



Q3 2016

Jon Skule Storheill

Snorre Krogstad

18/11/16



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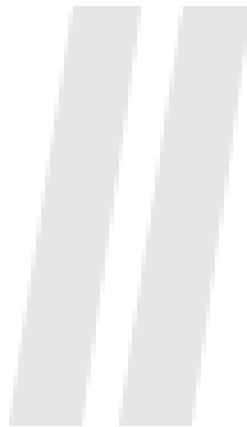
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Company Overview



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.

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3rd Quarter Highlights

3rd quarter 2016

- Awilco LNG reported:
 - Net freight income of MUSD 7.8 MUSD 7.2 in Q2 2016
 - EBITDA of MUSD 4.6 MUSD 4.2 in Q2 2016
 - Net profit/(loss) of MUSD (4.2) MUSD (11.5) in Q2 2016
- 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.
- Vessel utilisation of 80 %, compared to 76 % in Q2 2016 (trading vessels)



Q3 2016 Income statement

USD million	Q3'16	Q2'16	2015
Freight income	8.4	8.3	37.4
Voyage related expenses	(0.7)	(1.1)	(4.9)
Net freight income	7.8	7.2	32.5
Operating expenses	(2.2)	(2.3)	(12.7)
Administration expenses	(0.9)	(0.7)	(4.0)
EBITDA	4.6	4.2	15.8
Depreciation	(2.9)	(3.4)	(16.6)
Impairment	-	(6.6)	(11.5)
Net finance	(5.9)	(5.8)	(24.0)
Profit/(loss) before tax	(4.2)	(11.5)	(36.3)
Tax	-	-	-
Profit/(loss)	(4.2)	(11.5)	(36.3)



Q3 2016 Balance sheet

USD million	30.09.16	30.06.16	31.12.15
Vessels	374.7	377.6	422.5
Other non-current assets	0.1	0.1	0.1
Total non-current assets	374.8	377.7	422.6
Trade receivables	2.6	3.0	2.5
Other short term assets	4.0	4.6	3.1
Cash	34.5	5.7	17.3
Total current assets	41.1	13.2	22.8
Vessels held for sale	-	32.2	-
Total assets	415.9	423.1	445.5
Total equity	135.3	139.5	155.6
Long-term interest bearing debt	262.6	266.1	272.8
Other non-current liabilities	0.3	0.3	0.2
Non-current liabilities	262.9	266.4	273.0
Short-term interest bearing debt	13.5	13.3	12.8
Other current liabilities	4.2	4.0	4.1
Total current liabilities	17.8	17.3	16.9
Total equity and liabilities	415.9	423.1	445.5



Q3 2016 Cash flow

USD million	Q3'16	Q2'16	2015
Cash Flows from Operating Activities:			
Profit/(loss) before taxes	(4.2)	(11.5)	(36.3)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	5.8	5.8	24.1
Depreciation, amortisation and impairment	2.9	10.0	28.1
Trade receivables, inventory and other short term assets	0.9	(0.3)	(0.2)
Accounts payable, accrued exp. and deferred revenue	0.2	-	(4.0)
Net cash provided by / (used in) operating activities	5.7	3.9	11.8
Cash Flows from Investing Activities:			
Investment in vessels / sale of vessels	32.2	-	17.4
Proceeds from sale of other fixed assets	-	-	0.1
Net cash provided by / (used in) investing activities	32.2	-	17.5
Cash Flows from Financing Activities:			
Repayment of borrowings	(3.3)	(3.2)	(10.7)
Interest and borrowing costs paid	(5.8)	(5.8)	(22.1)
Net cash provided by / (used in) financing activities	(9.0)	(9.0)	(32.8)
Net changes in cash and cash equivalents	28.8	(5.1)	(3.5)
Cash and cash equivalents at start of period	5.7	10.8	20.8
Cash and cash equivalents at end of period	34.5	5.7	17.3

