



**Q1  
2016**

---

Jon Skule Storheill

Snorre Krogstad

---



# Disclaimer

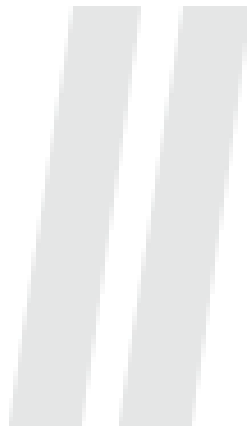
This presentation may include certain forward-looking statements, forecasts, estimates, predictions, influences and projections regarding the intent, opinion, belief, various assumptions or current expectations of Awilco LNG (the “Company”) and its management with respect to, among other things, (i) goals and strategies, (ii) evaluation of the Company’s markets, competition and competitive position, and (iii) anticipated future performance and trends which may be expressed or implied by financial or other information or statements contained herein.

All statements, other than statements of historical facts, that address activities and events that will, should, could or may occur in the future are forward-looking statements. Words such as “may,” “could,” “should,” “would,” “expect,” “plan,” “anticipate,” “intend,” “forecast,” “believe,” “estimate,” “predict,” “propose,” “potential,” “continue” or the negative of these terms and similar expressions are intended to identify such forward-looking statements.

These forward-looking statements, forecasts, estimates, predictions, influences and projections are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that will occur in the future, some of which are beyond our control and difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements, and no representation is made as to the accuracy of these. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements, forecasts, estimates, predictions, influences and projections are: changes in LNG transportation market trends; changes in the supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; changes in applicable regulations and laws; technological developments affecting gas and LNG demand; political events affecting production and consumption of LNG; changes in the financial stability of clients of the Company; the Company’s ability to secure employment for available vessels and newbuildings on order; increases in the Company’s cost base; failure by yards to comply with delivery schedules; changes to vessels’ useful lives and residual values; the Company’s ability to obtain financing of the newbuildings and lastly unpredictable or unknown factors with material adverse effects on forward-looking statements.

Neither the receipt of this presentation by any person, nor any information contained herein, constitutes, or shall be relied upon as constituting, any advice relating to the future performance of the Company. Each person should make their own independent assessment of the merits of the Company and its business and should consult their own professional advisors. The information and opinions contained in this presentation relate only as of the date of this presentation, and are subject to change without notice. Neither the Board of Directors of the Company or the Company and its management make any representation or warranty, express or implied, as to the accuracy or completeness of this presentation or of the information contained herein and none of such parties shall have any liability for the information contained in, or any omissions from, this presentation, nor for any of the written, electronic or oral communications transmitted to the recipient in the course of the recipient’s own investigation and evaluation of the Company or its business. Unless legally required, the Company assumes no responsibility or obligation to update publicly or review any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise.

# Agenda 13/05 2016



1. Company Overview and Highlights Q1
2. Financials Q1
3. Market update
4. Summary

# Company Overview



---

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.

---



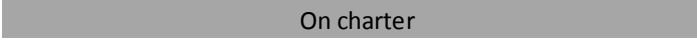
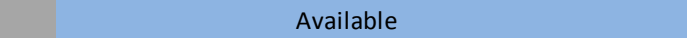

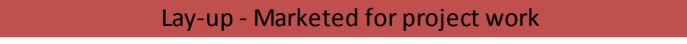

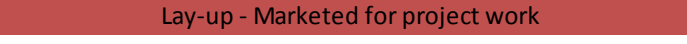
# 1<sup>st</sup> Quarter Highlights

## 1<sup>st</sup> quarter 2016

- Awilco LNG reported:
  - Net freight income of      MUSD 8.2                      MUSD 8.9 in Q4 2015
  - EBITDA of                      MUSD 4.9                      MUSD 5.8 in Q4 2015
  - Net profit/(loss) of        MUSD (4.6)                      MUSD (12.6) in Q4 2015
- Vessel utilisation of 78 %, compared to 81 % in Q4 2015 (trading vessels)



# Contract Overview

	2016	2017
WilPride	 Available	 Available
WilForce	 On charter	 Available
WilGas	 Lay-up - Marketed for project work	 Lay-up - Marketed for project work
WilEnergy	 Lay-up - Marketed for project work	 Lay-up - Marketed for project work

**WilPride:** Available NW Europe

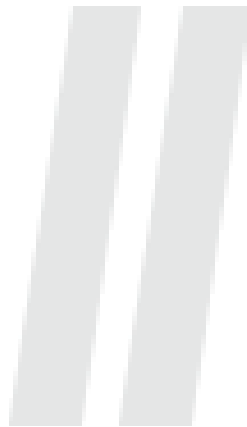
**WilForce:** Employed until January 2017

