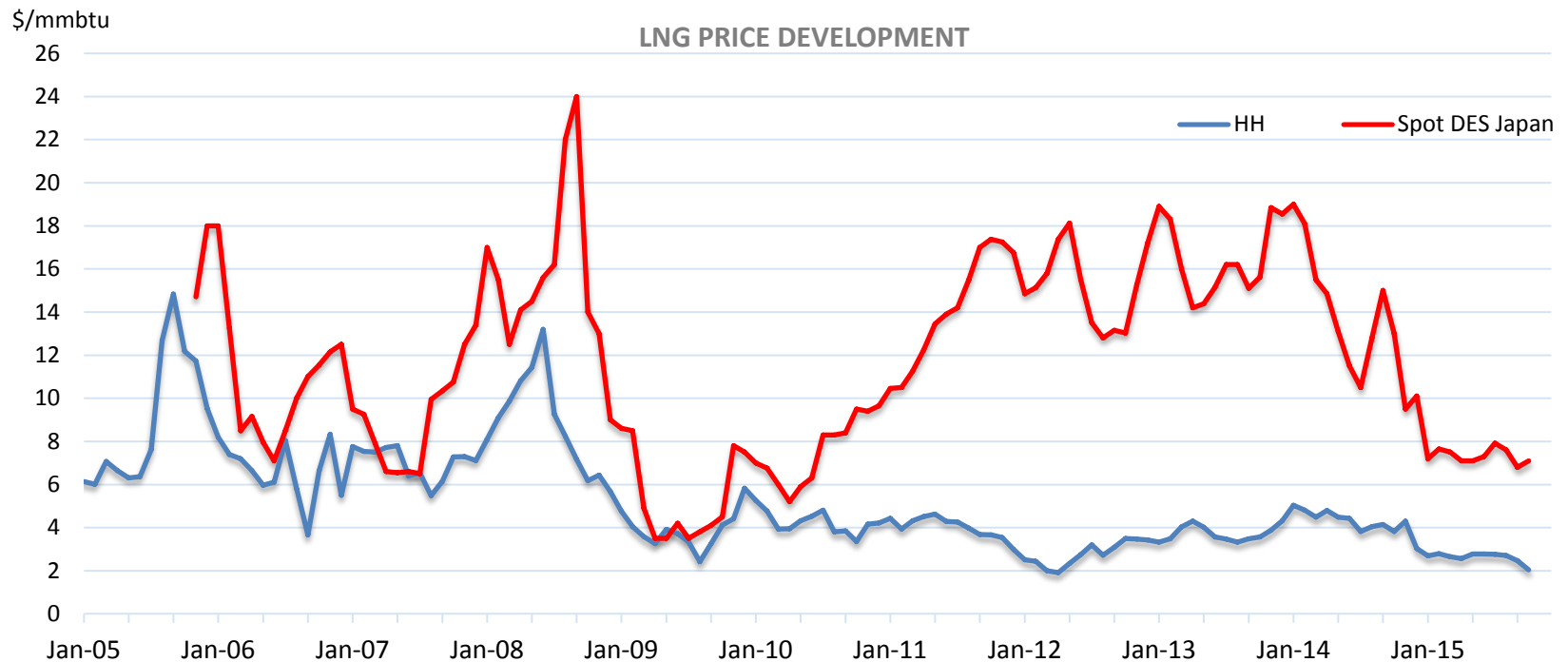
# Inter-Basin Trade



- Average sailing distance lowest level in 5 years
- F.East demand has dropped in anticipation of wave of Australian LNG
- Leading to inter-basin trade down 22% YoY in first half 2015 to levels not seen since Q2 2011

