AWILCO LNG

Q2 2016

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31/08/16

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Agenda 31/08 2016

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

Company Overview

Awilco LNG is a pure play LNG transportation provider, owning and operating LNG vessels. The Company owns two 2013 built 156,000 cbm TFDE membrane LNG vessels, WilForce and WilPride. Awilco LNG is listed on Oslo Axess under the ticker code ALNG.

2nd Quarter Highlights

2nd quarter 2016

- Awilco LNG reported:
  - Net freight income of MUSD 7.2 MUSD 8.2 in Q1 2016
  - EBITDA of MUSD 4.2 MUSD 4.9 in Q1 2016
  - Net profit/(loss) of MUSD (11.5) MUSD (4.6) in Q1 2016

- WilEnergy and WilGas agreed sold for a combined gross price of MUSD 31.6 leading to an impairment of MUSD 6.6

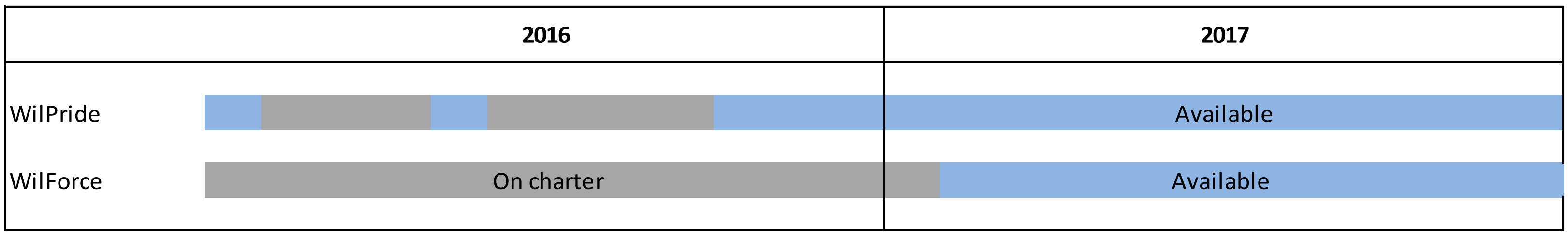
- Net loss excluding impairment of MUSD 4.9 vs MUSD 4.6 in Q1

- Vessel utilisation of 76 %, compared to 78 % in Q1 2016 (trading vessels)

Subsequent events

- WilEnergy and WilGas were sold and delivered to new owner on 18 August 2016, contributing with a net positive cash effect of MUSD 32.2 including settlement of bunkers and lubes.

Contract Overview



WilPride: Available NW Europe mid-September

WilForce: Employed until January 2017

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Q2 2016 Income statement

USD million	Q2'16	Q1'16	2015
Freight income	8.3	8.9	37.4
Voyage related expenses	(1.1)	(0.7)	(4.9)
Net freight income	**7.2**	**8.2**	**32.5**
Operating expenses	(2.3)	(2.4)	(12.7)
Administration expenses	(0.7)	(1.0)	(4.0)
EBITDA	**4.2**	**4.9**	**15.8**
Depreciation	(3.4)	(3.6)	(16.6)
Impairment	(6.6)	-	(11.5)
Net finance	**(5.8)**	**(5.8)**	**(24.0)**
Profit/(loss) before tax	**(11.5)**	**(4.6)**	**(36.3)**
Tax	-	-	-
Profit/(loss)	**(11.5)**	**(4.6)**	**(36.3)**

Q2 2016 Balance sheet

USD million	30.06.16	31.03.16	31.12.15
Vessels	377.6	418.9	422.5
Other non-current assets	0.1	0.1	0.1
Total non-current assets	**377.7**	**419.0**	**422.6**
Trade receivables	3.0	3.1	2.5
Other short term assets	4.6	5.1	3.1
Cash	5.7	10.8	17.3
Total current assets	**13.2**	**18.9**	**22.8**
Vessels held for sale	32.2	-	-
Total assets	**423.1**	**437.9**	**445.5**
Total equity	**139.5**	**151.0**	**155.6**
Long-term interest bearing debt	266.1	269.5	272.8
Other non-current liabilities	0.3	0.3	0.2
Non-current liabilities	**266.4**	**269.8**	**273.0**
Short-term interest bearing debt	13.3	13.0	12.8
Other current liabilities	4.0	4.2	4.1
Total current liabilities	**17.3**	**17.2**	**16.9**
Total equity and liabilities	**423.1**	**437.9**	**445.5**

