



# Q4 2015

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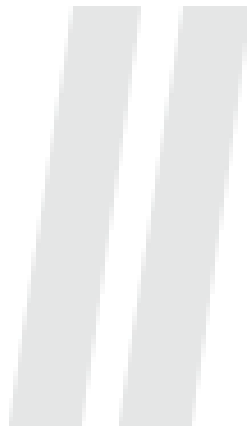
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# Agenda 12/02 2016



1. Company Overview and Highlights Q4
2. Financials Q4
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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# 4<sup>th</sup> Quarter

## 4<sup>th</sup> quarter 2015



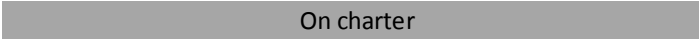



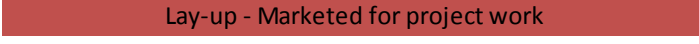
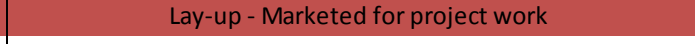
- Awilco LNG reported:
  - Net freight income of MUSD 8.9 MUSD 12.1 in Q3 2015
  - EBITDA of MUSD 5.8 MUSD 2.8 in Q3 2015
  - Net profit/(loss) of MUSD (12.6) MUSD (7.3) in Q3 2015
- Vessel utilisation of 81 %, compared to 68 % in Q3 2015 (trading vessels)
- One-off impairment loss of MUSD 8.4

## Full year 2015

- Awilco LNG reported:
  - Net freight income of MUSD 32.5 MUSD 67.2 in 2014
  - EBITDA of MUSD 15.8 MUSD 41.0 in 2014
  - Net profit/(loss) of MUSD(36.3) MUSD (2.7) in 2014



# Contract Overview

	2015	2016
WilPride		
WilForce		
WilGas		
WilEnergy		

**WilPride:** On subs for single voyage

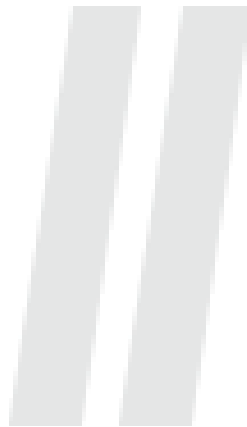
**WilForce:** Employed until January 2017

**WilGas:** Lay-up

**WilEnergy:** Lay-up



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# Q4 2015 Income statement

USD million	Q4'15	Q3'15	2015	2014
Freight income	9.6	8.3	37.4	78.5
Voyage related expenses	(0.7)	(1.1)	(4.9)	(11.2)
<b>Net freight income</b>	<b>8.9</b>	<b>7.2</b>	<b>32.5</b>	<b>67.2</b>
Operating expenses	(2.3)	(3.4)	(12.7)	(21.1)
Administration expenses	(0.8)	(0.9)	(4.0)	(5.1)
<b>EBITDA</b>	<b>5.8</b>	<b>2.8</b>	<b>15.8</b>	<b>41.0</b>
Depreciation	(4.1)	(4.0)	(16.6)	(18.4)
Impairment	(8.4)	-	(11.5)	-
<b>Net finance</b>	<b>(6.0)</b>	<b>(6.1)</b>	<b>(24.0)</b>	<b>(25.2)</b>
<b>Profit/(loss) before tax</b>	<b>(12.6)</b>	<b>(7.3)</b>	<b>(36.3)</b>	<b>(2.6)</b>
Tax	-	-	-	(0.1)
<b>Profit/(loss)</b>	<b>(12.6)</b>	<b>(7.3)</b>	<b>(36.3)</b>	<b>(2.7)</b>

Net freight income MUSD 8.9

- Improved rates and utilisation of WilPride, up from 56% in Q3 to 62% in Q4

Operating expenses MUSD (2.3)

- Reduction from Q3 following WilGas in cold lay-up in Q3, reducing operating expenses to approx. USD 2,000 per day

Impairment MUSD (8.4)

- Impairment charge of MUSD 5.0 on WilPride and MUSD 3.4 charge on the two second generation vessels