**WilGas:** Lay-up

**WilEnergy:** Lay-up



# Agenda 13/05 2016



1. Company Overview and Highlights Q1

2. Financials Q1

3. Market update

4. Summary

# Q1 2016 Income statement

USD million	Q1'16	Q4'15	2015
Freight income	8.9	9.6	37.4
Voyage related expenses	(0.7)	(0.7)	(4.9)
<b>Net freight income</b>	<b>8.2</b>	<b>8.9</b>	<b>32.5</b>
Operating expenses	(2.4)	(2.3)	(12.7)
Administration expenses	(1.0)	(0.8)	(4.0)
<b>EBITDA</b>	<b>4.9</b>	<b>5.8</b>	<b>15.8</b>
Depreciation	(3.6)	(4.1)	(16.6)
Impairment	-	(8.4)	(11.5)
<b>Net finance</b>	<b>(5.8)</b>	<b>(6.0)</b>	<b>(24.0)</b>
<b>Profit/(loss) before tax</b>	<b>(4.6)</b>	<b>(12.6)</b>	<b>(36.3)</b>
Tax	-	-	-
<b>Profit/(loss)</b>	<b>(4.6)</b>	<b>(12.6)</b>	<b>(36.3)</b>

Net freight income MUSD 8.2

- Minor reduction in rates and utilisation of WilPride, down from 62% in Q4 2015 to 57% in Q1 2016

Operating expenses MUSD (2.4)

Depreciation MUSD (3.6)

- Decrease due to impairment losses charged in Q4 2015





# Q1 2016 Balance sheet

USD million	31.03.16	31.12.15
Vessels	418.9	422.5
Other non-current assets	0.1	0.1
<b>Total non-current assets</b>	<b>419.0</b>	<b>422.6</b>
Trade receivables	3.1	2.5
Other short term assets	5.1	3.1
Cash	10.8	17.3
<b>Total current assets</b>	<b>18.9</b>	<b>22.8</b>
<b>Total assets</b>	<b>437.9</b>	<b>445.5</b>
<b>Total equity</b>	<b>151.0</b>	<b>155.6</b>
Long-term interest bearing debt	269.5	272.8
Other non-current liabilities	0.3	0.2
<b>Non-current liabilities</b>	<b>269.8</b>	<b>273.0</b>
Short-term interest bearing debt	13.0	12.8
Other current liabilities	4.2	4.1
<b>Total current liabilities</b>	<b>17.2</b>	<b>16.9</b>
<b>Total equity and liabilities</b>	<b>437.9</b>	<b>445.5</b>

Vessels MUSD 418.9

Current assets MUSD 18.9

- MUSD 3.0 increase in other short term assets relates to late invoice of January 2016 bareboat hire in Q1
- Cash MUSD 10.8

Non-current liabilities MUSD 269.8

- MUSD 269.5 long term portion of WilForce and WilPride financial lease liabilities

Current liabilities MUSD 17.2

- MUSD 13.0 short term portion of WilPride and WilForce financial lease liabilities
- MUSD 2.4 deferred revenue



# Q1 2016 Cash flow

USD million	Q1'16	Q4'15	2015
<b>Cash Flows from Operating Activities:</b>			
Profit/(loss) before taxes	(4.6)	(12.6)	(36.3)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	5.9	6.0	24.1
Depreciation, amortisation and impairment	3.6	12.4	28.1
Trade receivables, inventory and other short term assets	0.4	(0.2)	(0.2)
Accounts payable, accrued exp. and deferred revenue	-	(0.2)	(4.0)
Net cash provided by / (used in) operating activities	5.4	5.3	11.8
<b>Cash Flows from Investing Activities:</b>			
Investment in vessels / sale of vessels	-	(0.3)	17.4
Proceeds from sale of other fixed assets	-	-	0.1
Net cash provided by / (used in) investing activities	-	(0.3)	17.5
<b>Cash Flows from Financing Activities:</b>			
Repayment of borrowings	(4.1)	(3.0)	(10.7)
Interest and borrowing costs paid	(7.8)	(6.0)	(22.1)
Net cash provided by / (used in) financing activities	(11.9)	(9.0)	(32.8)
Net changes in cash and cash equivalents	(6.5)	(4.1)	(3.5)
Cash and cash equivalents at start of period	17.3	21.4	20.8
Cash and cash equivalents at end of period	10.8	17.3	17.3

Operating activities MUSD 5.4

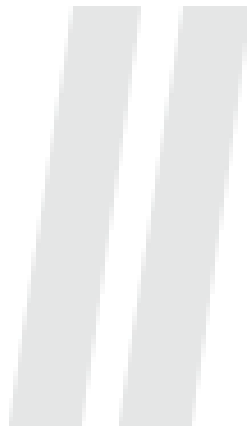
Investing activities NIL

Financing activities MUSD (11.9)