Q2 2016 Cash flow

USD million	Q2'16	Q1'16	2015
Cash Flows from Operating Activities:			
Profit/(loss) before taxes	(11.5)	(4.6)	(36.3)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	5.8	5.9	24.1
Depreciation, amortisation and impairment	10.0	3.6	28.1
Trade receivables, inventory and other short term assets	(0.3)	0.4	(0.2)
Accounts payable, accrued exp. and deferred revenue	-	-	(4.0)
Net cash provided by / (used in) operating activities	3.9	5.4	11.8
Cash Flows from Investing Activities:			
Investment in vessels / sale of vessels	-	-	17.4
Proceeds from sale of other fixed assets	-	-	0.1
Net cash provided by / (used in) investing activities	-	-	17.5
Cash Flows from Financing Activities:			
Repayment of borrowings	(3.2)	(4.1)	(10.7)
Interest and borrowing costs paid	(5.8)	(7.8)	(22.1)
Net cash provided by / (used in) financing activities	(9.0)	(11.9)	(32.8)
Net changes in cash and cash equivalents	(5.1)	(6.5)	(3.5)
Cash and cash equivalents at start of period	10.8	17.3	20.8
Cash and cash equivalents at end of period	5.7	10.8	17.3

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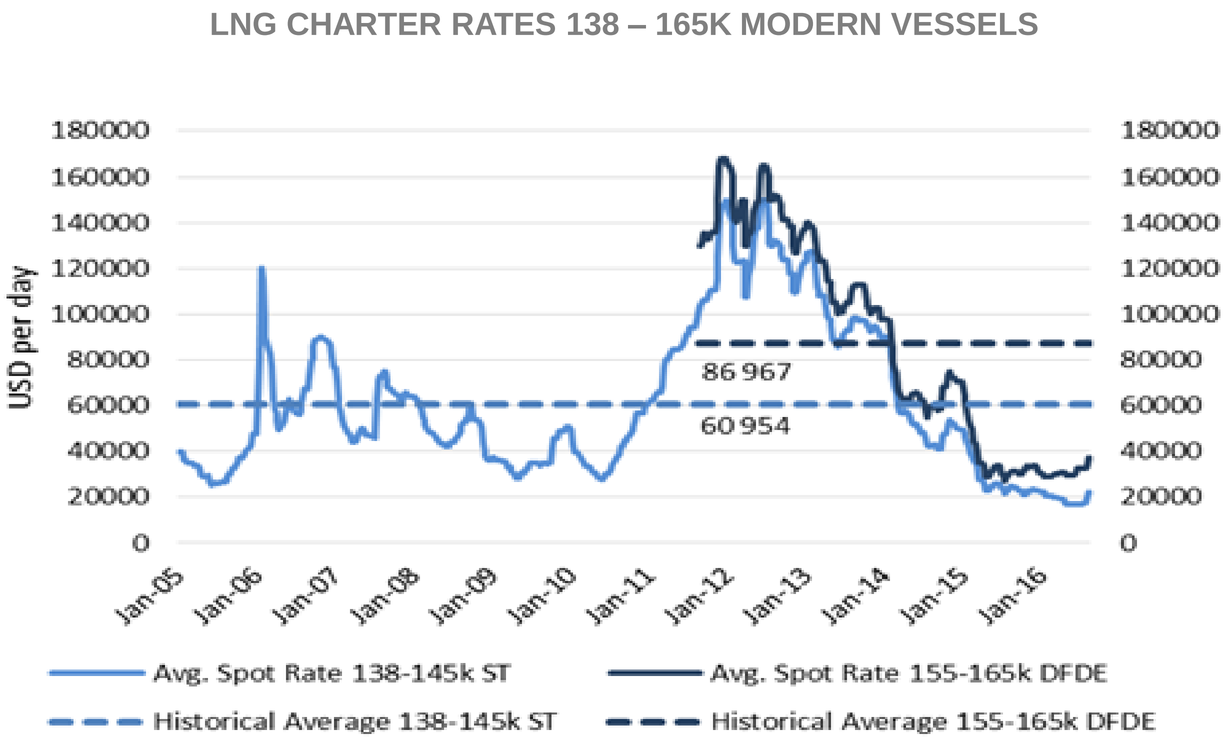
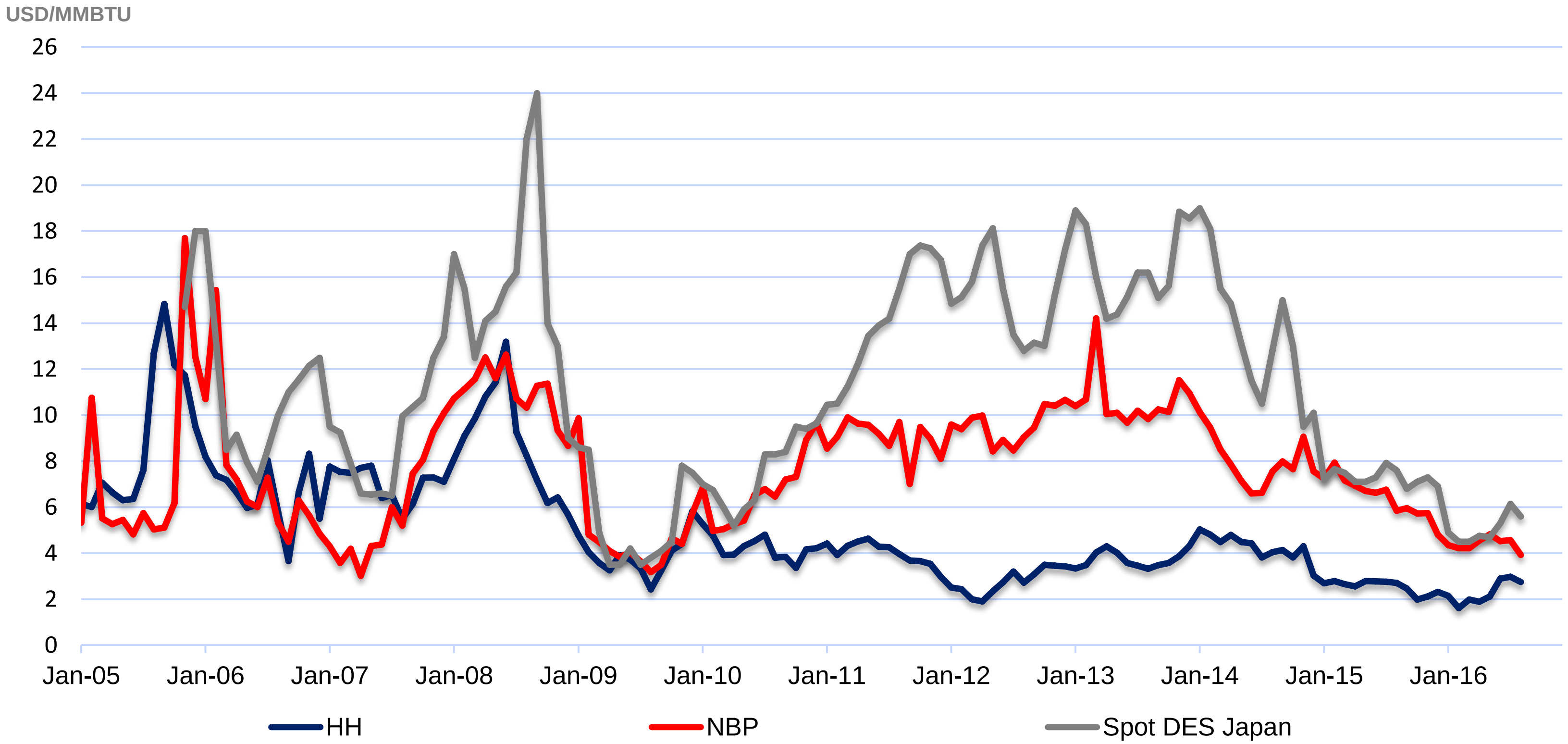
LNG rates