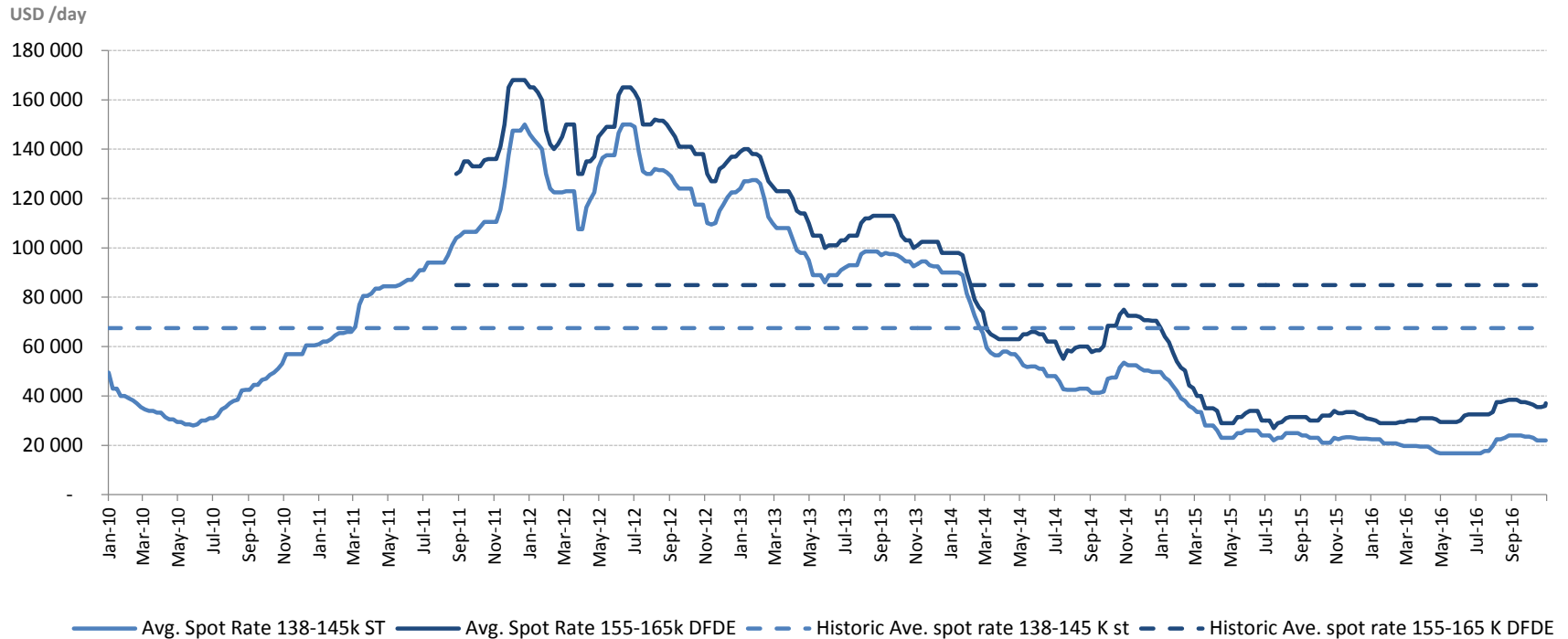


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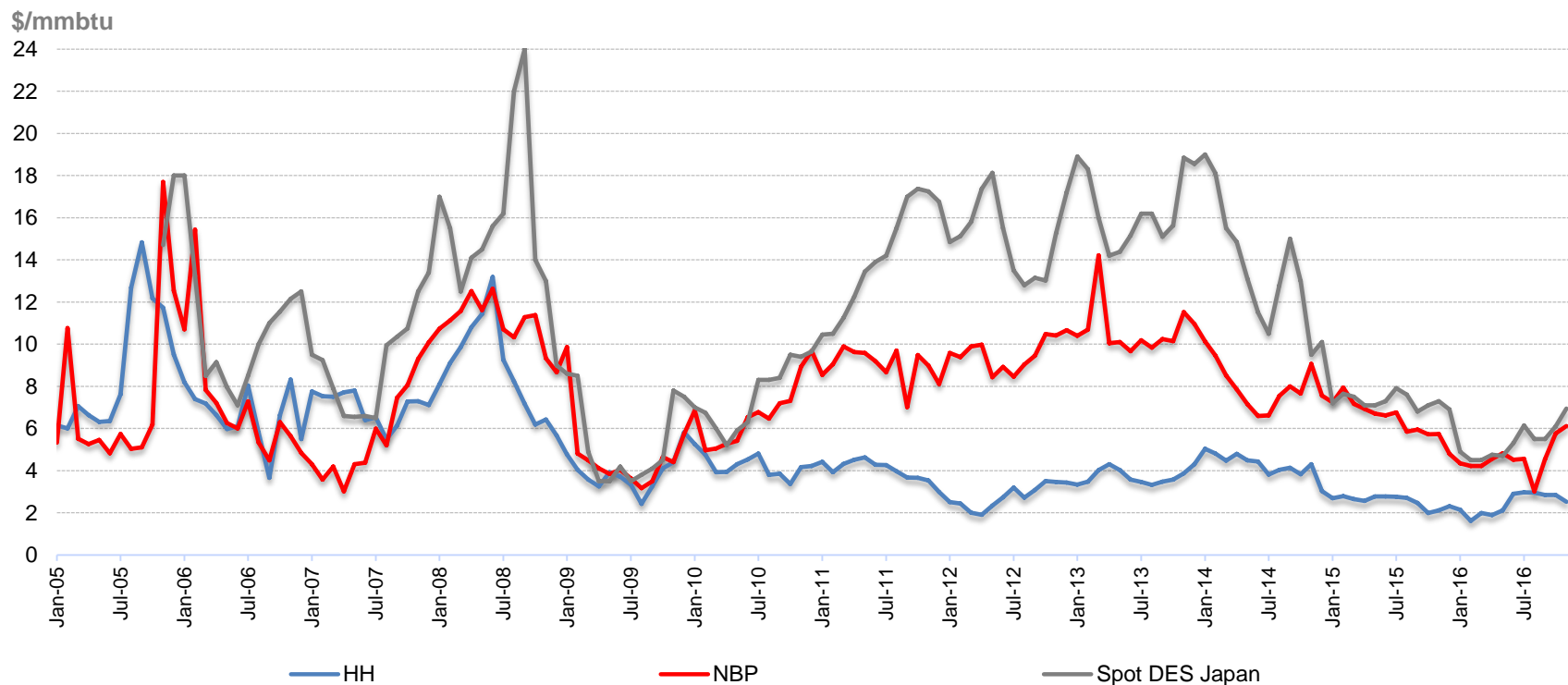
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LNG rates



- Activity and rates came off at the end of Q3 but rates still remained at a higher level than seen for 18 months
- Flurry of activity so far in Q4, with at least 10 vessels fixed on 6 – 36 months charter and 4 vessels for long term (+7 years)
- From November Sabine producing with 2 trains – high demand in East improving ton-mile
- Freight rates have improved but still far below historical average and profitable territory