Source: Clarksons Platou

# LNG Price

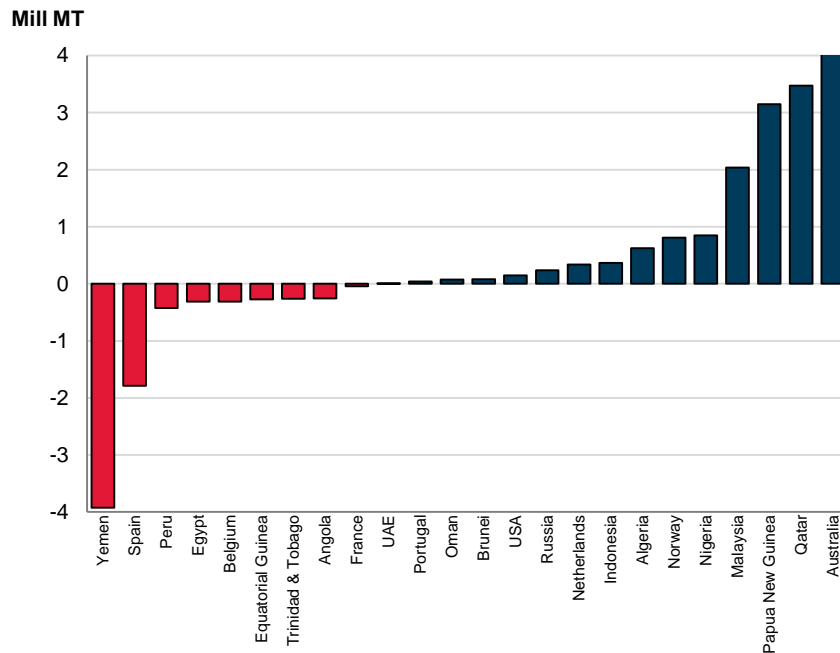


- Asian buyers have been absent from spot market in anticipation of wave of Australian LNG assuming prices could go back to 2009 levels
- Has eliminated arbitrage opportunities – but spot prices now going up!
- Arbitrage now open and we may see increased inter basin trade short term.

