



Q3  
2017

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17/11/17

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# Company overview



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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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# 3<sup>rd</sup> quarter highlights

## 3<sup>rd</sup> quarter 2017

- Awilco LNG reported:

– Net freight income of	MUSD 4.4	MUSD 1.0 in Q2 2017
– EBITDA of	MUSD 1.2	MUSD (1.8) in Q2 2017
– Net profit/(loss) of	MUSD (6.8)	MUSD (10.1) in Q2 2017
- Vessel utilisation of 88 %, compared to 83 % in Q2 2017
- Reduced bareboat payments to Teekay LNG Partners L.P. (Teekay LNG) with effect from July 2017
- Repair offering MUSD 1.4 completed



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# Q3 2017 income statement

USD million	Q3'17	Q2'17	2016
Freight income	5.7	2.6	34.8
Voyage related expenses	(1.3)	(1.6)	(2.8)
<b>Net freight income</b>	<b>4.4</b>	<b>1.0</b>	<b>32.0</b>
Operating expenses	(2.2)	(1.9)	(8.7)
Administration expenses	(0.9)	(0.9)	(3.5)
<b>EBITDA</b>	<b>1.2</b>	<b>(1.8)</b>	<b>19.8</b>
Depreciation	(3.2)	(2.9)	(12.9)
Impairment	-	-	(6.6)
<b>Net finance</b>	<b>(4.8)</b>	<b>(5.4)</b>	<b>(23.2)</b>
<b>Profit/(loss) before tax</b>	<b>(6.8)</b>	<b>(10.1)</b>	<b>(22.8)</b>
Tax	-	-	-
<b>Profit/(loss)</b>	<b>(6.8)</b>	<b>(10.1)</b>	<b>(22.8)</b>



# Q3 2017 balance sheet

USD million	30.09.17	30.06.17	31.12.16
Vessels	366.3	368.6	371.8
Other non-current assets	-	0.1	0.1
<b>Total non-current assets</b>	<b>366.3</b>	<b>368.7</b>	<b>371.9</b>
Trade receivables	1.4	0.8	0.6
Other short term assets	4.2	4.3	5.8
Cash	30.4	34.7	30.0
<b>Total current assets</b>	<b>36.0</b>	<b>39.8</b>	<b>36.4</b>
<b>Total assets</b>	<b>402.2</b>	<b>408.4</b>	<b>408.4</b>
<b>Total equity</b>	<b>131.6</b>	<b>137.0</b>	<b>132.8</b>
Long-term interest bearing debt	264.9	265.9	259.0
Other non-current liabilities	2.3	2.4	0.3
<b>Non-current liabilities</b>	<b>267.2</b>	<b>268.2</b>	<b>259.3</b>
Short-term interest bearing debt	1.5	0.2	13.8
Other current liabilities	2.0	3.0	2.5
<b>Total current liabilities</b>	<b>3.5</b>	<b>3.2</b>	<b>16.3</b>
<b>Total equity and liabilities</b>	<b>402.2</b>	<b>408.4</b>	<b>408.4</b>





# Q3 2017 cash flow

USD million	Q3'17	Q2'17	2016
<b>Cash Flows from Operating Activities:</b>			
Profit/(loss) before taxes	(6.8)	(10.1)	(22.8)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	5.5	5.5	23.2
Depreciation, amortisation and impairment	3.2	2.9	19.5
Trade receivables, inventory and other short term assets	(0.5)	(1.2)	1.3
Accounts payable, accrued exp. and deferred revenue	(1.1)	1.4	(1.5)
Net cash provided by / (used in) operating activities	0.4	(1.4)	19.6
<b>Cash Flows from Investing Activities:</b>			
Investment in vessels / sale of vessels	(0.8)	(0.3)	32.1
Net cash provided by / (used in) investing activities	(0.8)	(0.3)	32.1
<b>Cash Flows from Financing Activities:</b>			
Gross proceeds from equity issue	1.4	25.4	-
Transaction costs of equity issue	(0.1)	(0.7)	-
Repayment of borrowings	-	(2.3)	(13.9)
Interest and borrowing costs paid	(5.2)	(5.5)	(25.1)
Net cash provided by / (used in) financing activities	(3.9)	17.0	(39.0)
Net changes in cash and cash equivalents	(4.3)	15.3	12.7
Cash and cash equivalents at start of period	34.7	19.4	17.3
Cash and cash equivalents at end of period	30.4	34.7	30.0