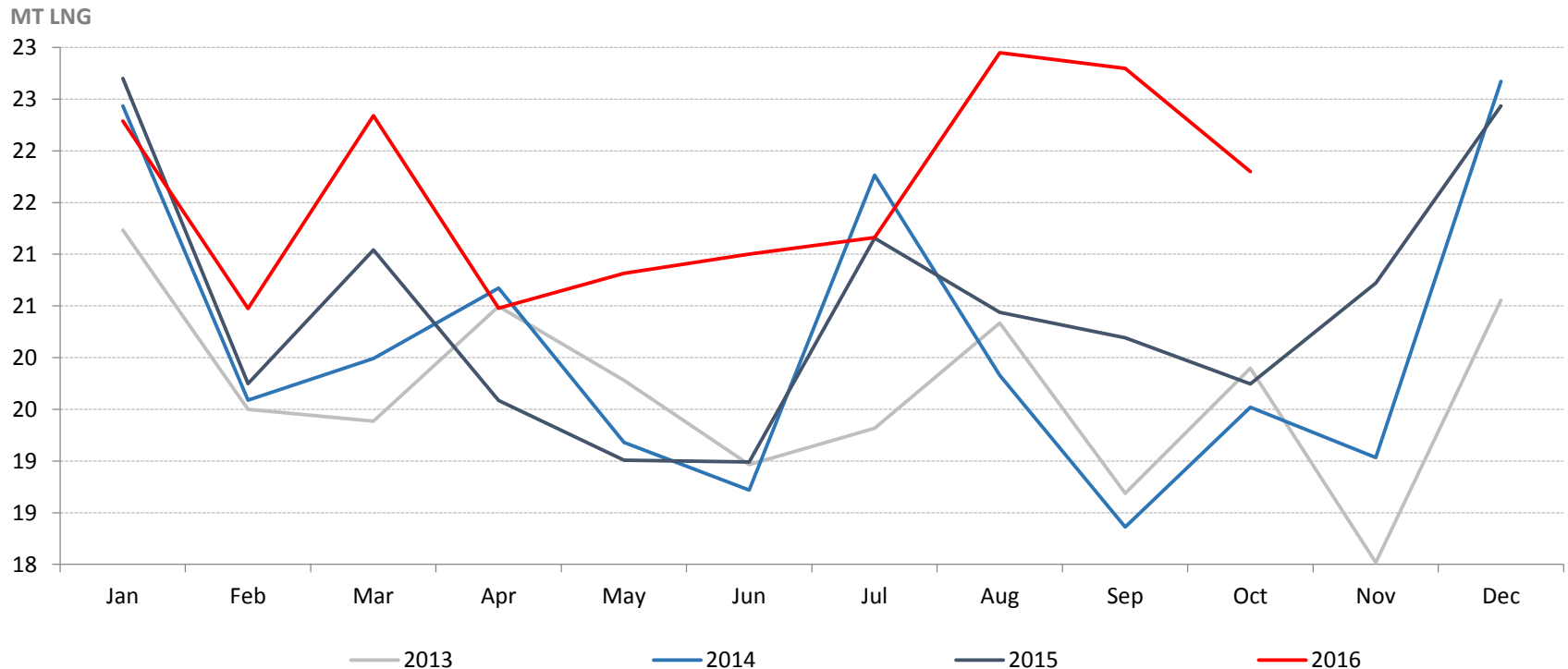
Gas price



- Gas price in Far East and Europe continued to rise in Q3 and in Q4 while HH price is coming off
- US LNG is now starting to exploit the arbitrage USA – Far East improving ton-mile

Source: Clarksons Platou

Monthly global LNG trade

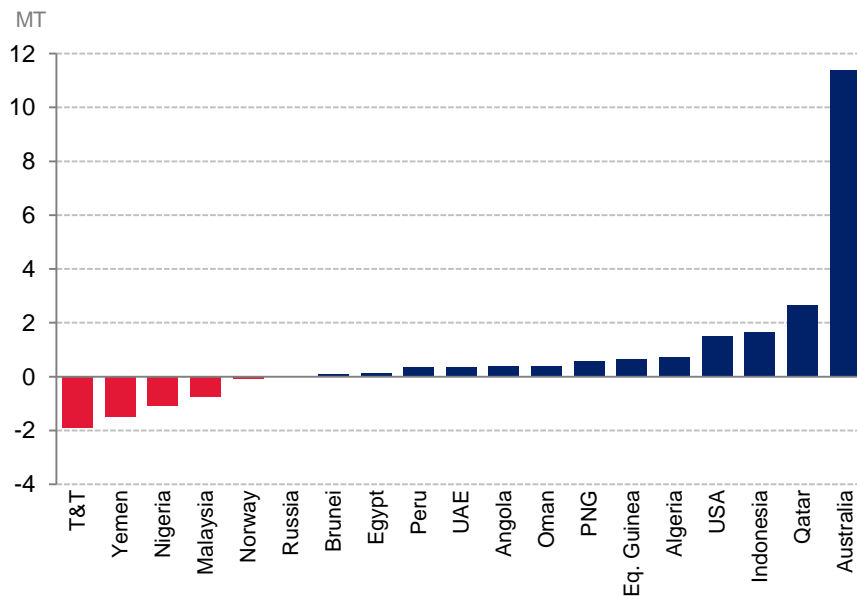


- As of end October global LNG trade is up abt 7.5% yoy or about 15 MT
- Seasonality is still valid in LNG trading, but new production capacity starting up is lifting volumes