# Q4 2015 Balance sheet

USD million	31.12.15	30.09.15	31.12.14
Vessels	422.5	434.6	467.1
Other non-current assets	0.1	0.1	0.3
<b>Total non-current assets</b>	<b>422.6</b>	<b>434.7</b>	<b>467.4</b>
Trade receivables	2.5	2.6	2.5
Other short term assets	3.1	2.7	6.8
Cash	17.3	21.4	20.8
<b>Total current assets</b>	<b>22.8</b>	<b>26.7</b>	<b>30.1</b>
<b>Total assets</b>	<b>445.5</b>	<b>461.4</b>	<b>497.5</b>
<b>Total equity</b>	<b>155.6</b>	<b>168.2</b>	<b>191.8</b>
Long-term interest bearing debt	272.8	276.1	285.6
Other non-current liabilities	0.2	0.2	0.2
<b>Non-current liabilities</b>	<b>273.0</b>	<b>276.3</b>	<b>285.7</b>
Short-term interest bearing debt	12.8	12.5	11.7
Other current liabilities	4.1	4.4	8.2
<b>Total current liabilities</b>	<b>16.9</b>	<b>16.9</b>	<b>19.9</b>
<b>Total equity and liabilities</b>	<b>445.5</b>	<b>461.4</b>	<b>497.5</b>

Vessels MUSD 422.5

- Impairment year end MUSD 8.4

Current assets MUSD 22.8

- Cash MUSD 17.3

Non-current liabilities MUSD 273.0

- MUSD 272.8 long term portion of WilForce and WilPride financial lease liabilities

Current liabilities MUSD 16.9

- MUSD 12.8 short term portion of WilPride and WilForce financial lease liabilities
- MUSD 2.4 deferred revenue

# Q4 2015 Cash flow

USD million	Q4'15	2015	2014
<b>Cash Flows from Operating Activities:</b>			
Profit/(loss) before taxes	(12.6)	(36.3)	(2.6)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	6.0	24.1	25.1
Depreciation, amortisation and impairment	12.4	28.1	18.4
Trade receivables, inventory and other short term assets	(0.2)	(0.2)	7.0
Accounts payable, accrued exp. and deferred revenue	(0.2)	(4.0)	(2.2)
Net cash provided by / (used in) operating activities	5.3	11.8	45.7
<b>Cash Flows from Investing Activities:</b>			
Investment in vessels / sale of vessels	(0.3)	17.4	(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	(0.3)	17.5	(7.2)
<b>Cash Flows from Financing Activities:</b>			
Repayment of borrowings	(3.0)	(10.7)	(10.8)
Interest and borrowing costs paid	(6.0)	(22.1)	(25.0)
Net cash provided by / (used in) financing activities	(9.0)	(32.8)	(35.9)
Net changes in cash and cash equivalents	(4.1)	(3.5)	2.6
Cash and cash equivalents at start of period	21.4	20.8	18.2
Cash and cash equivalents at end of period	17.3	17.3	20.8

Operating activities MUSD 5.3

Investing activities MUSD (0.3)

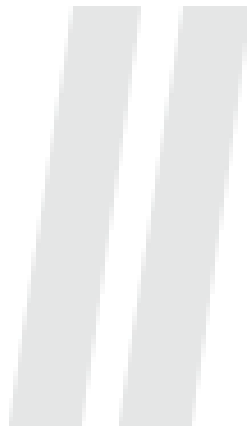
- Purchase of multi-period spares

Financing activities MUSD (9.0)

- Interest payment and repayment on WilPride and WilForce financial lease liabilities

