



Q2 2017

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Company overview



Awilco LNG is a fully integrated 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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2nd quarter highlights

2nd quarter 2017

- Awilco LNG reported:

– Net freight income of	MUSD 1.0	MUSD 0.8 in Q1 2017
– EBITDA of	MUSD (1.8)	MUSD (2.0) in Q1 2017
– Net profit/(loss) of	MUSD (10.1)	MUSD (10.4) in Q1 2017
- Vessel utilisation of 83 %, compared to 41 % in Q1 2017
- Renegotiated financial lease with Teekay LNG Partners L.P. (Teekay LNG), introducing flexibility, extending maturity and deferring bareboat payments, with effect from July 2017
- Private placement MUSD 25.4 completed

Subsequent events

- Repair offering MUSD 1.4 completed in July
- Vessel utilisation Q3 of 92 % (preliminary)



Refinancing

Deferral of charter hire

- Front loaded reduction in BB rate payable to Teekay providing significantly lower cash breakeven
- Rate reduced from current level of USD 49,100 per day to:
 - USD 28,500 per day first 9 months
 - USD 33,500 per day subsequent 12 months
 - USD 38,500 per day last 9 months
- Deferred amounts, total of MUSD 28.5, payable at maturity year-end 2019
- Cash sweep mechanism introduced to reduce deferred amounts*

Charter period extended and flexible

- Bareboat charters for both vessels extended to 31 December 2019
- Rolling options for early termination and refinancing of vessels at any time before maturity
- Purchase obligations of MUSD 113.3 and MUSD 114.5 per vessel at maturity (excl deferred hire)
- No financial covenants except for dividend restrictions

Equity raised

- MUSD 26.8 new equity raised (gross)
- Re-establishes a robust financial platform for the Company

Awilco LNG is fully financed to 2020 - renegotiated flexible lease agreement with Teekay and new equity provides bridge to full market recovery

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Q2 2017 income statement

USD million	Q2'17	Q1'17	2016
Freight income	2.6	2.5	34.8
Voyage related expenses	(1.6)	(1.6)	(2.8)
Net freight income	1.0	0.8	32.0
Operating expenses	(1.9)	(1.9)	(8.7)
Administration expenses	(0.9)	(0.9)	(3.5)
EBITDA	(1.8)	(2.0)	19.8
Depreciation	(2.9)	(2.9)	(12.9)
Impairment	-	-	(6.6)
Net finance	(5.4)	(5.5)	(23.2)
Profit/(loss) before tax	(10.1)	(10.4)	(22.8)
Tax	-	-	-
Profit/(loss)	(10.1)	(10.4)	(22.8)



Q2 2017 balance sheet

USD million	30.06.17	31.03.17	31.12.16
Vessels	368.6	369.2	371.8
Other non-current assets	0.1	0.1	0.1
Total non-current assets	368.7	369.3	371.9
Trade receivables	0.8	-	0.6
Other short term assets	4.3	5.2	5.8
Cash	34.7	19.4	30.0
Total current assets	39.8	24.6	36.4
Total assets	408.4	393.9	408.4
Total equity	137.0	122.4	132.8
Long-term interest bearing debt	265.9	255.4	259.0
Other non-current liabilities	2.4	0.3	0.3
Non-current liabilities	268.2	255.7	259.3
Short-term interest bearing debt	0.2	14.1	13.8
Other current liabilities	2.0	1.7	2.5
Total current liabilities	3.2	15.8	16.3
Total equity and liabilities	408.4	393.9	408.4