- Interest payment and repayment on WilPride and WilForce financial lease liabilities, including January 2016 due to late invoicing

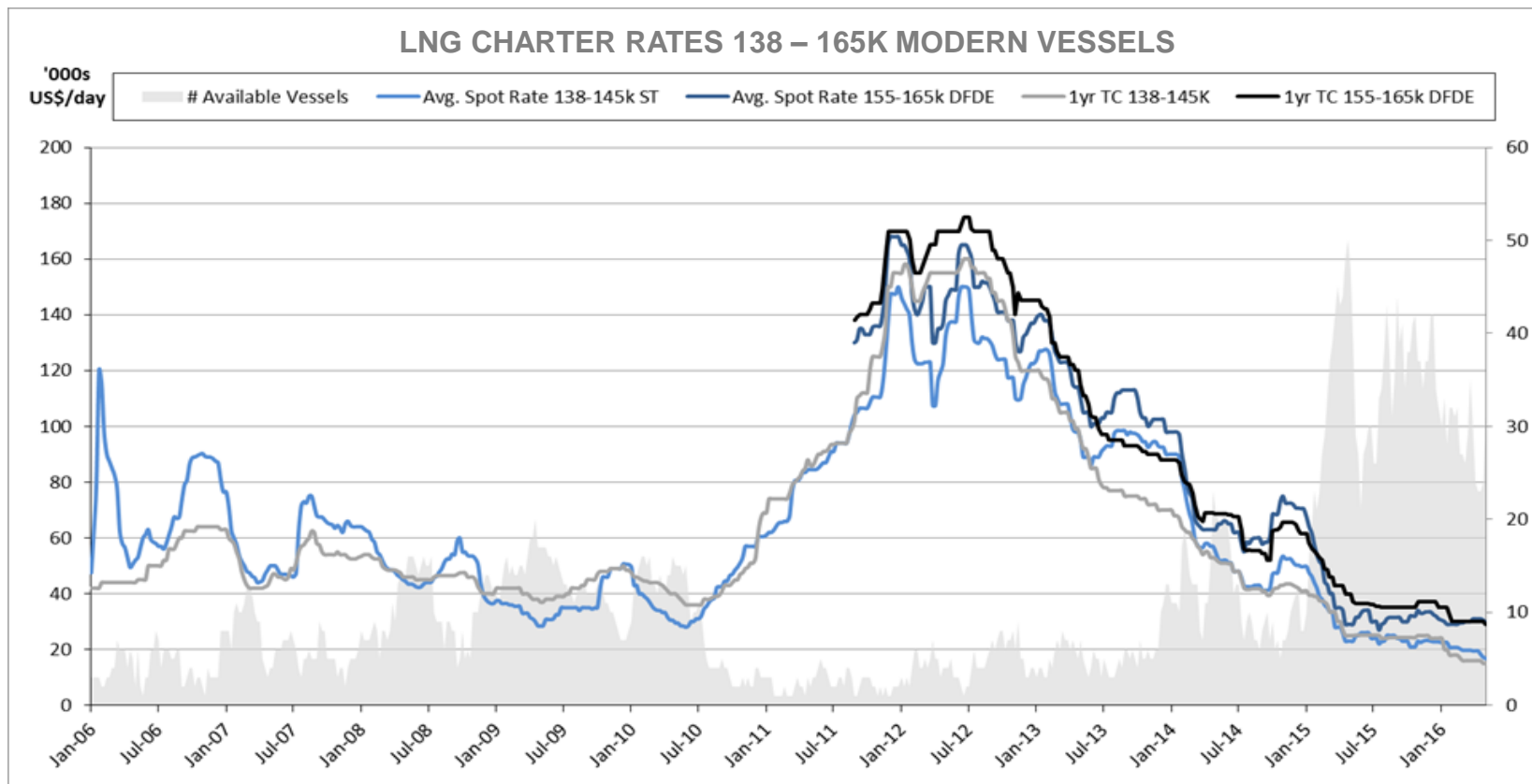
Cash at the end of the quarter MUSD 10.8