Source: Clarksons Platou

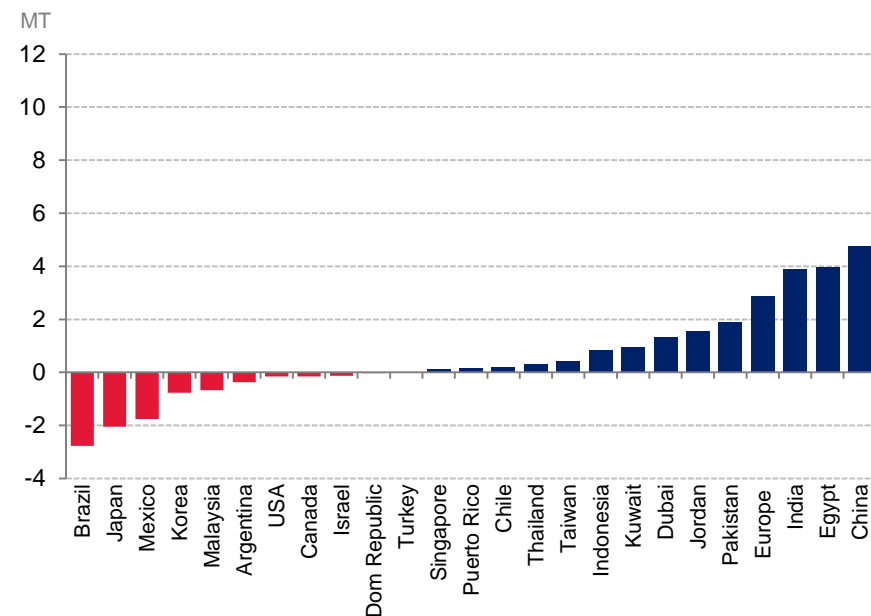
LNG trade

LNG export yoy end October



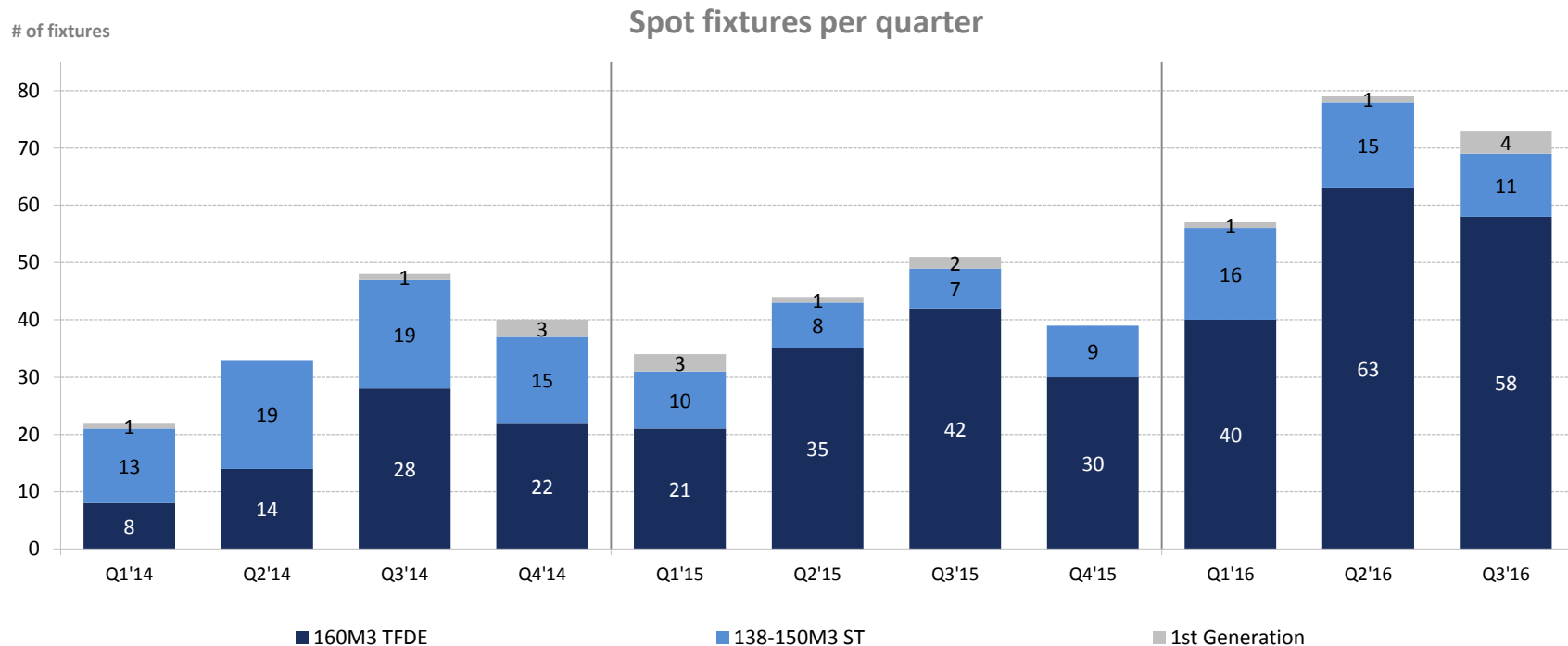
- LNG production increased by 7.5% first 9 months 2016 compared to same period last year
- New Australian LNG is materialising, US has just started