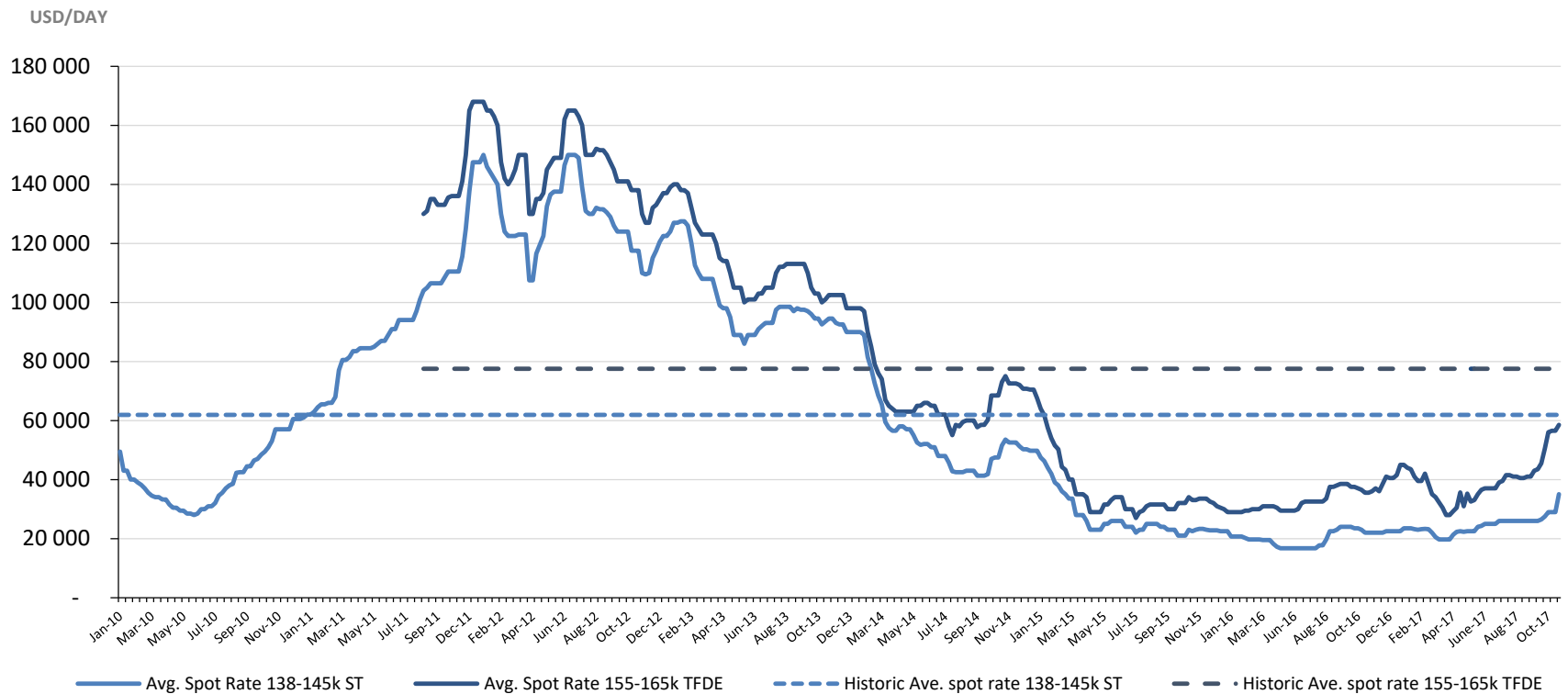


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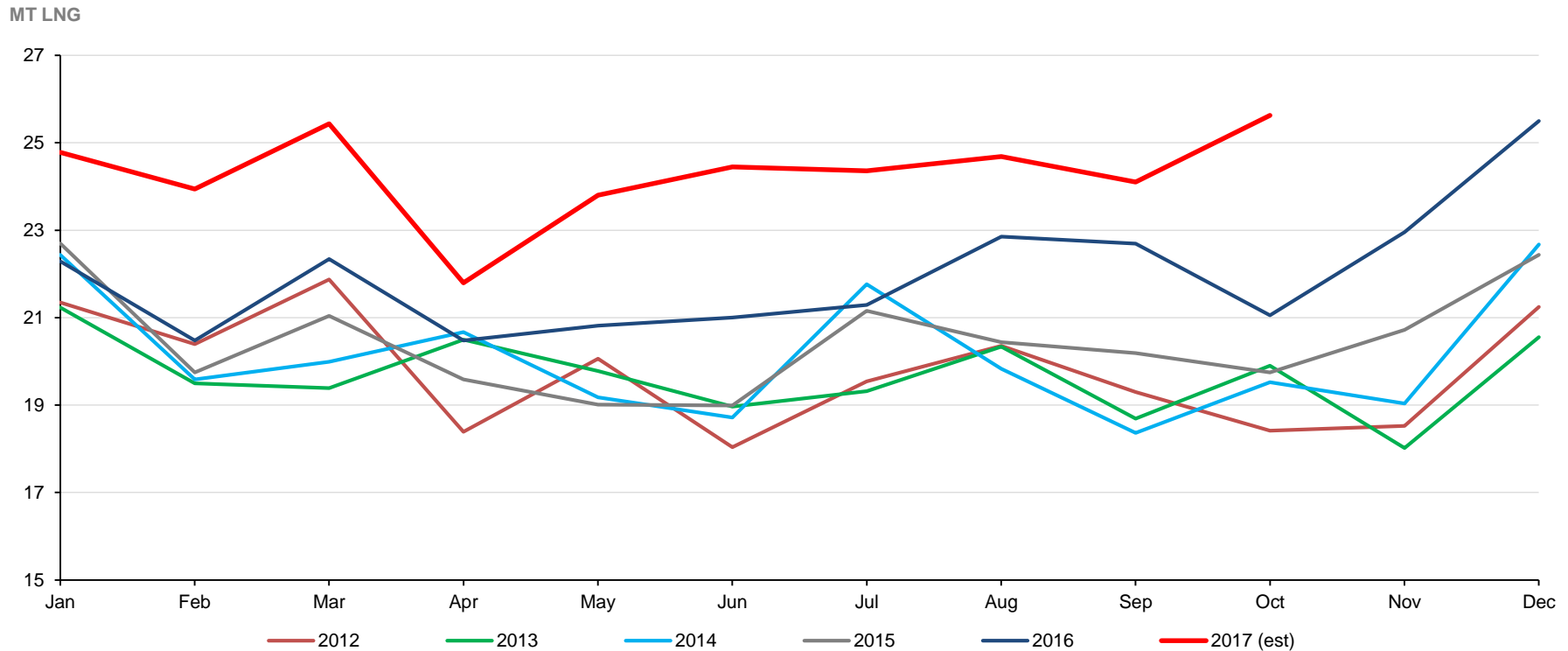
# LNG rates



- Utilisation and rates have improved throughout the year, and the strong momentum continues towards winter
- Average fixture duration doubling in September compared to 1<sup>st</sup> half 2017, from 26 to 49 days, mainly due to increased US – Far East trade
- At historical average spot rates, ALNG annual EBITDA MUSD 42 (estimate)