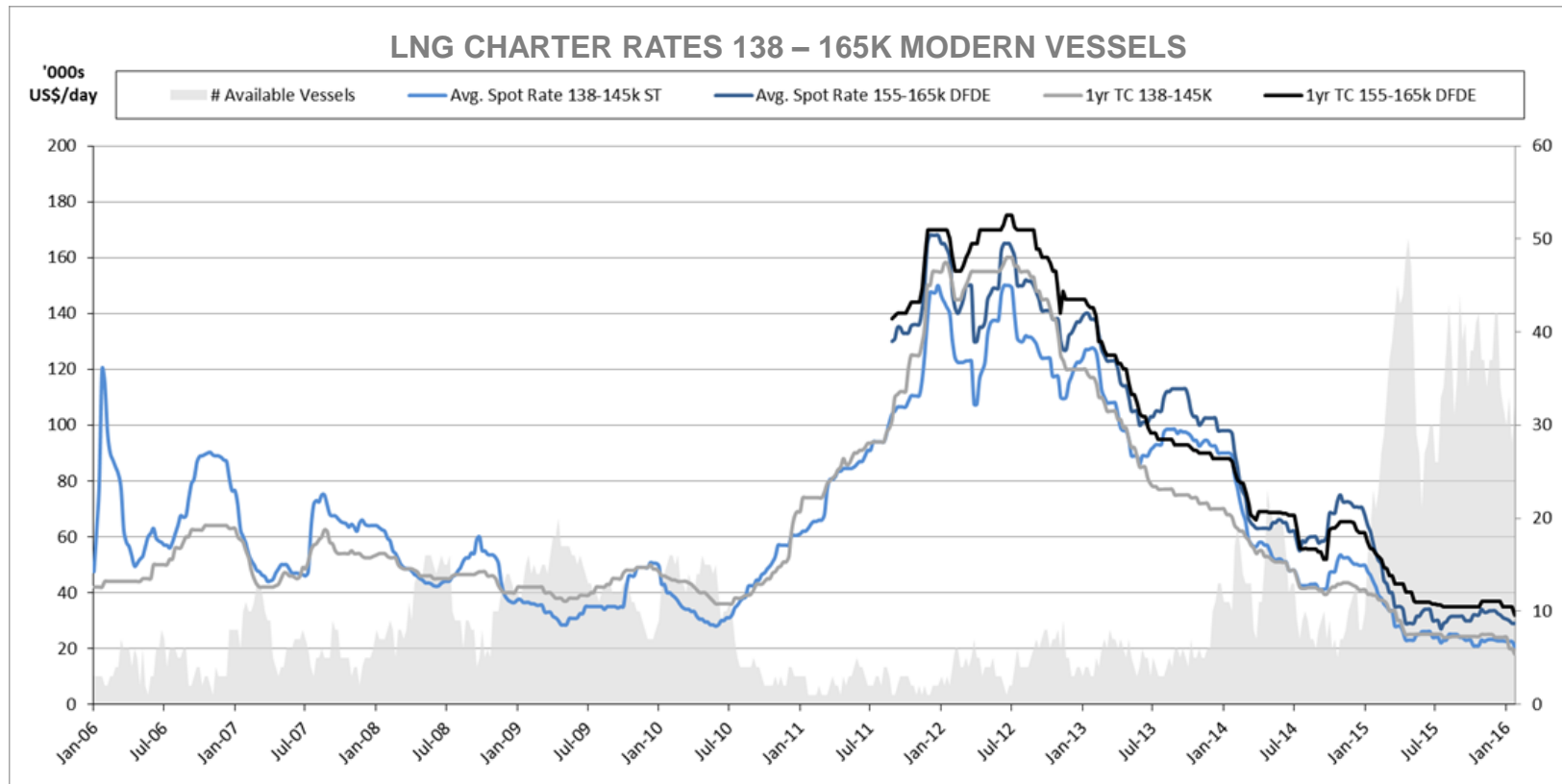
Cash at the end of the quarter MUSD 17.3

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# LNG Rates



- Continued weak market with low rates and low utilisation
- Pockets of high fixing activity and periods with lower vessel availability has so far not been able to improve sentiment

Source: Fearnley LNG

## Position list – shorter

# OCTOBER 2015

[illegible]

FEBRUARY 2016

[illegible]

