



Q4 2018

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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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4th quarter 2018 highlights

4th quarter 2018

Net freight income	MUSD 10.4	MUSD 7.4 in Q3 2018
EBITDA	MUSD 7.1	MUSD 3.8 in Q3 2018
Net profit/(loss)	MUSD (1.2)	MUSD (4.8) in Q3 2018

- Utilisation 84 % compared to 70 % previous quarter (excluding DD off-hire)
- TCE* USD 62,900 pd (USD 45,000 pd in Q3 2018), current CBE** of USD ~53,000 pd
- WilPride completed dry-docking, total cost of MUSD 3.6 and 20 off-hire days
- Good progress in ongoing discussions on LNG shipping consolidation

Full year 2018

Net freight income	MUSD 34.8	MUSD 13.6 in 2017
EBITDA	MUSD 22.4	MUSD 1.7 in 2017
Net profit/(loss)	MUSD (11.4)	MUSD (31.8) in 2017

- Vessel utilisation 80 % compared to 74 % in 2017

*TCE: net freight income divided by the number of calendar days minus off-hire days

**CBE: All-in cash break even in USD per day including operating expenses, administration expenses, dry-docking and financing costs (estimated)

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Q4 2018 income statement

USD million	Q4'18	Q3'18	2018	2017
Freight income	11.1	8.6	40.0	20.4
Voyage related expenses	(0.7)	(1.3)	(5.1)	(6.9)
Net freight income	10.4	7.4	34.8	13.6
Other income	-	4.0	4.0	-
Operating expenses	(1.9)	(6.7)	(12.5)	(7.9)
Administration expenses	(1.4)	(0.8)	(3.9)	(3.9)
EBITDA	7.1	3.8	22.4	1.7
Depreciation	(3.2)	(3.3)	(13.0)	(12.3)
Net finance	(5.1)	(5.3)	(20.9)	(21.2)
Profit/(loss) before tax	(1.2)	(4.8)	(11.4)	(31.8)
Tax	-	-	-	-
Profit/(loss)	(1.2)	(4.8)	(11.4)	(31.8)



Q4 2018 financial position

USD million	31.12.18	30.09.18	31.12.17
Vessels	362.1	360.9	363.9
Total non-current assets	362.1	360.9	363.9
Trade receivables	2.7	4.8	1.6
Other short term assets	6.1	8.4	5.1
Cash	22.5	24.3	29.0
Total current assets	31.4	37.4	35.7
Total assets	393.6	398.3	399.6
Total equity	115.6	116.8	127.0
Long-term interest bearing debt	-	258.6	263.9
Other non-current liabilities	0.3	2.3	2.3
Non-current liabilities	0.3	260.9	266.2
Short-term interest bearing debt	266.7	6.4	2.7
Other current liabilities	10.9	14.3	3.7
Total current liabilities	277.6	20.7	6.4
Total equity and liabilities	393.6	398.3	399.6



Q4 2018 cash flow

USD million	Q4'18	Q3'18	2018	2017
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	(1.2)	(4.8)	(11.4)	(31.8)
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	5.4	5.4	21.5	22.2
Depreciation, amortisation and impairment	3.2	3.3	13.0	12.3
Trade receivables, inventory and other short term assets	4.3	(4.1)	(2.2)	(1.6)
Accounts payable, accrued exp. and deferred revenue	(2.9)	5.6	5.7	1.1
Net cash provided by / (used in) operating activities	8.8	5.4	26.5	2.1
Cash Flows from Investing Activities:				
Investment in vessels / sale of vessels	(4.4)	(3.6)	(11.2)	(2.3)
Net cash provided by / (used in) investing activities	(4.4)	(3.6)	(11.2)	(2.3)
Cash Flows from Financing Activities:				
Gross proceeds from equity issue	-	-	-	26.8
Transaction costs of equity issue	-	-	-	(0.7)
Repayment of borrowings	(1.0)	(0.6)	(2.7)	(5.6)
Interest and borrowing costs paid	(5.1)	(3.5)	(19.1)	(21.4)
Net cash provided by / (used in) financing activities	(6.2)	(4.1)	(21.8)	(0.9)
Net changes in cash and cash equivalents	(1.8)	(2.2)	(6.4)	(1.1)
Cash and cash equivalents at start of period	24.3	26.5	29.0	30.0
Cash and cash equivalents at end of period	22.5	24.3	22.5	29.0