- After 3 years of declining rates the market has turned
- New LNG production is finally starting to show an impact
- Freight rates have improved but still far below historical average and profitable territory

Source: Fearnley LNG

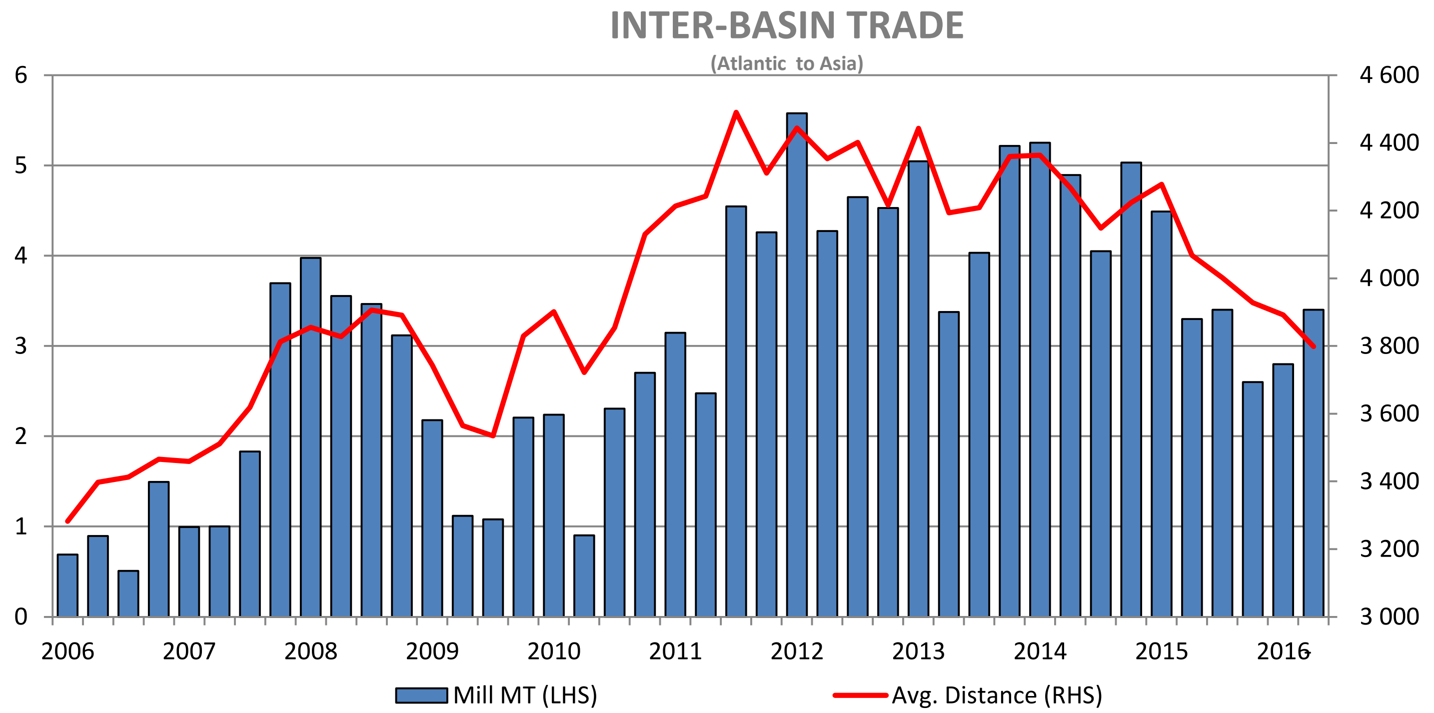
LNG price



- LNG is becoming a competitive energy source which will ensure demand
- Arbitrage opportunities from Atlantic to Far East have been eliminated putting pressure on ton-mile, but now surprisingly opening up again