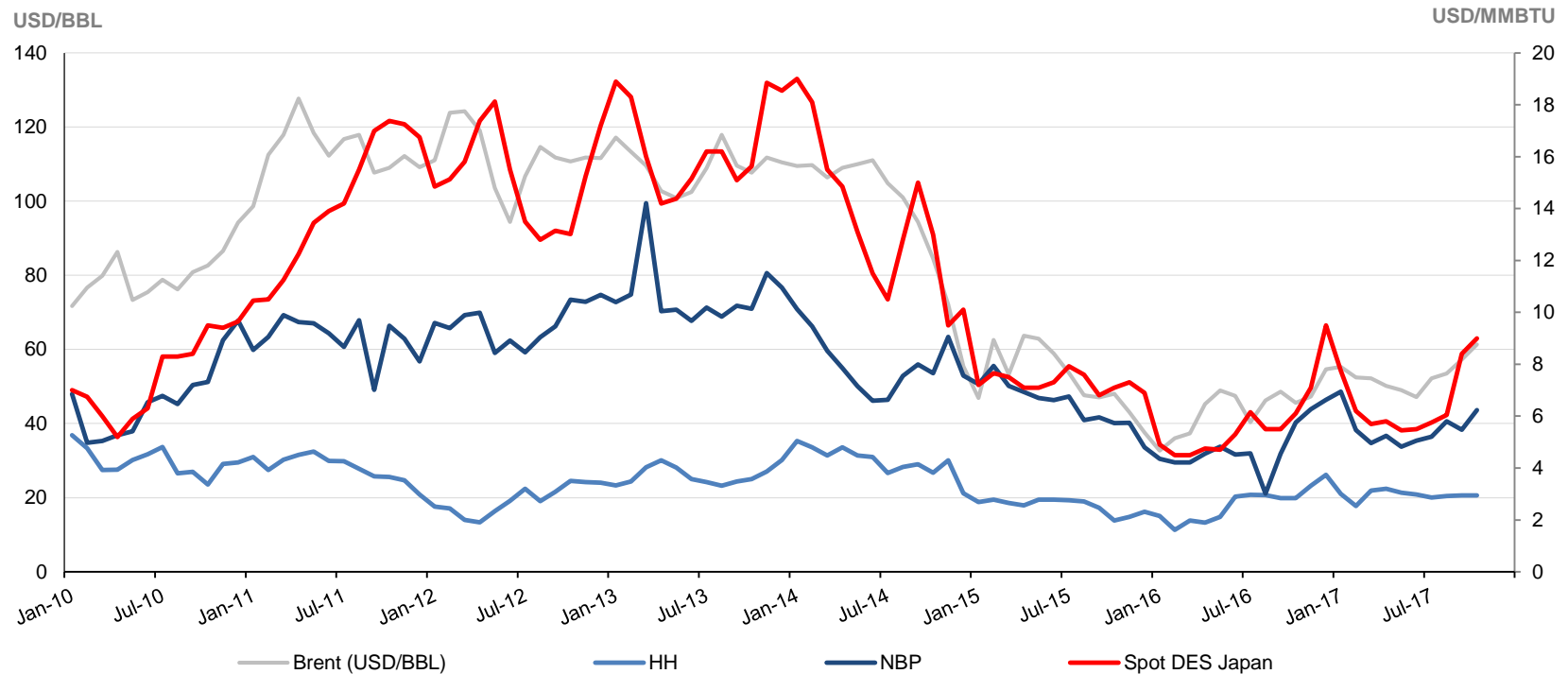
Source: Fearnley LNG, Poten

# Monthly global LNG trade



- Global LNG trade up by 13 % Oct YTD
- Increased volumes from ramp-up of plants started in 2016, in addition to new capacity coming on line in 2017
- Seasonality should be expected, but new production capacity is lifting volumes across the year