Q2 2017 cash flow

USD million	Q2'17	Q1'17	2016
Cash Flows from Operating Activities:			
Profit/(loss) before taxes	(10.1)	(10.4)	(22.8)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	5.5	5.5	23.2
Depreciation, amortisation and impairment	2.9	2.9	19.5
Trade receivables, inventory and other short term assets	(1.2)	1.2	1.3
Accounts payable, accrued exp. and deferred revenue	1.4	(0.9)	(1.5)
Net cash provided by / (used in) operating activities	(1.4)	(1.6)	19.6
Cash Flows from Investing Activities:			
Investment in vessels / sale of vessels	(0.3)	(0.3)	32.1
Net cash provided by / (used in) investing activities	(0.3)	(0.3)	32.1
Cash Flows from Financing Activities:			
Gross proceeds from equity issue	25.4	-	-
Transaction costs of equity issue	(0.7)	-	-
Repayment of borrowings	(2.3)	(3.3)	(13.9)
Interest and borrowing costs paid	(5.5)	(5.5)	(25.1)
Net cash provided by / (used in) financing activities	17.0	(8.7)	(39.0)
Net changes in cash and cash equivalents	15.3	(10.7)	12.7
Cash and cash equivalents at start of period	19.4	30.0	17.3
Cash and cash equivalents at end of period	34.7	19.4	30.0