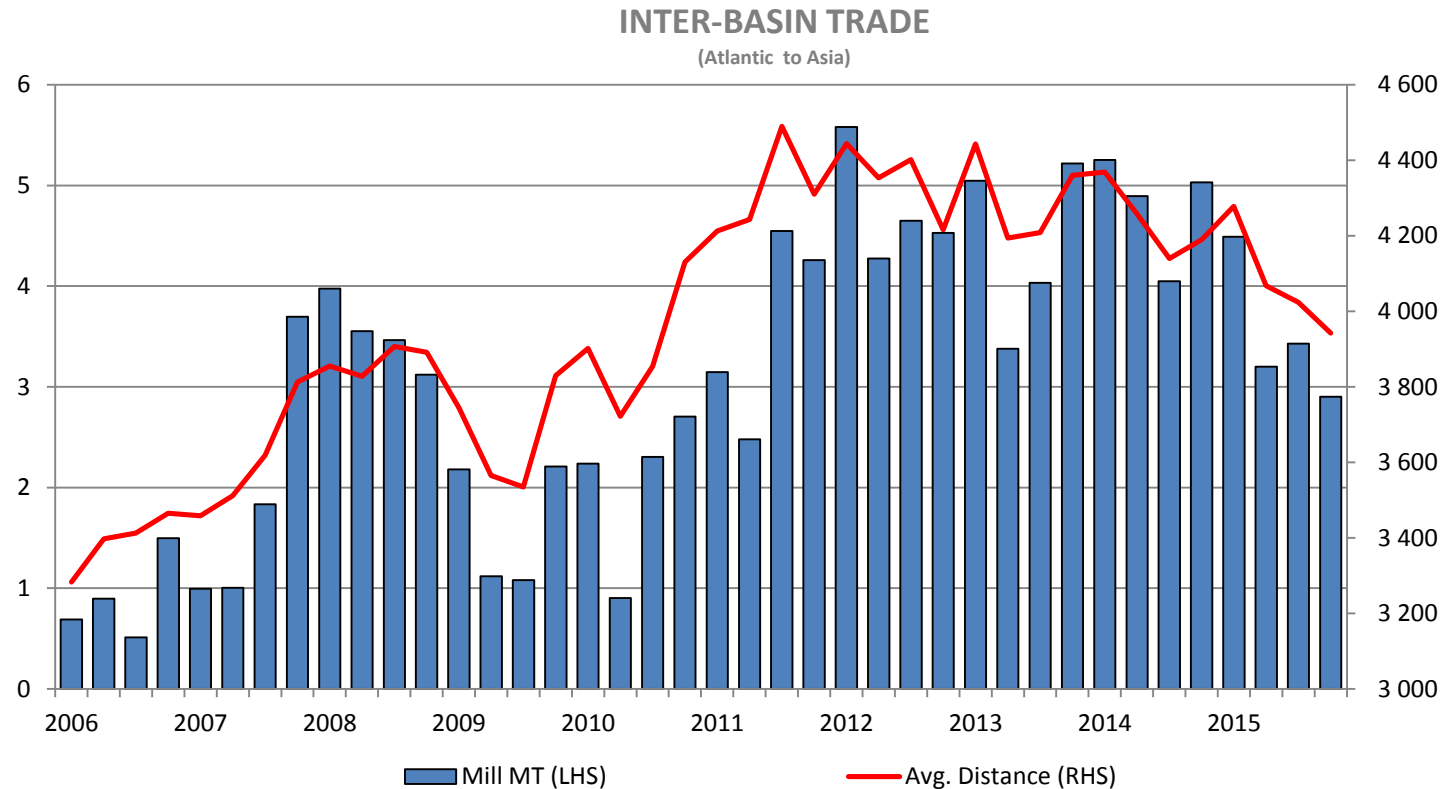
\* Open means open indefinitely. All information given by AFFINITY LNG LLP in good faith but without a

Although we have not seen improvement in rates utilisation looks better

- Position list October 2015: 48 vessels available
- Position list February 2016: 31 vessels available