LNG import yoy end October



- China, India and Egypt showing continued strong demand
- Europe is price sensitive and has massive capacity
- Japan is down YOY but up in October

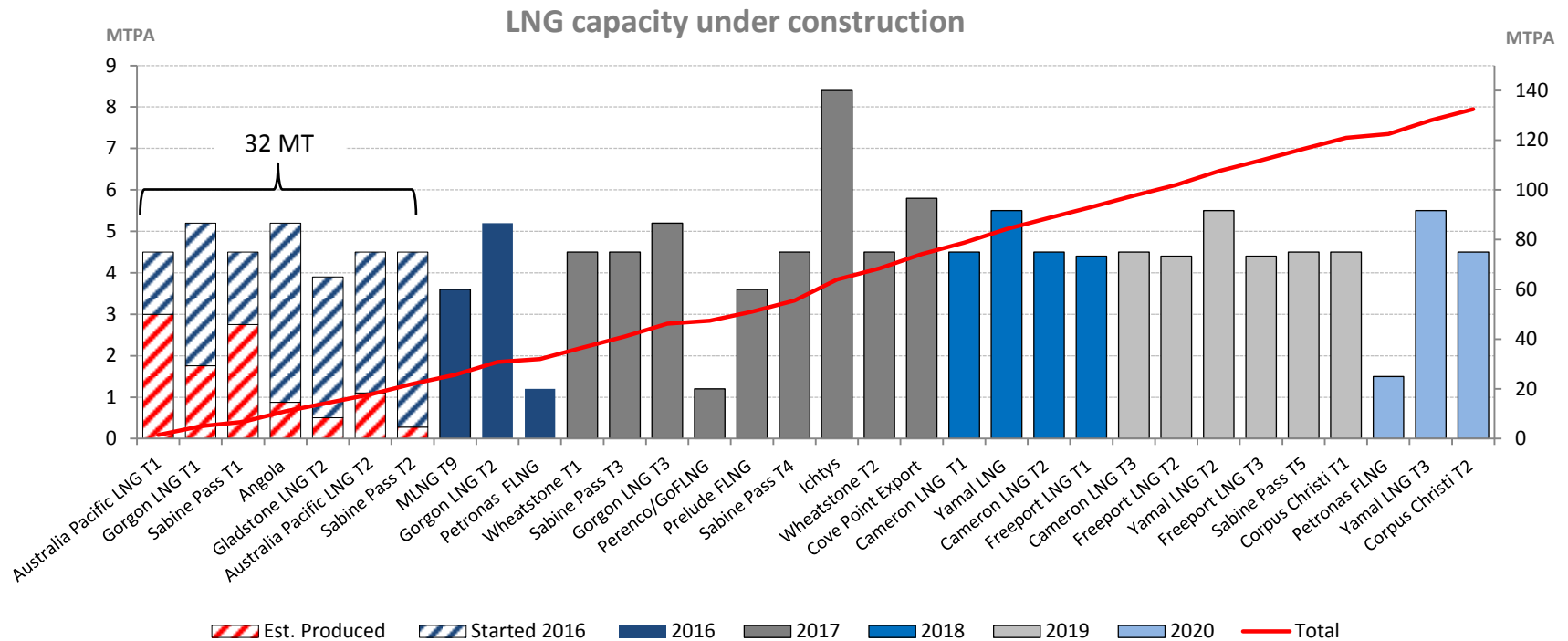
LNG spot market



- Increased production, new buyers and short term trading is increasing number of spot fixtures substantially
- Number of spot fixtures increased by 62% YTD and more than doubled since 2014!
- LNG is on the verge of becoming a fully commercially traded commodity

Source: Pareto Sec.