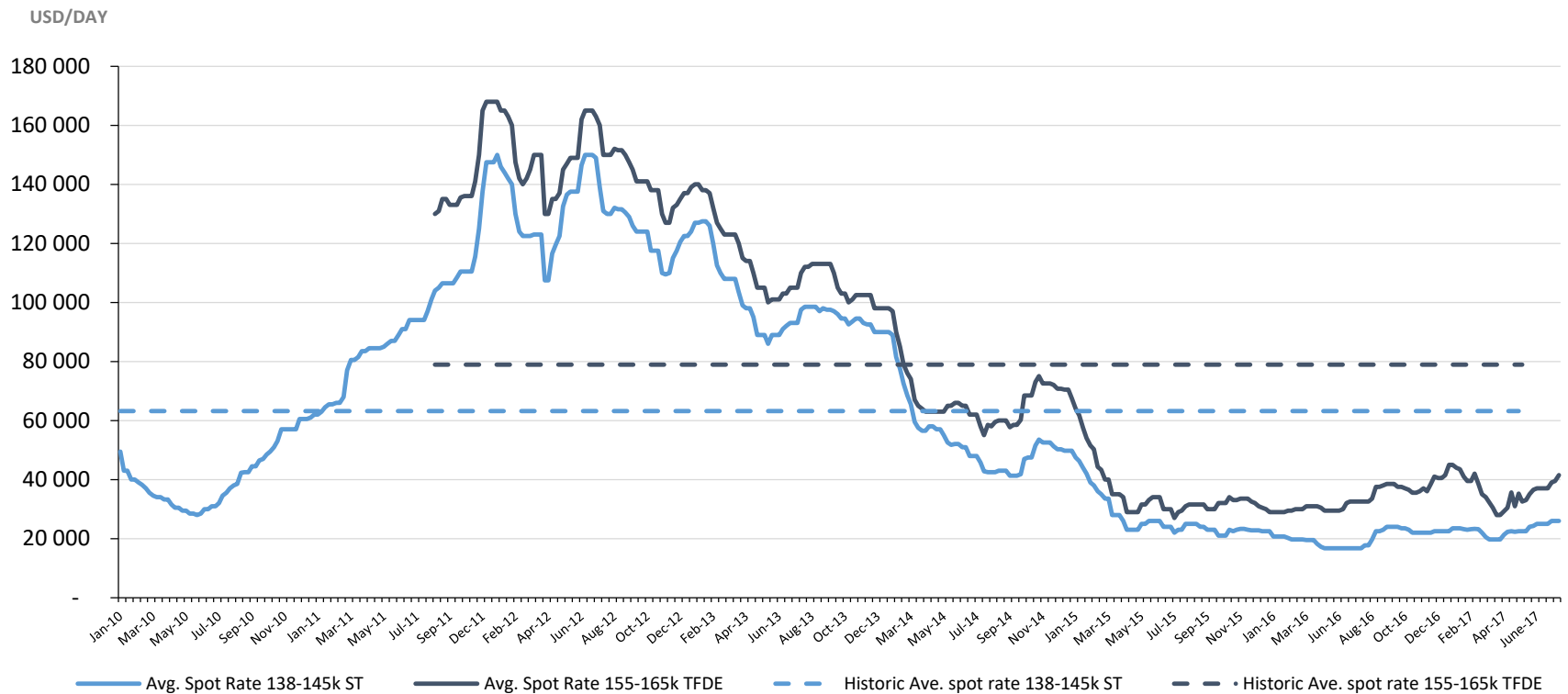


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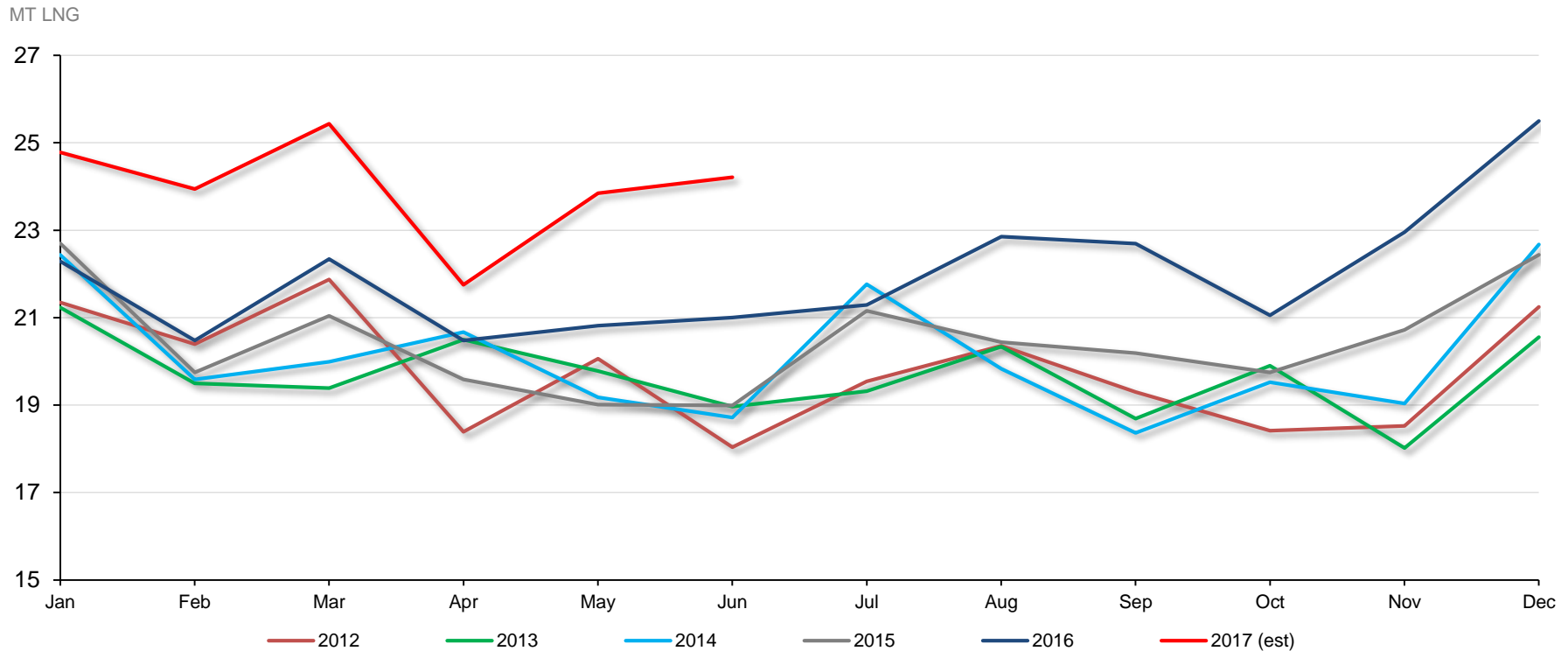
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LNG rates



- After a disappointing start of the year, activity and rates improved throughout Q2, and has continued to firm in Q3
- Ballast bonus contribution also increasing – last ALNG vessel fixed on full round trip basis + positioning payment