Source: Affinity LNG

# Inter-Basin Trade

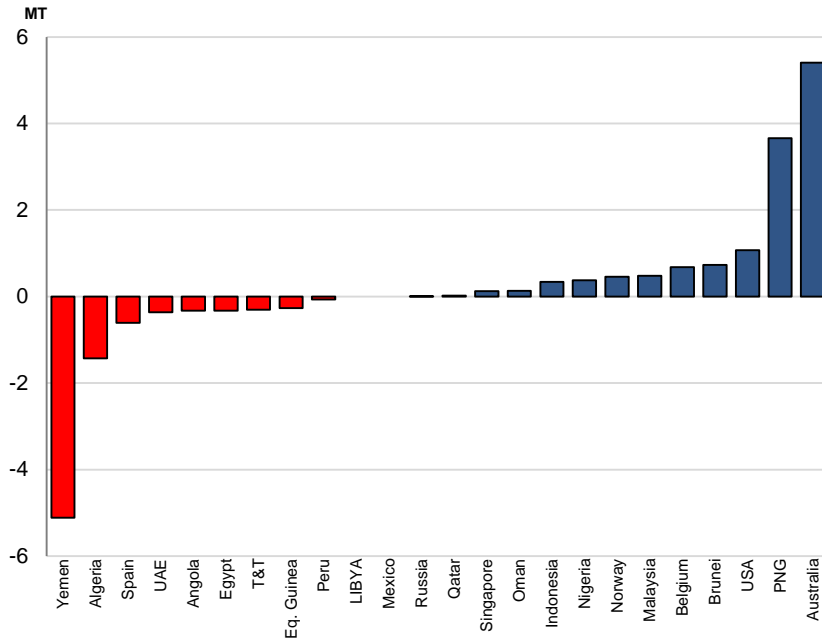


- Volume shipped from Atlantic to Asia was down 27 % in 2015
- Average sailing distance down 4 % in 2015 to levels not seen since 2010