Source: Clarksons Platou

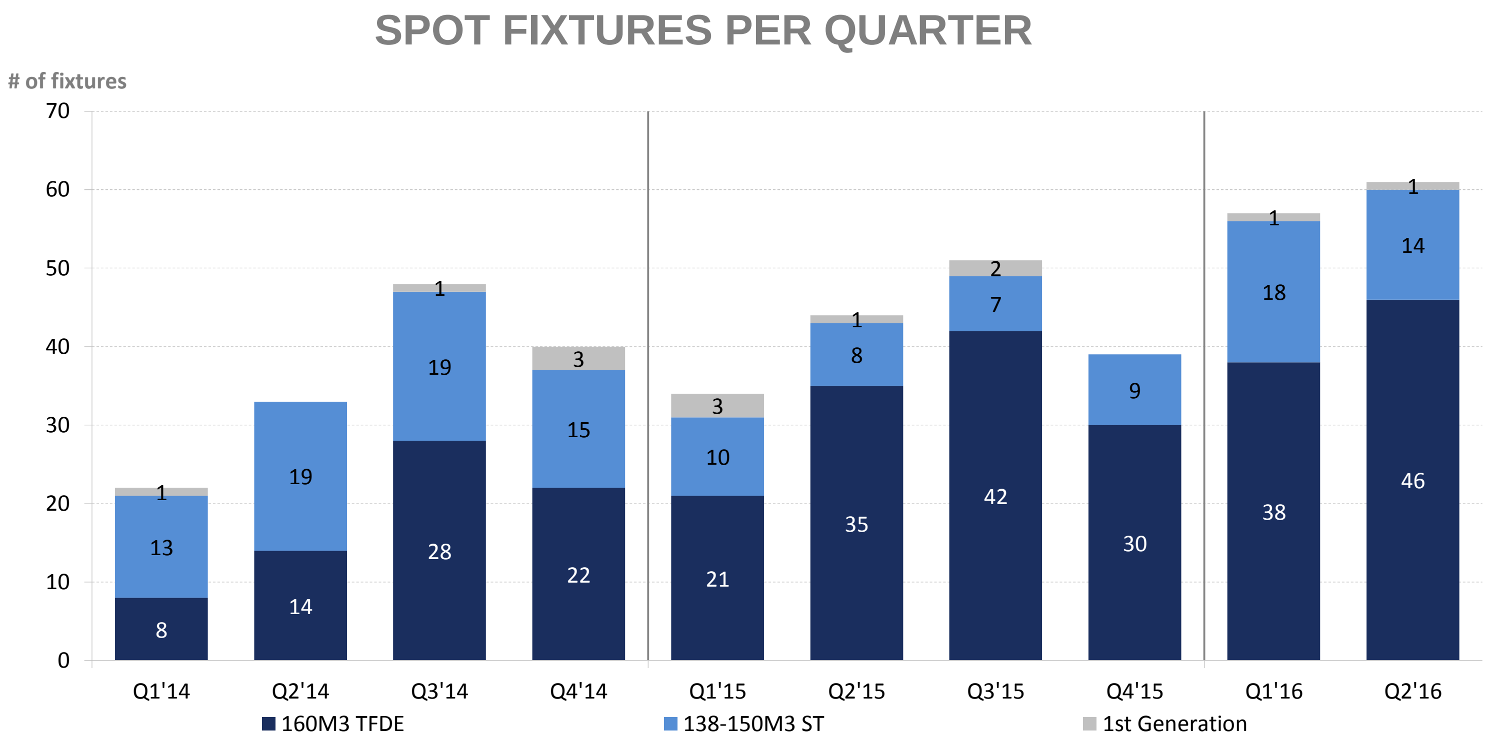
Inter-Basin trade



- As a result of lack of arbitrage inter-basin trade has been declining, but the trend may be changing
  - 1st Half 2016 average distance was down 8% and trade was down 13% compared to same period 2015
- Volumes bottomed in Q4 15, positive trend since – but distances down
- First cargo from Sabine to China – 70 days r/v… 2.6 ships / 1 MTPA