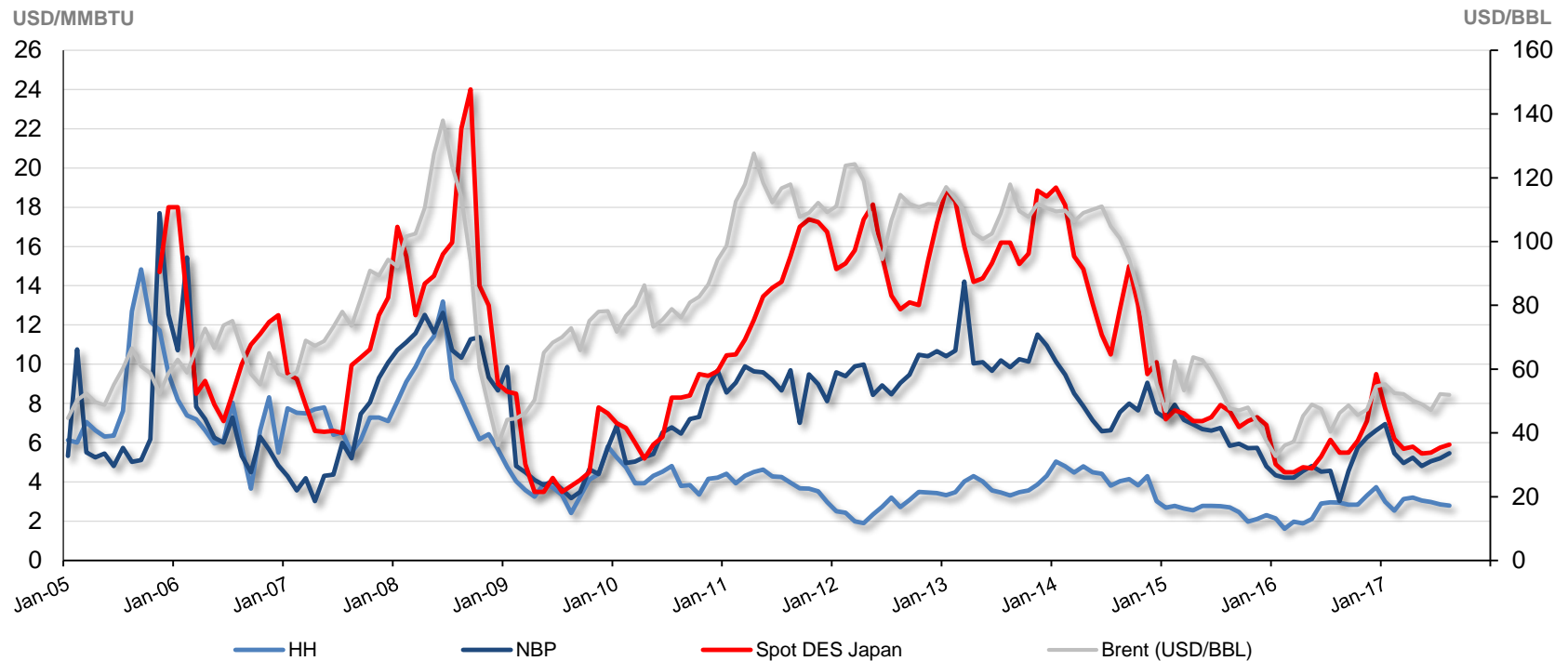
Monthly global LNG trade



- Global LNG trade up by 13 % 1H 2017 compared to same period last year
- Increased volumes from ramp-up of plants started in 2016, in addition to new capacity coming on line in 2017
- The uncertain political situation in the Middle East has not impacted trade
- Seasonality is still valid in LNG trading, but new production capacity is lifting volumes across the year