# Gas price

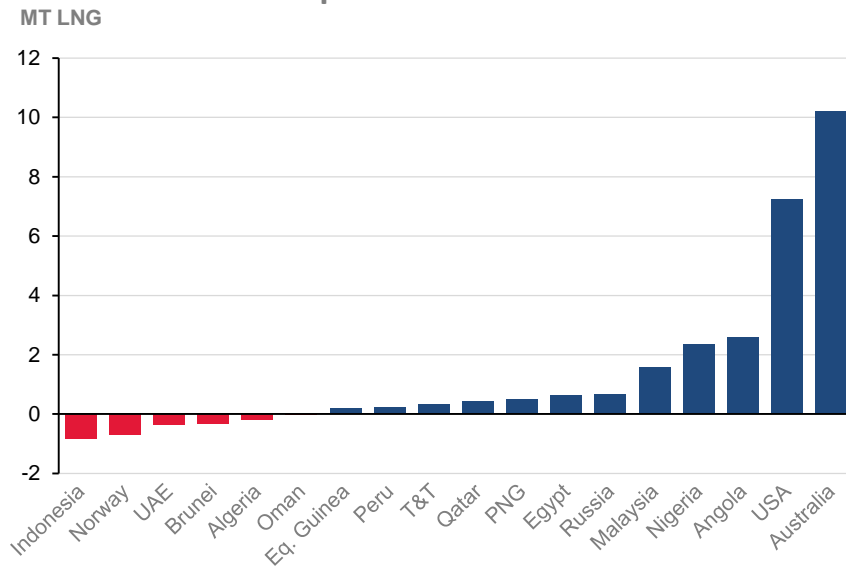


- Despite huge increase in LNG volumes, prices increasing – except US...
- Europe – Far East arbitrage open
- Spread Henry Hub vs ROW drives exports from US to Far East, in October approx. 80 % of US volumes headed to Asia, improving ton-mile