# Agenda 13/5 2016



1. Company Overview and Highlights Q1
2. Financials Q1
3. Market update
4. Summary

# LNG Rates

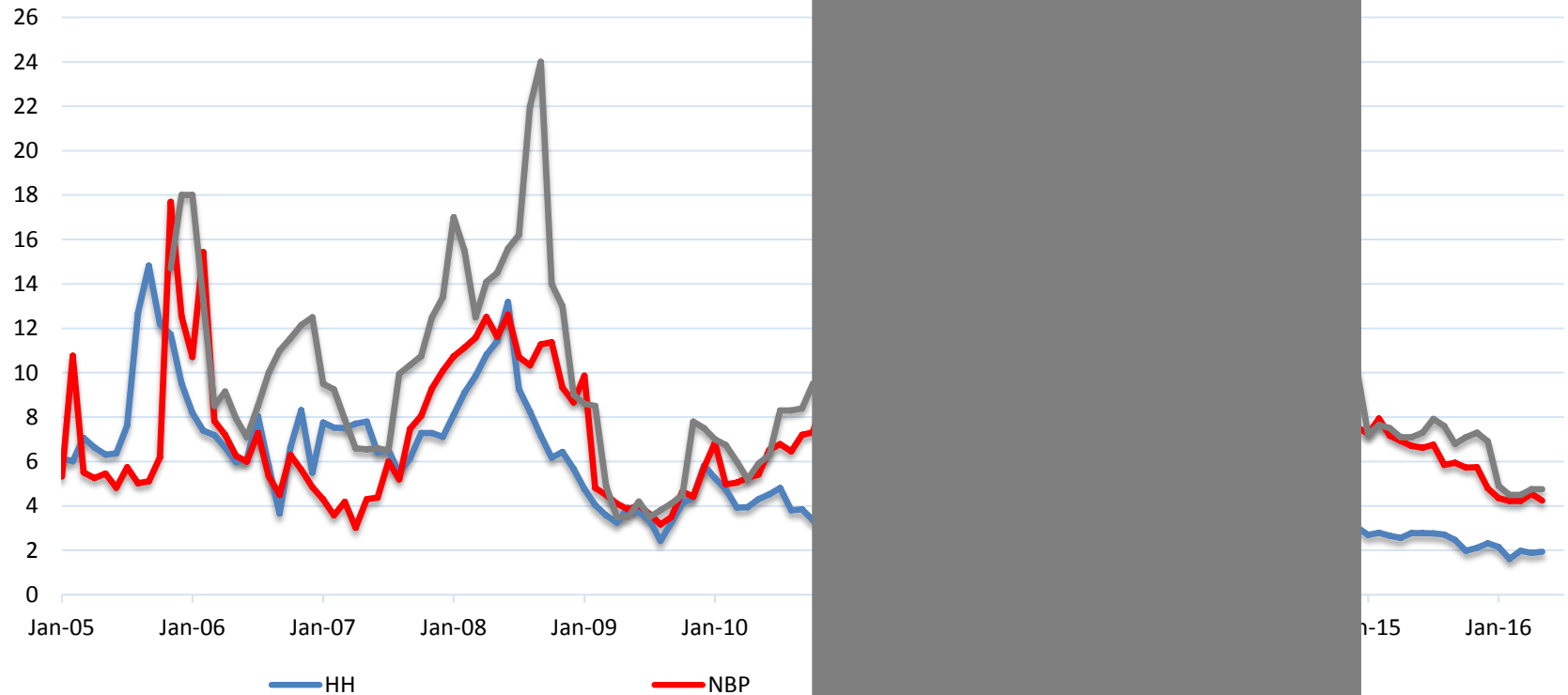


- Continued weak market with low rates and low utilisation
- Low gas prices eliminates arbitrage and reduces trading activity