Source: Clarksons Platou

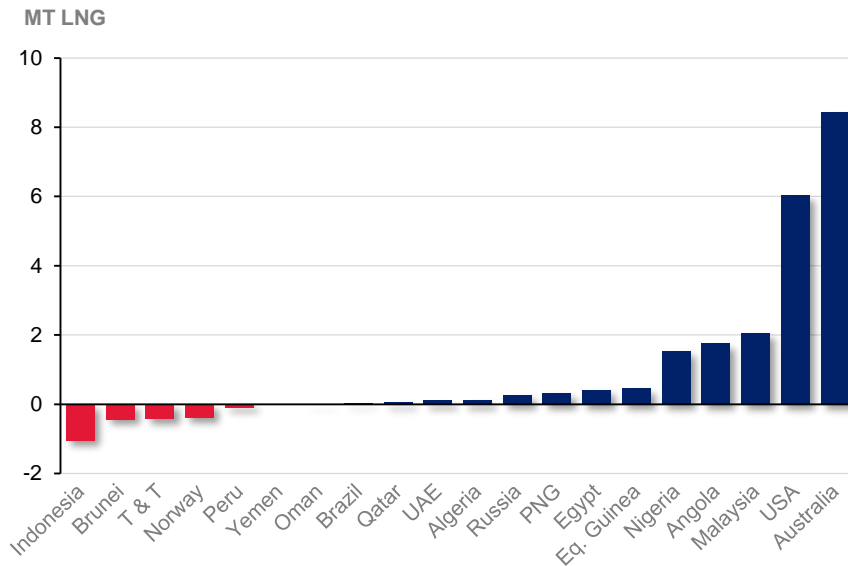
Gas price



- The falling gas price trend stopped during the quarter
- Europe – Far East arbitrage still closed leading to few re-loads
- The low Henry Hub gas price drives exports from US to Far East, improving ton-mile
 - Big 3 importers Japan, Korea and China all buying US LNG

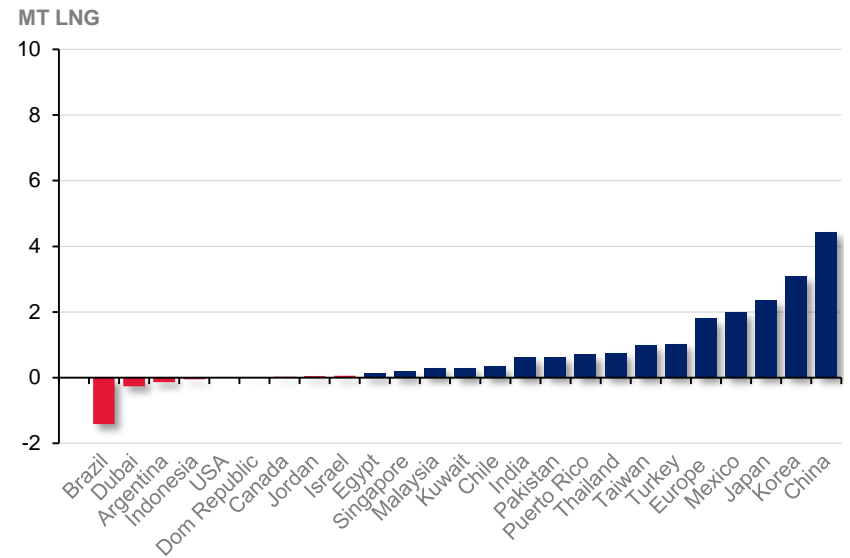
LNG trade

LNG exports YoY June 2017 YTD



- LNG exports increased by 13 % YoY
- Australian and US ramp-up is continuing the increasing trend, and will do so for a while
- The uncertain political situation in the Middle East did not impact Qatari volumes in 1H