Source: Clarksons Platou, DNB

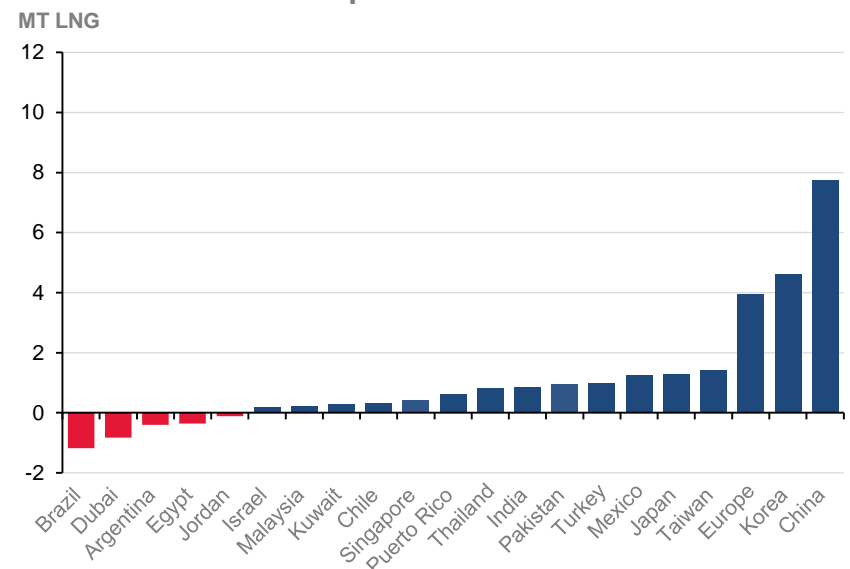
# LNG trade change

LNG EXPORT CHANGE  
September 2017 YTD



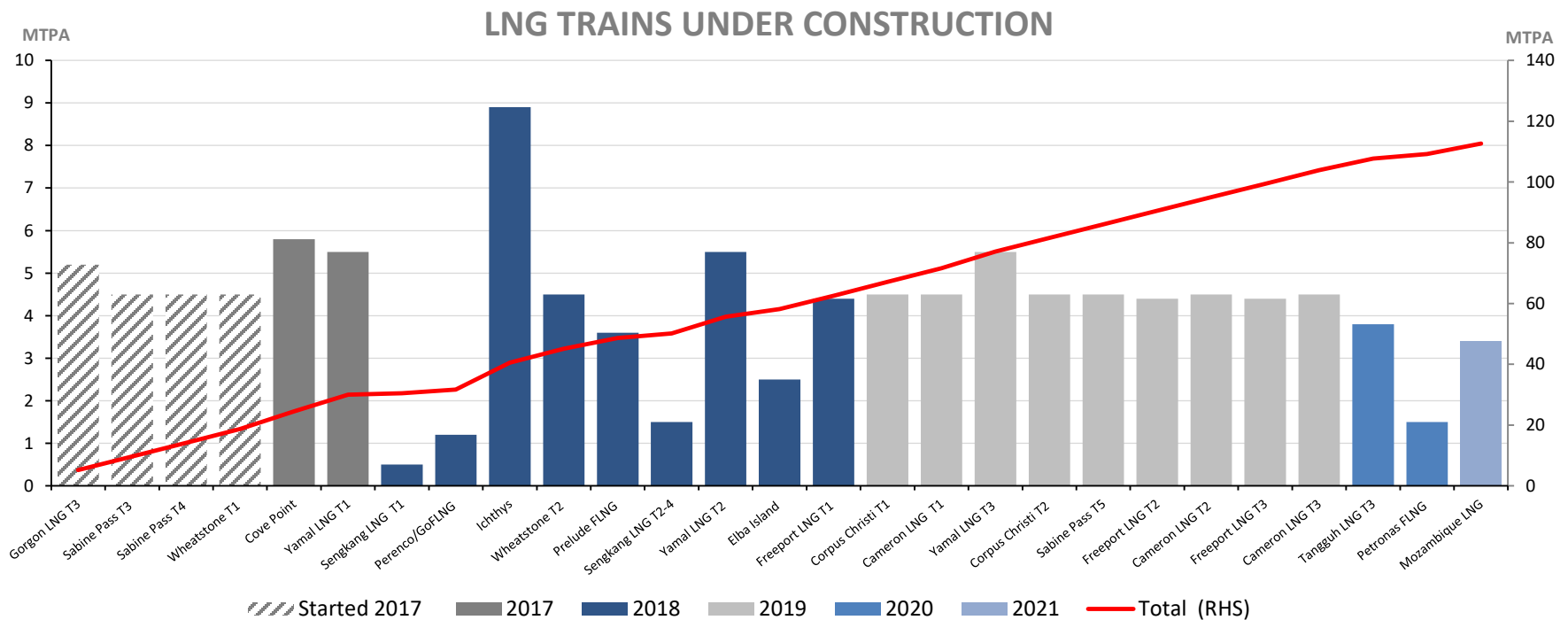
- LNG exports increased by 12 % Sept YTD
- New capacity in Australia and US materialising

LNG IMPORT CHANGE  
September 2017 YTD



- Imports to China and Korea up 43 % and 20 % YTD respectively on the back of policies to switch from coal and nuclear to gas
- Europe continue to increase, and has massive untapped import capacity