Source: Fearnley LNG

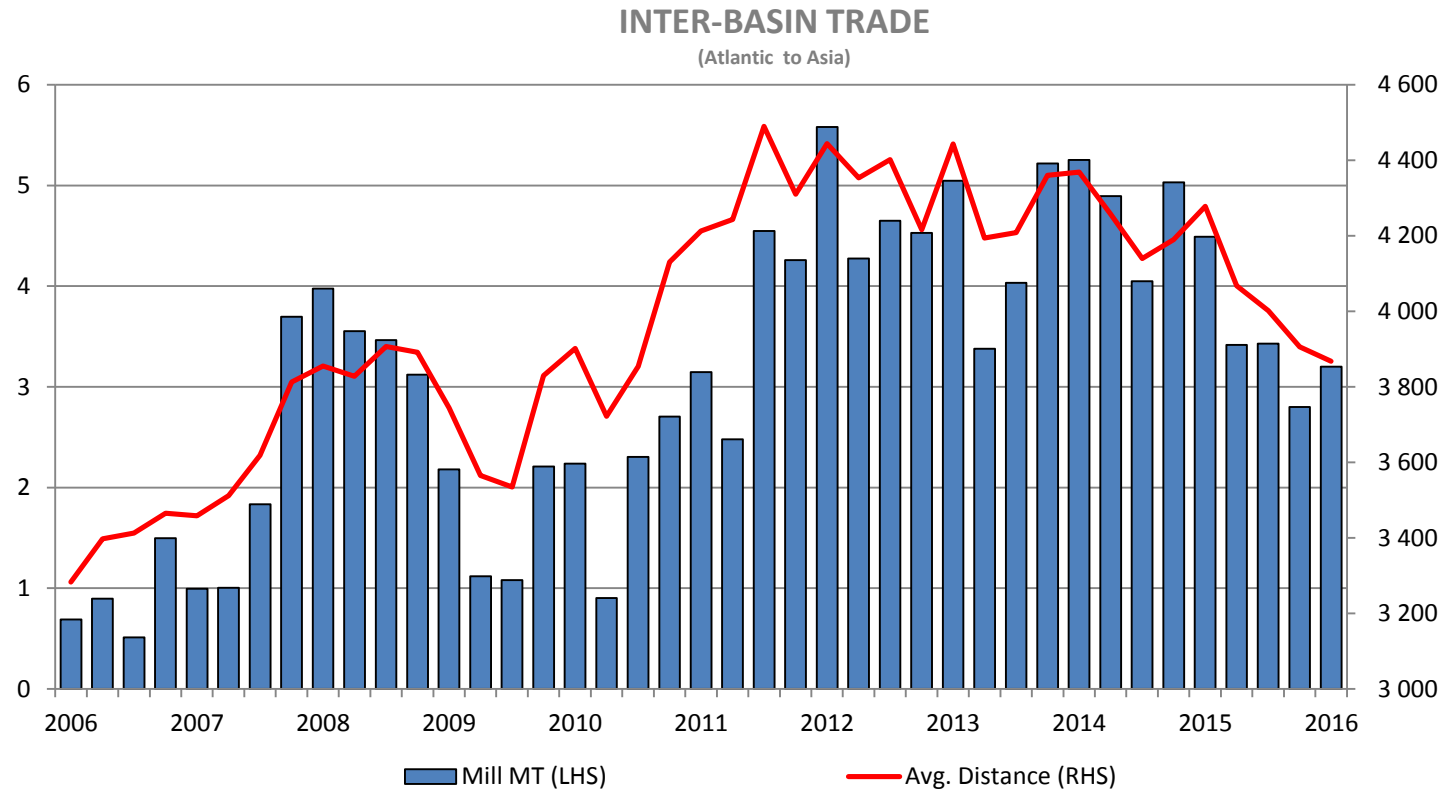
# LNG price

USD/MMBTU



- At present Far East buyers are absent from the spot market, which leads to a significant price differential between the Atlantic and the Far East.
- Arbitrage opportunities from Atlantic to Far East are eliminated.
- When will the low Asia demand lead to LNG transported from East to West?

# Inter-Basin Trade



- Average distance was down by 9.6% in Q1 while trade (MT) was down 29% compared to same period last year
- Average distance was down by 3% and trade up by 13 % compared to Q4 2015