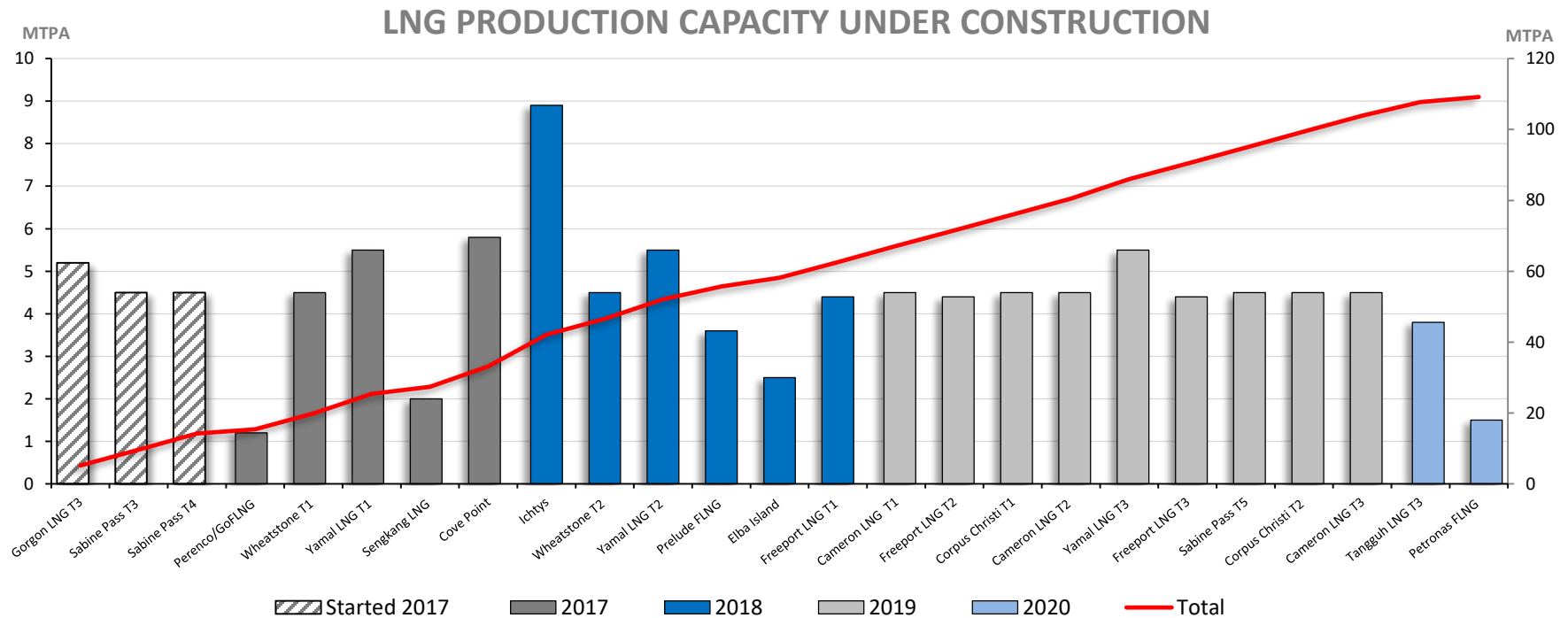
LNG imports YoY June 2017 YTD



- China imports are up 45 % YTD (July), and the trend is likely to continue following announcement of doubling of import capacity by 2025
- The Japanese and Korean declining trend has turned, Korean July imports were up 42 % YoY
- Europe is increasing, and has massive untapped import capacity