# LNG production

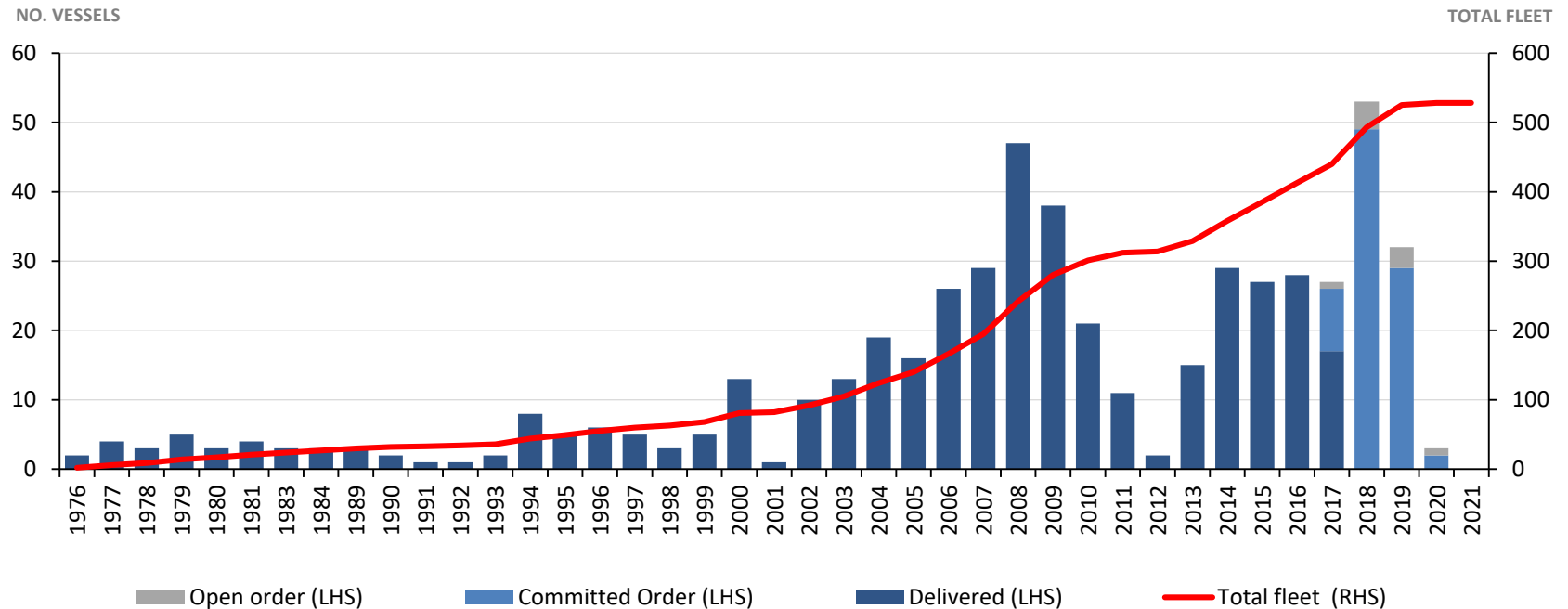


- 109 MTPA of new capacity starting 2017-2020, a 42 % increase from 2016 production at 263 MT
  - 2016: 36 MTPA new capacity
  - 2011 – 2015: on average 10 MTPA new capacity per year, but flat production
- Beyond 2020 an additional 219 MTPA in pre-FID with specified timeline, incl Qatar expansion 24 MTPA

Source: Clarksons Platou, Poten, Arctic Securities, Company presentations

# LNG fleet and orderbook

## LNG FLEET AND ORDERBOOK



- Total fleet of 430 LNGC above 125' cbm
  - 23 laid up, 81 vessels built before year 2000, 38 vessels < 130' cbm
- 17 vessels delivered YTD Sep 2017, a further 10 scheduled for delivery in Q4 2017 (vs expected 43 vessels at start of 2017)
- Restrained newbuilding ordering; eight newbuildings ordered in 2017, six in 2016
- Orderbook at 98 vessels, of which 9 available (Flex x6, BW x2, Maran x1)

Source: Fearnley LNG



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# Summary

- Market is improving
  - Improvement in rates, utilisation and ballast bonuses - expected to continue firming going forward
  - Vessels fixed in the USD 70's pd, levels not seen since 2014
  
- Mid- and long-term demand for LNG transportation remains strong
  - LNG is environmentally friendly, available and affordable
  - 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, smaller and inefficient
  
- Awilco LNG
  - Pure play fully integrated LNG transportation company with excellent operational track record
  - Open vessels in a firming market provides full exposure to increasing rates
  - Refinancing 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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