Source: Clarksons Platou

# New LNG trades

## GORGON, AUSTRALIA PACIFIC AND GLADSTONE CARGOES

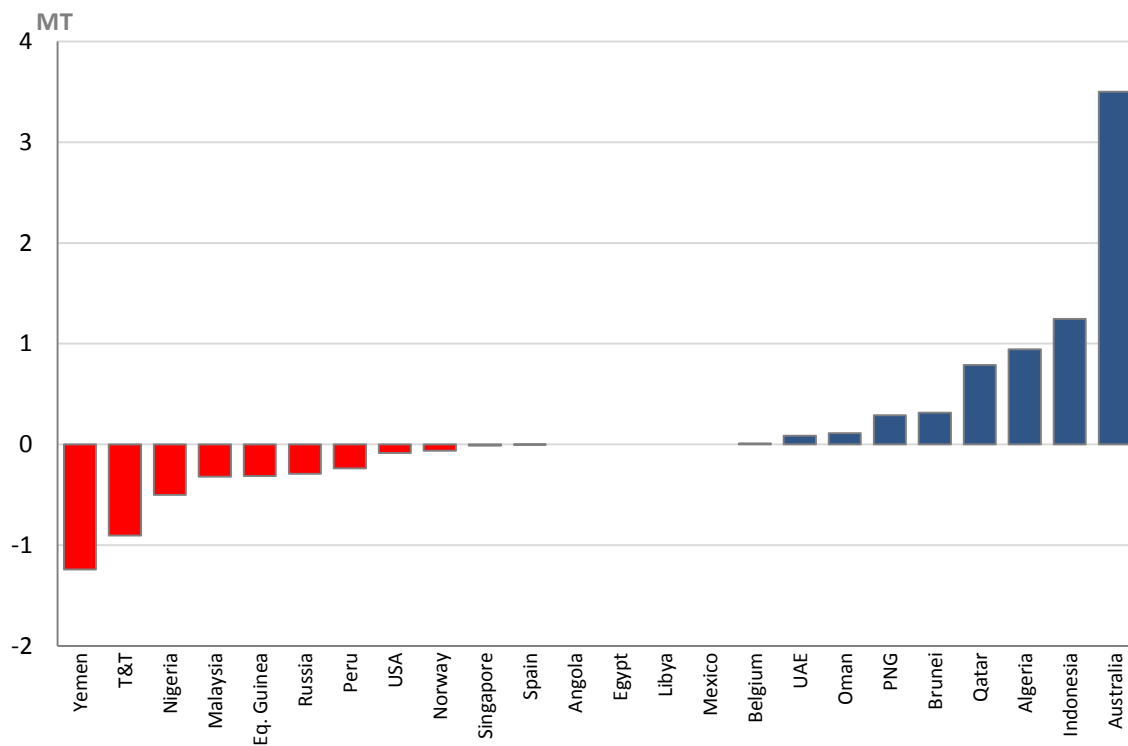


- Low LNG demand leads to market inefficiencies
- Gladstone cargo reported on its way to Atlantic and Sabine Pass cargoes shipped to India: increased ton-mile
- Cargoes are resold and changing destination : increased ton-time

## SABINE PASS CARGOES



# LNG export

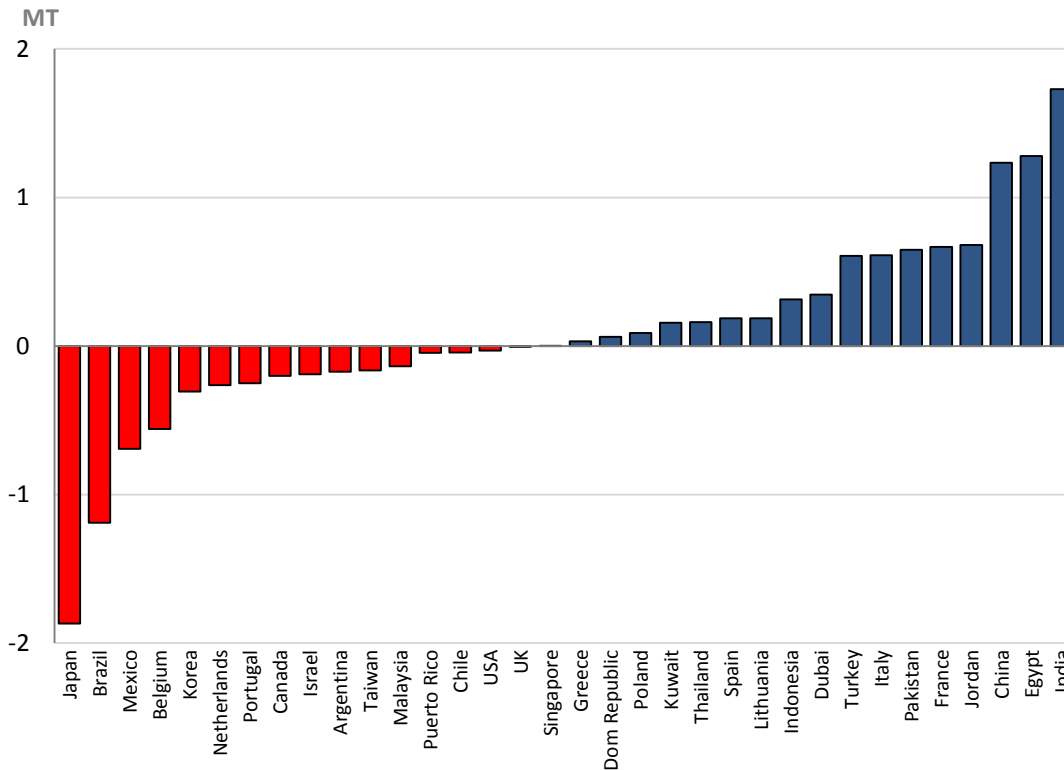


Q1 2016	
Region	Δ '16/'15
Asia /oceanic	+ 20%
Africa	+ 2%
Europe (incl. Re-exp)	- 3%
Middle East	- 1%
Americas	- 23%
<b>World Total</b>	<b>+ 5%</b>

- LNG production increased by 5% compared to same period last year
- The significant increased production capacity from Australia is materialising