Source: Clarksons Platou

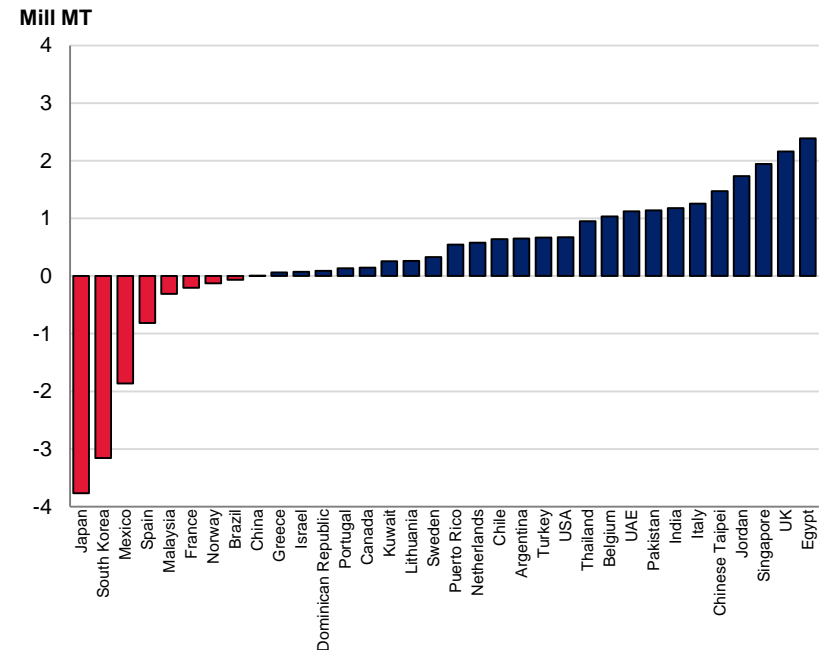
# LNG Production and Import

EXPORT PER COUNTRY 2015 VS 2014 PER OCTOBER



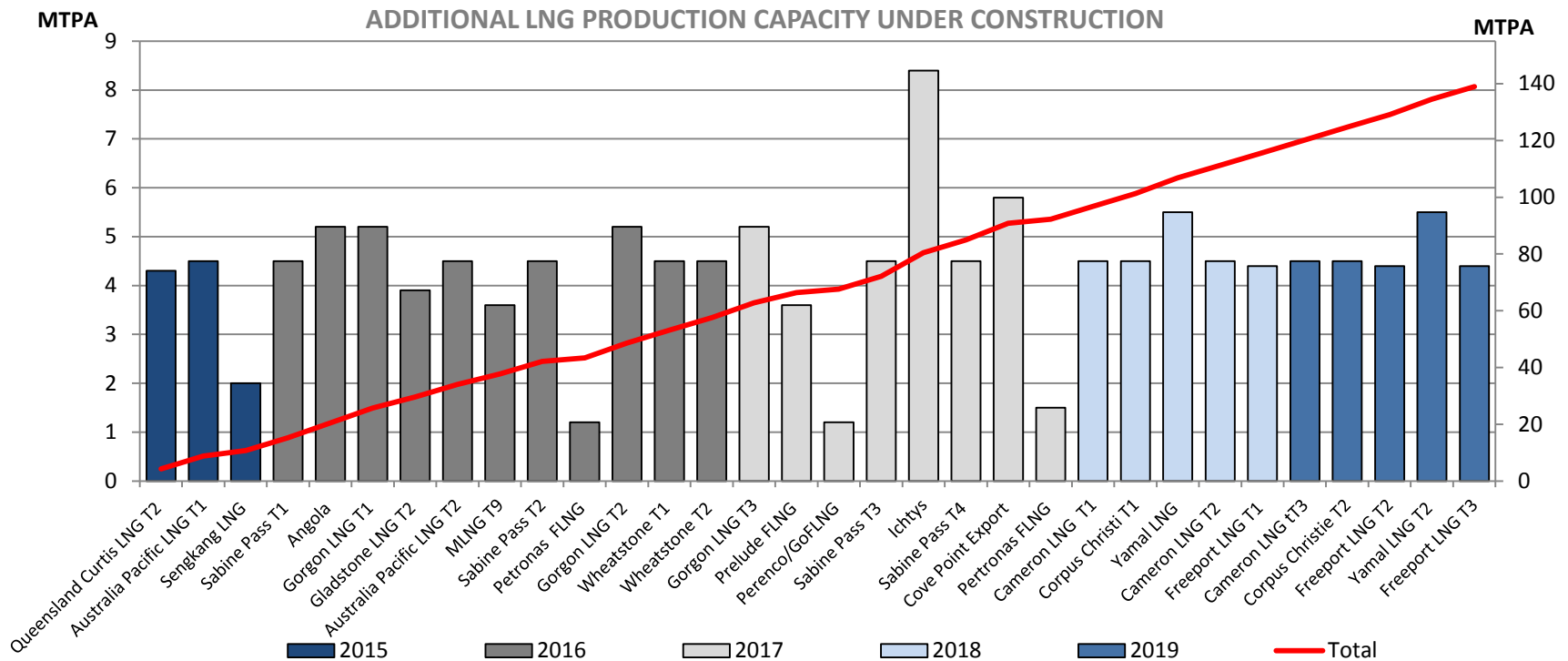
- Production increased 5.3% YoY first 9 months (6.7% 1H)
- Production problems Yemen
- Australia + Qatar increasing
- Less import and reloads from Spain

IMPORTS PER COUNTRY 2015 VS 2014 PER OCTOBER



- Pakistan started importing LNG in March via 5.2 MTPA capacity FSRU (37 cargoes!). Has secured and are tendering for abt 3.5 MTPA so far.
- Ongoing preparations for another FSRU with startup 2017.