Source: Clarksons Platou

LNG spot market

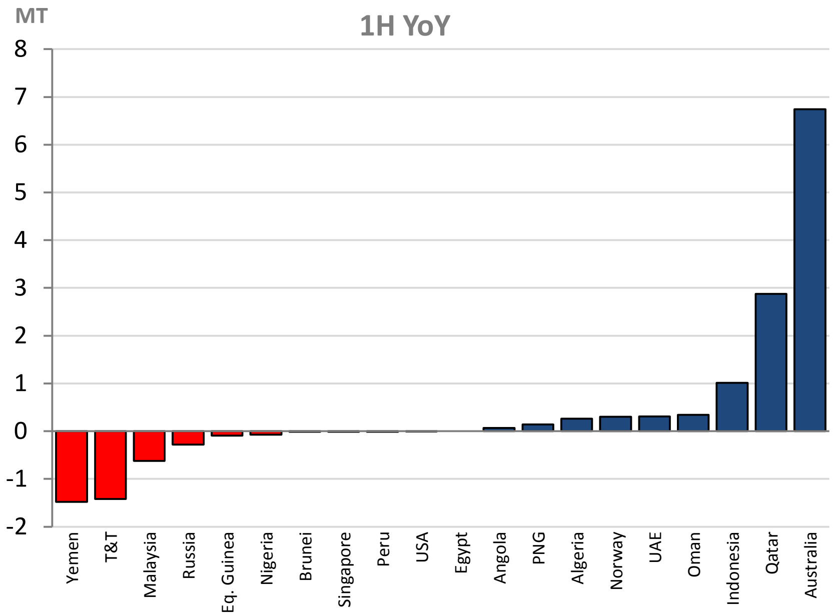


- Increased production, new buyers and short term trading is increasing number of spot fixtures substantially
- 1H 2016 number of spot fixtures increased by 60% from last year

Source: Pareto

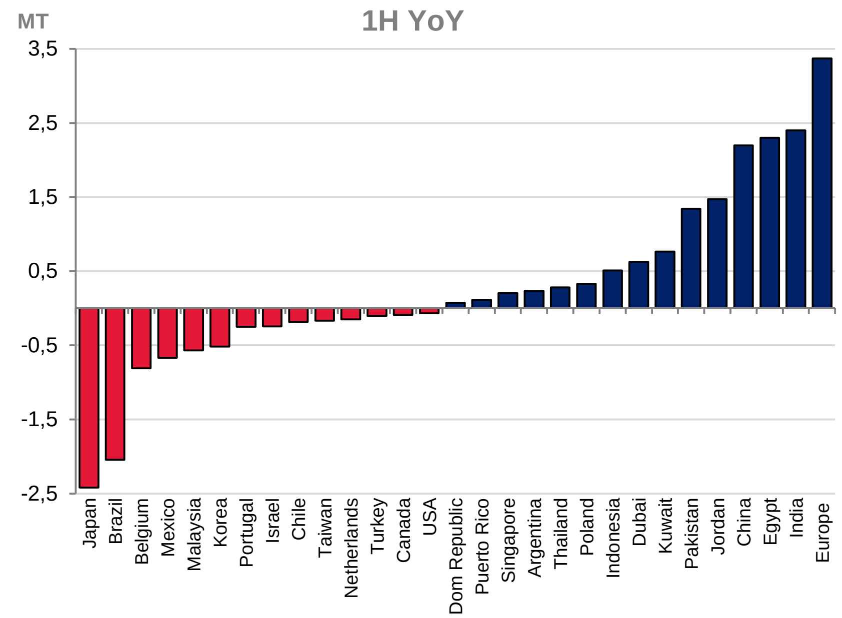
LNG trade

LNG EXPORT



- Start of a new production boom
- LNG production increased by 6.5% first half 2016 compared to same period last year
- The significant increased production capacity from Australia is materialising, US next….