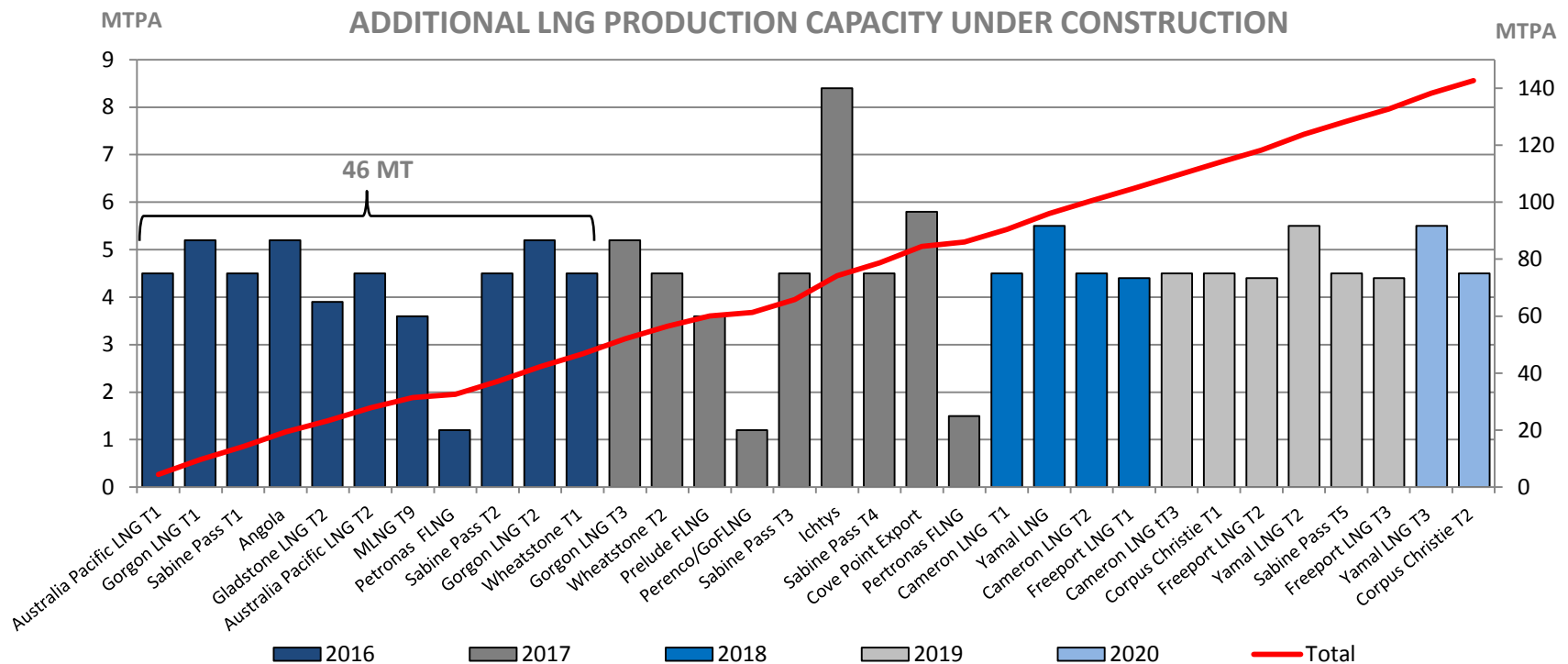
# LNG imports



Q1 2016		
Region	Imports (MTPA)	Δ '16/'15
Europe	11.3	+13%
Americas	4.0	- 37%
Middle East	2.7	+ 581%
NE Asia	41.4	- 3%
Other Asia	7.0	+ 64%
<b>World Total</b>	<b>66.4</b>	<b>4.5%</b>

- India and China finally increasing imports
- Europe showing growth, but nothing spectacular
- Japan's imports are down from last year, Korea pretty flat