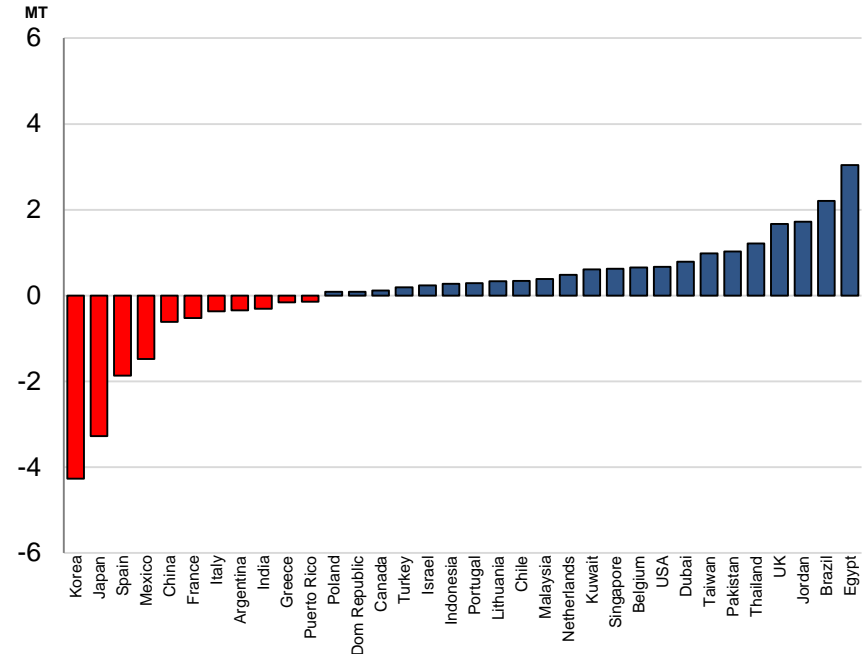
Source: Clarksons Platou

# LNG Production and Import

EXPORTS PER COUNTRY 2015 VS 2014



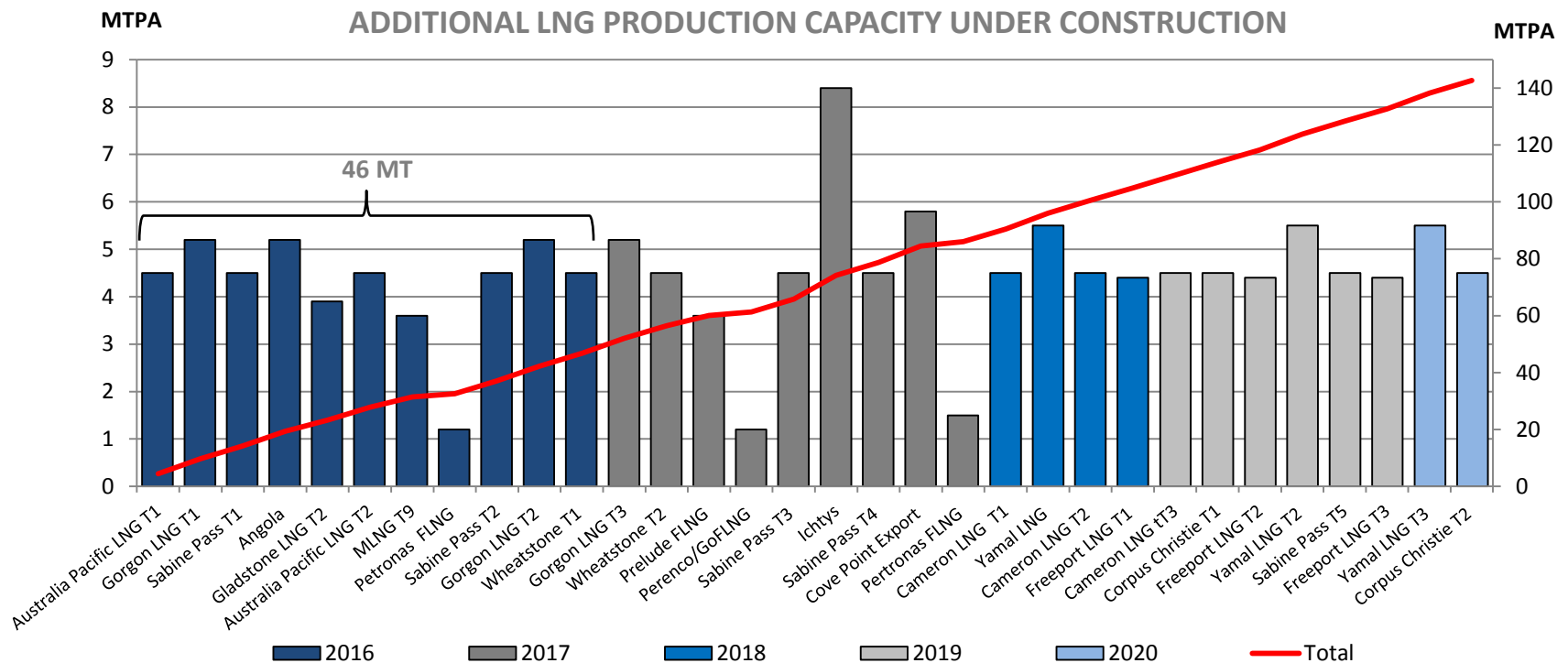
IMPORTS PER COUNTRY 2015 VS 2014



- Export increased by only 2 % in 2015
  - Production problems Yemen and Algeria
  - Reduced import and reloads from Spain
- Increased export from PNG and Australia
- Volumes from US and Australia set for growth going forward

- Japan and Korea import volume down significantly in 2015
- Chinese imports were down vs 20 % historic growth
- Offset by increased import in Europe and Middle East
- New FSRUs change trading pattern