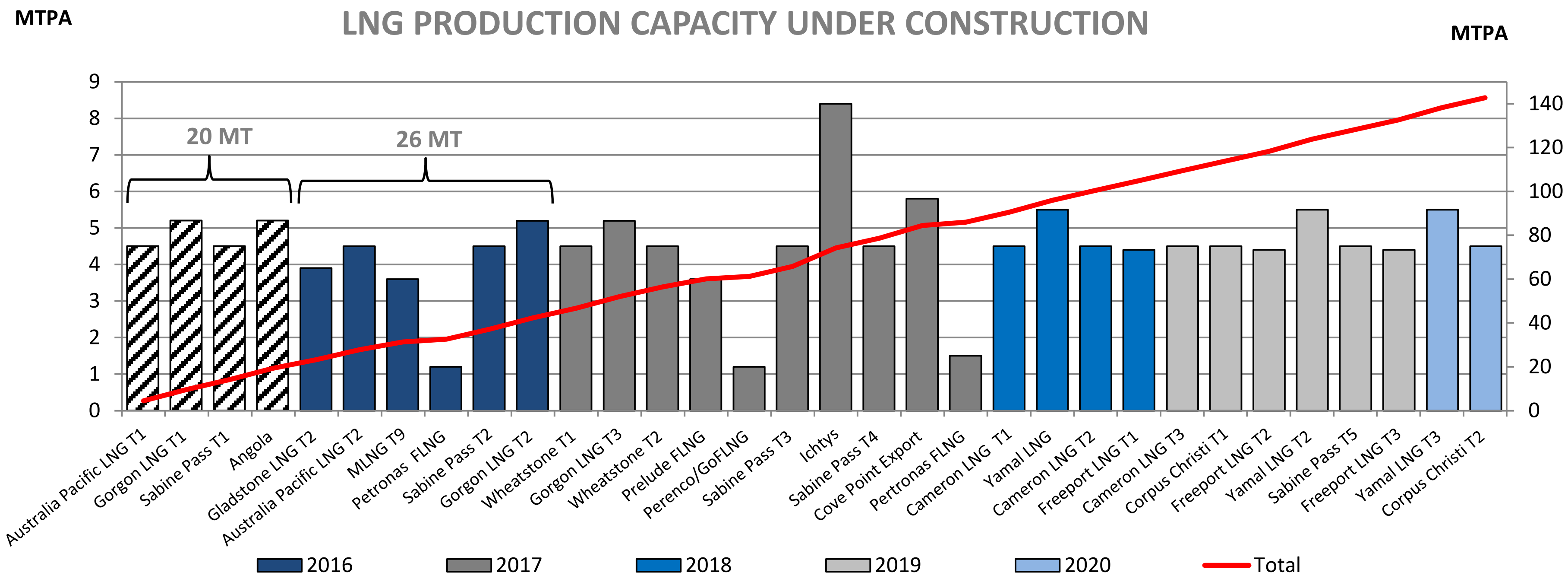
LNG IMPORT



- EU increasing – price sensitive
- Egypt and Jordan show impact of FSRU
- India alone replacing lost demand in Japan
  - All produced LNG will be consumed – it is only a question of where