# LNG Production

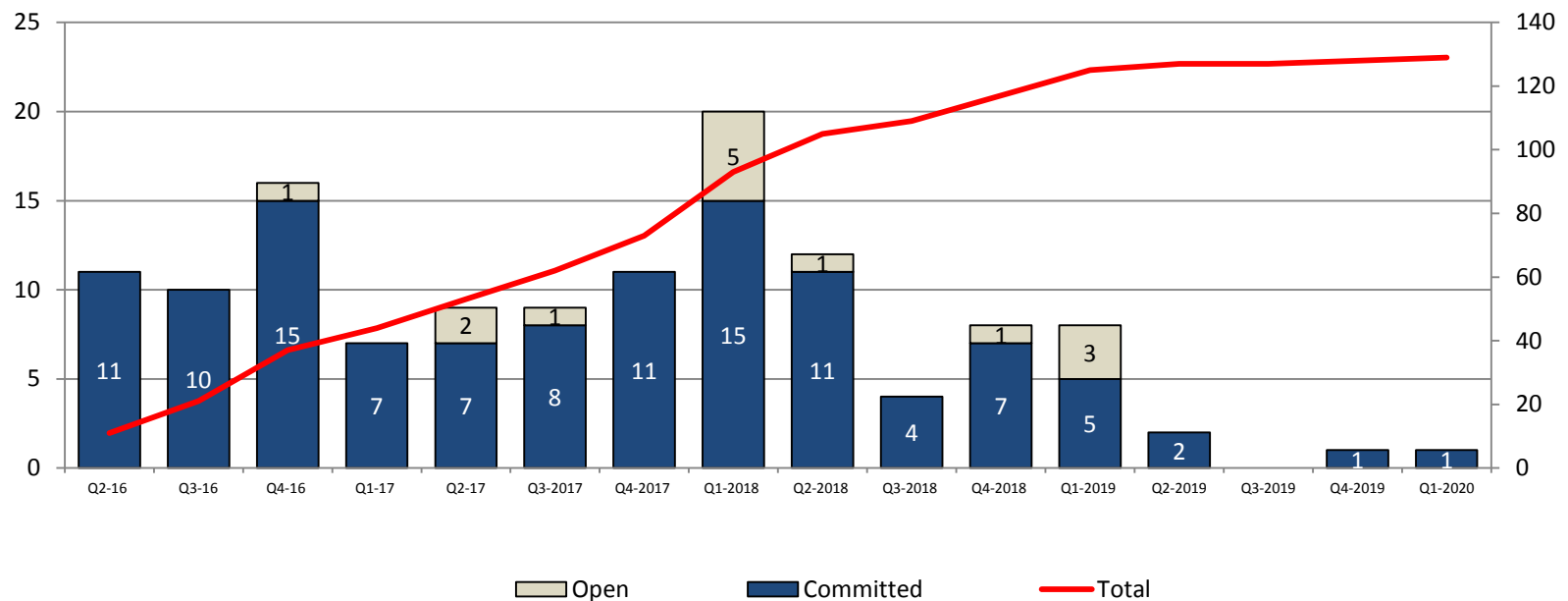


- Australia Pacific and Sabine Pass started production in Q1 2016
- Both Angola and Gorgon expected to re-start in May and Sabine T2 started commissioning
- In total 11 new production trains are scheduled for start-up in 2016 – with full capacity of 46 MTPA
- Total production capacity in 2020 is estimated to be 450 MTPA – up 80% from 2015 production!

Source: Clarksons Platou

# LNG Fleet orderbook

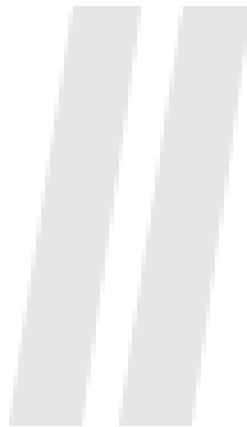
Newbuilding deliveries by quarter



- Only 7 vessels delivered in 2016
- On paper 37 LNG carriers scheduled for delivery during remainder of 2016
- Ship-owners not in hurry to take delivery and yards have reduced capacity, we expect substantial delays in deliveries
- Orderbook as of end Q1 2016 was 129 LNG carriers
- No new orders since October 15

Source: Fearnley LNG

# Agenda 13/05 2016



1. Company Overview and Highlights Q1
2. Financials Q1
3. Market update
4. Summary

# Summary

- Disappointing market development in Q1 2016 with low rates and low utilisation due to:
  - Overhang of vessels
  - Reduced ton-mile
  
- In order for an substantial improvement we need to see available vessels absorbed by:
  - Continued increase of LNG production – 46 MTPA scheduled to start in 2016
  - Increased ton-mile – low LNG price in Asia opens up for reverse arbitrage
  - Lay-up of less efficient vessels – one owner has done, more to follow?
  
- Long term shipping demand for LNG remain strong
  - We are at the start of the biggest increase in LNG volumes in history
  - No newbuilding orders last 7 months and “none” expected for rest of the year



# Awilco LNG – summary

- Still disappointing earnings and utilisation on WilPride
- Market recovery is slow but heading in right direction
- Preserving cash with layups and cost reductions
- The LNG market is cyclical – requires patience and diligent hard work

# Q&A

## A Pure Play LNG Transportation Provider





**Jon Skule Storheill**

CEO

Mobile: +47-9134 4356

E-mail: [jss@awilcolng.no](mailto:jss@awilcolng.no)

**Snorre Krogstad**

CFO

Mobile: +47-9085 8393

E-mail: [ssk@awilcolng.no](mailto:ssk@awilcolng.no)