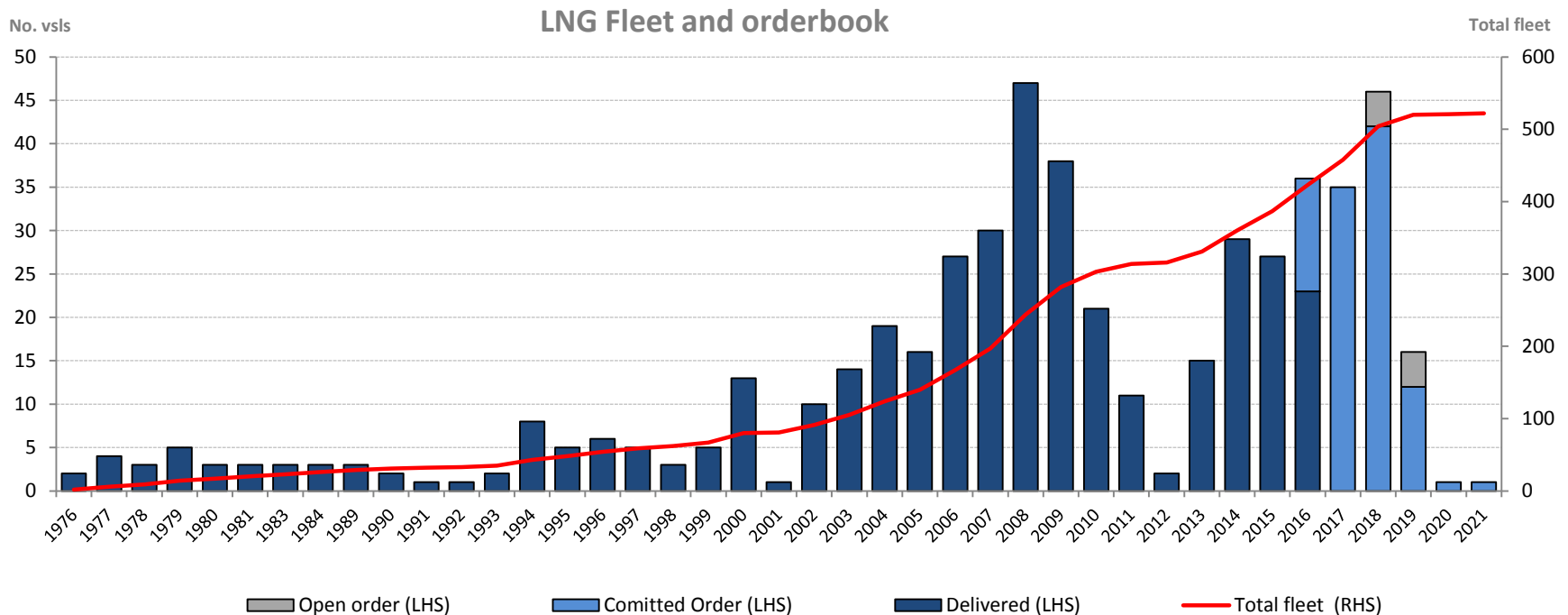
LNG production



- About 32 MTPA of new production capacity has been added first 9 months 2016 and another 10MTPA due
- Ramp up operations take time - only 10 MT has been produced by these trains
- Full effect on the market will come
- Expect for Angola, most of the startups have been pretty much on schedule

Source: Clarksons Platou

LNG fleet and orderbook



- Orderbook for 2016 was 41 vessels
- 23 vessels delivered YTD, 13 vessels scheduled for delivery 2016 – but further delays expected
- Orderbook as of end Q3 2016 was 115 LNG carriers, only 8 available for contract from 2018 onwards
- 5 newbuildings placed in 2016 vs 20 for same period last year

Source: Fearnley LNG

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Summary

- The market has turned
 - Activity and rates came off shortly in October but on the rise again
 - Flurry of activity for short TC, Charterers taking advantage of depressed rates
 - Only a handful of independent owners left with spot trading ships

- 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 and limited finance available
 - Very few newbuildings available
 - 17 % of existing fleet is built prior to 2000 and is smaller and inefficient and likely to struggle

- Improving market – but will be volatile
 - Seasonal variations
 - Newbuilding delivery schedules
 - Fluctuating ton-mile due to price variations



Awilco LNG – summary

- Sale of 2nd gen vessels secures solid cash position
- Soft earnings and utilisation on WilPride in 2016, expect improving with firmer market going forward
- WilForce redelivering from TC into improving market
- With two modern TFDE vessels available from 2017 ALNG is perfectly positioned for the improving market
- ✓ Awilco LNG is the only listed player with focused LNG spot market exposure

Q&A

A Pure Play LNG Transportation Provider





Jon Skule Storheill

CEO

Mobile: +47-9134 4356

E-mail: jss@awilcolng.no

Snorre Krogstad

CFO

Mobile: +47-9085 8393

E-mail: ssk@awilcolng.no