Source: Clarksons Platou

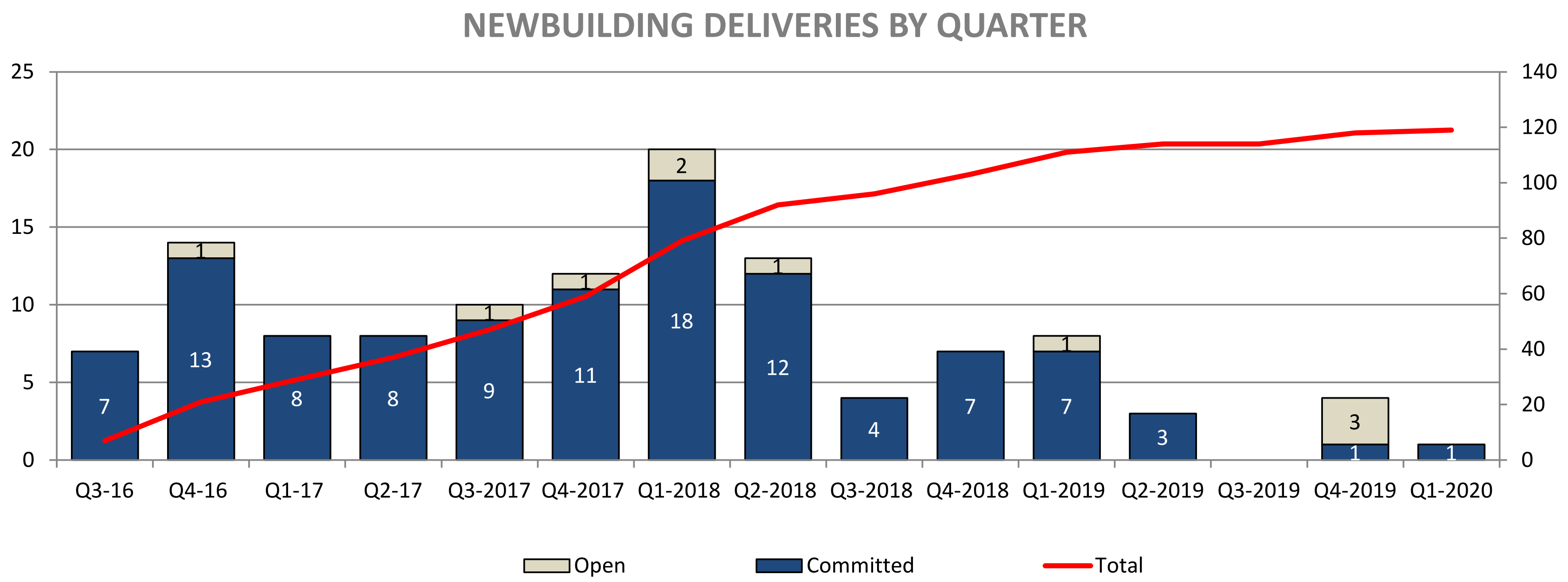
LNG production



- About 20 MTPA of new production capacity has been added first half 2016, ramp up to full capacity normally takes 6 months
- Additional 26 MTPA scheduled for startup remaining of year
- 2015 production was 250 MTPA, new LNG under construction is 140 MTPA or 56% of 2015 production!

Source: Clarksons Platou

LNG fleet orderbook



- At start of 2016, orderbook was 41 vessels due for delivery in 2016
  - 14 vessels delivered YTD 2016, 21 vessels scheduled for delivery remainder of 2016 – further delays expected
- Orderbook as of end Q2 2016 was 119 LNG carriers with only 10 available for contract
- Only four newbuildings ordered first half 2016 vs 15 for same period last year
- A total of 81 (17% of the fleet) steam vessels are built pre-2000 – considerable room for reduction of sailing fleet

Source: Fearnley LNG

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Summary

- The market has finally turned
  - Rates still not good but trend is
  - Several charterers looking for medium term contracts with options

- Mid and long-term demand for LNG transportation remains strong
  - We are at the start of the biggest increase of LNG volumes in history
  - Limited newbuilding orders
  - Very few newbuildings available
  - 17% of existing fleet are smaller steam vessels which will struggle to compete

- Improving market – may still see volatility in short term due to
  - Seasonal variations
  - Newbuilding deliveries
  - Fluctuating ton-mile

Awilco LNG – summary

- Sale of 2nd gen vessels secures solid cash position
- Soft earnings and utilisation on WilPride in 2nd quarter, improving in Q3
- Market recovering as expected

- ✓ With two modern TFDE vessels available from 2017 ALNG is perfectly placed for the improving market conditions expected in the coming years

Q&A

A Pure Play LNG Transportation Provider

Two 2013 built TFDEs

Tier 1 customers

Solid owners

Experienced management team

Opportunistic strategy

AWILCO LNG

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