# LNG Production



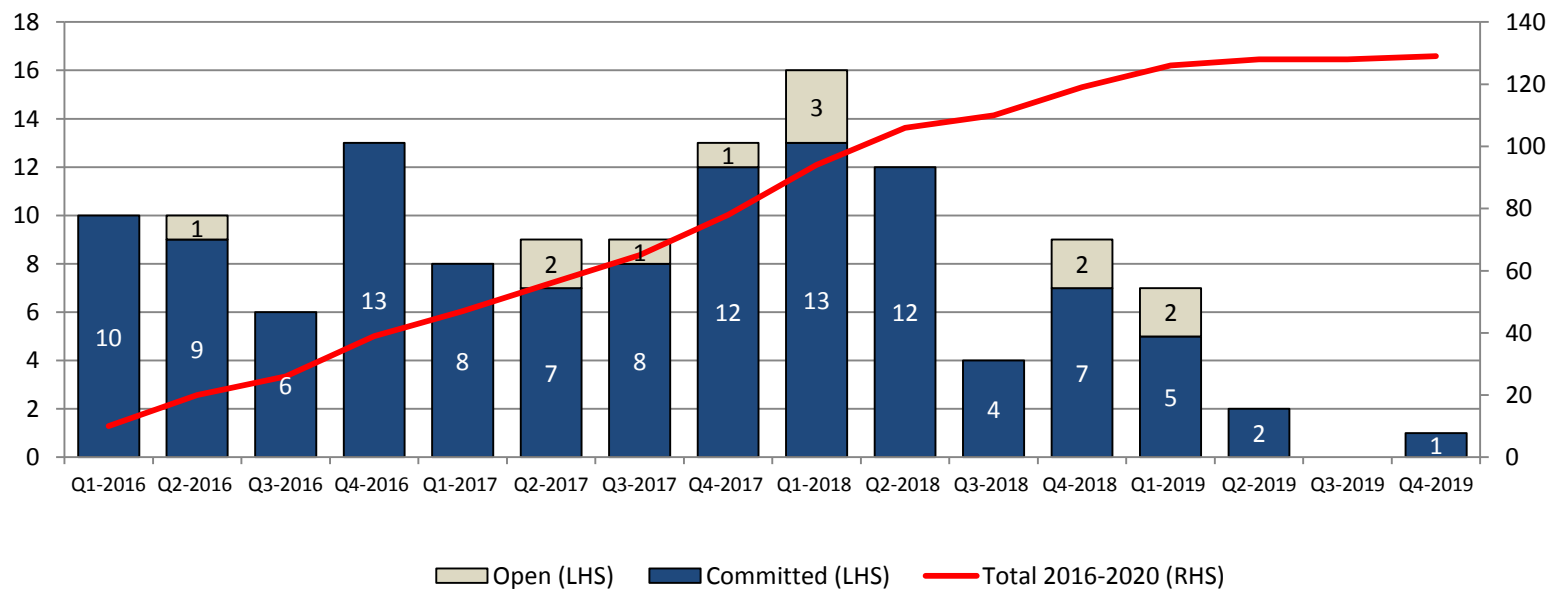
- 2015: Gladstone LNG T1 and Queensland Curtis LNG T2 started production - total full capacity of about 8 MTPA in 2016
- 2016: 11 new production facilities scheduled for start-up – with capacity of 46 MTPA
- Sabine Pass slightly delayed and Angola expected to start in Q2
- Estimated total production capacity in 2020 is 450 MTPA – up 80% from 2015 production!

Source: Clarksons Platou



# LNG Fleet orderbook

NEWBUILDINGS DELIVERY BY QUARTER



- 27 LNG carriers delivered in 2015
- 39 LNG carriers scheduled for delivery in 2016
- Annual “slippage” was 8 vessels 2014 + 2015
- Orderbook as of end 2015 was 131 LNG carriers

Source: Fearnley LNG

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# Summary

- Disappointing market development in 2<sup>nd</sup> half 2015 with low rates and low utilisation due to:
  - Production problems in Yemen + Algeria
  - Only 2 % increase in traded LNG in 2015 while 27 LNGC were delivered
  - Reduced ton-mile due to lack of arbitrage
  - New LNG production capacity has had little impact on market so far
- Higher pace in spot market and reduction in number of available spot trading vessels has so far not led to improved rates
- In order for an substantial improvement we need to see available vessels absorbed by:
  - Increased LNG production – 46 MTPA scheduled to start in 2016
  - Increased ton-mile – low LNG price in Asia opens up for reverse arbitrage
  - Smaller and uncompetitive vessels coming off charter will struggle to find employment
- 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 %
  - According to BP there is a new LNG train starting every 8 weeks. For the next 5 years!



# Awilco LNG – summary

- 2015 very disappointing earnings but improving utilisation on WilPride
- Market recovery has been slower than expected
- Preserving cash with layups and cost reductions
- High activity on project side
  - Small scale / bunkering vessel
  - Various infrastructure projects including FSU project for our 2<sup>nd</sup> gen vessels
- The LNG market is cyclical – and requires patience!

# Q&A

## A Pure Play LNG Transportation Provider





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