# LNG Production



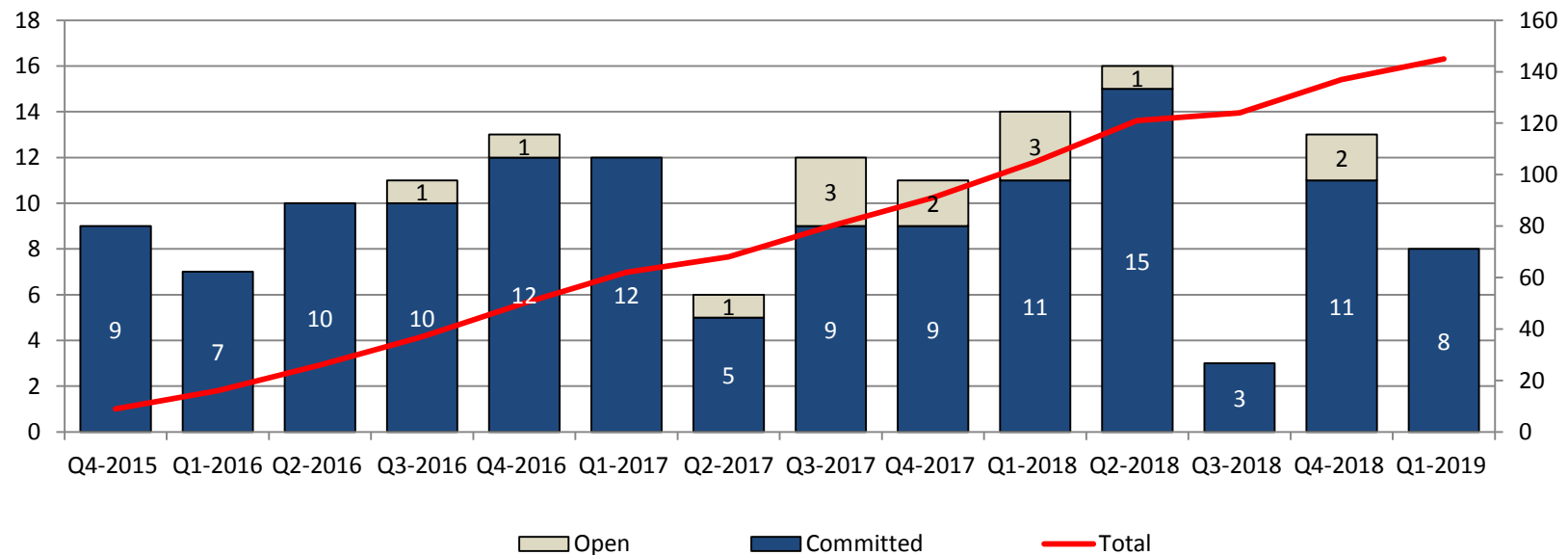
- 135 MTPA of new LNG capacity (ex. Angola) with planned startup Q4 2015 - Q4 2019
- A total of 35 MTPA expected next 6 months and almost same following 6 months giving total of in excess of 60 MTPA by end 2016
- Latest production start-ups have been “on” or ahead of scheduled commencement date

Source: Clarksons Platou



# LNG Fleet orderbook

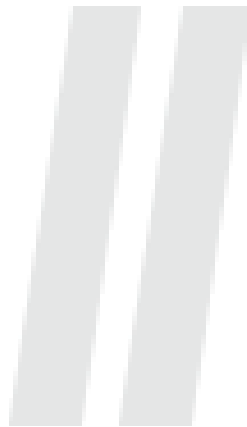
NEWBUILDING DELIVERIES BY QUARTER



- 19 vessels delivered in 2015 of which seven in Q3
- Annual “slippage” was about 8 vessels 2014 + 2015 – reason to expect delays for 2016/17 as well
- Only 20 new orders reported during first nine months 2015 with very limited activity
- Several ongoing long term tenders are now changing to shorter duration for existing vessels
- Orderbook as of end Q3 was 145 LNG

Source: Fearnley LNG

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# Summary

- Disappointing market development in Q3 with low rates and utilisation due to:
  - Production problems
  - Low LNG demand in Far East leading to:
  - Very limited arbitrage and ton-miles at 5 year low
- We believe we are through market bottom but there are many vessels available and on order
- In order for an substantial improvement we need to see available vessels be absorbed by:
  - Increased LNG production – incoming!
  - Increased ton-mile – reverse arbitrage?
  - Exit smaller and uncompetitive vessels – ongoing!
- Recent LNG startups have been on schedule
  - More than 10 % increase in LNG production capacity over the next 6 months
- Long term shipping demand for LNG remain strong –
  - LNG production capacity expected to increase by 50 % next 4 years vs orderbook of 37%



# Awilco LNG – summary

- Disappointing earnings despite improved utilization
- Market recovery has been slower than expected
- Have been and are looking at several projects
  - Increased tender activity for longer term TC
  - Small scale / bunkering vessel
  - Various infrastructure projects including conversion of our 2<sup>nd</sup> gen vessels
- The LNG market is also cyclical – but requires patience!

# Q&A

## A Pure Play LNG Transportation Provider





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