Source: Clarksons Platou, Arctic Securities, Reuters

LNG production

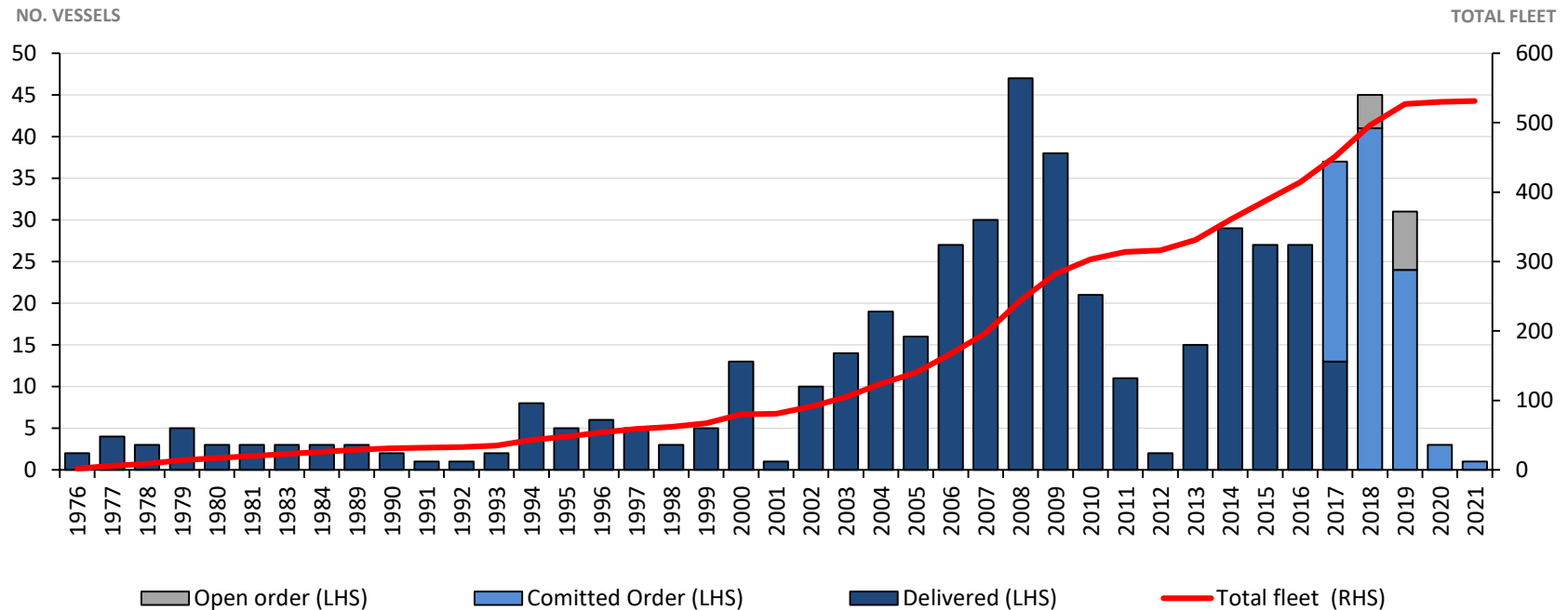


- Ramp-up takes about 6 months - full effect of 2016 capacity increase through 2017
- Gorgon T3 and Sabine Pass T3 completed by the end of Q1, while Sabine Pass T4 commenced production in August
- No material impact reported on Sabine Pass or Corpus Christi from Hurricane Harvey

Source: Clarksons Platou, Poten & Partners, Company presentations

LNG fleet and orderbook

LNG FLEET AND ORDERBOOK



- Total fleet of 429 LNGC above 125' cbm (of which 24 laid up)
- 13 vessels delivered 1H 2017, a further 23 scheduled for delivery in 2017, although delays may be expected
 - At the start of the year, 43 vessels were scheduled for delivery in 2017 – slippage already evident
- Eight newbuildings ordered 1st half 2017
- Orderbook at 104 vessels, of which 11 available (Flex x6, BW x2, Maran x2, GasLog x1)

Source: Fearnley LNG

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Summary

- Firming market, but still seasonal and volatile
 - Improvement in rates, activity and ballast bonuses in Q2, further improvement in Q3 and is expected to continue firming going forward
 - As the LNG production capacity increases, fleet overcapacity will gradually be absorbed
 - Big 3 China, Korea and Japan all showing increasing appetite for LNG
- Mid- and long-term demand for LNG transportation remains strong
 - We are at the start of the biggest increase of LNG volumes in history
 - Very few long term charters and limited financing, resulting in restrained newbuilding activity
 - Very few uncommitted newbuildings
 - 15 % of existing fleet is built prior to 2000, is smaller and inefficient
- Agreement with Teekay significantly reduces ALNG cash break even, rolling purchase options
- Awilco LNG is fully financed to 2020, and is ideally positioned for taking advantage of improving market



Q&A

A Fully Integrated Pure Play LNG Transportation Provider





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