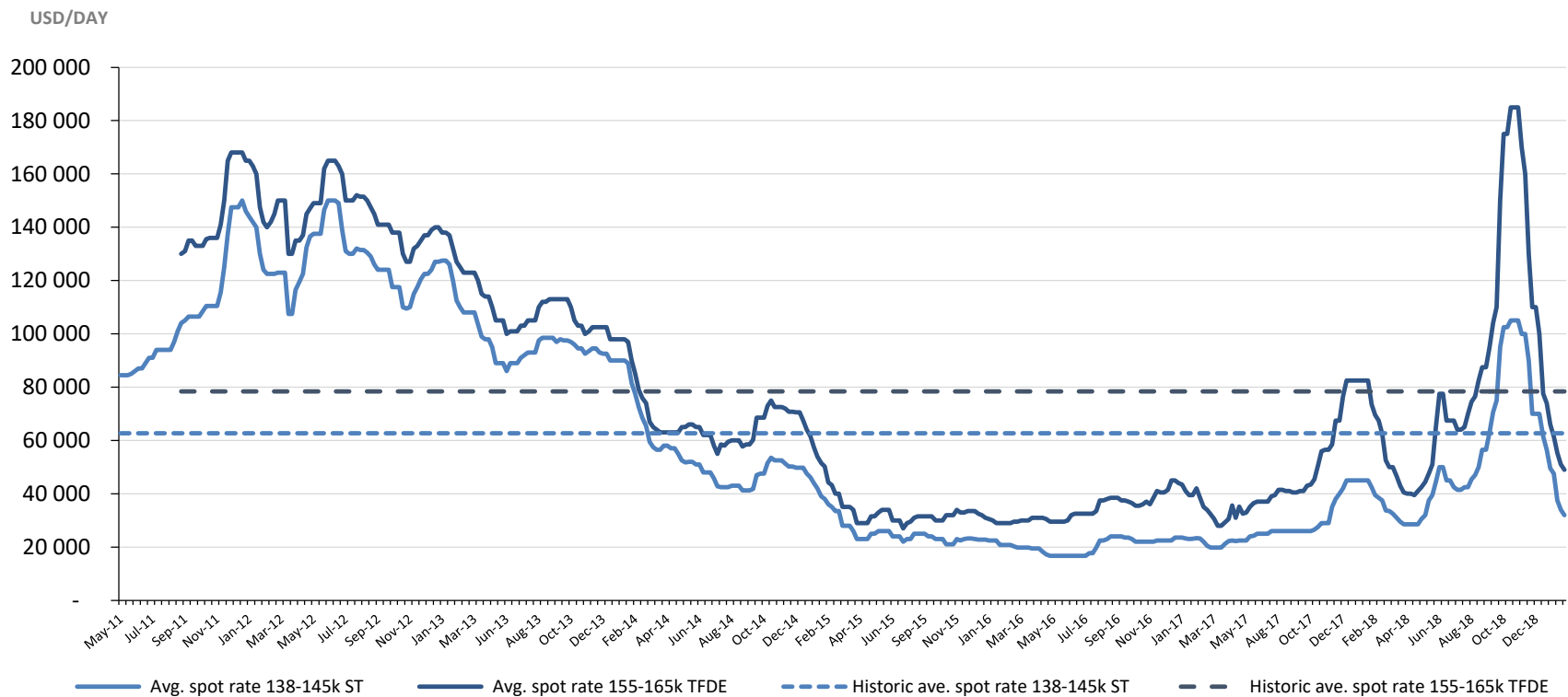


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Spot rates



- All time high assessed rate in November 2018 at USD 185,000 pd
- Average assessed rates up 95 % in 2018, from USD 44,000 pd in 2017 to USD 86,000 pd in 2018
- Very disappointing activity and rates December – February, but in fact normal seasonal movement
 - Seasonality works both ways

Source: Fearnley LNG

Why?

- Record number of newbuildings delivered in 2018
- China well prepared and stocked up ahead of winter (vs scramble last winter)
- Close to 30 vessels used for storage in Far East in Nov all discharged in Dec
- Warm winter in the Far East caused by El Niño
- US exports to China halted in H2 2018 and many headed for Europe instead – low ton/miles
- High energy prices in Europe and no West-East arbitrage
- Multiple liquefaction plants down for maintenance with close to 30 cargoes assumed lost in February alone



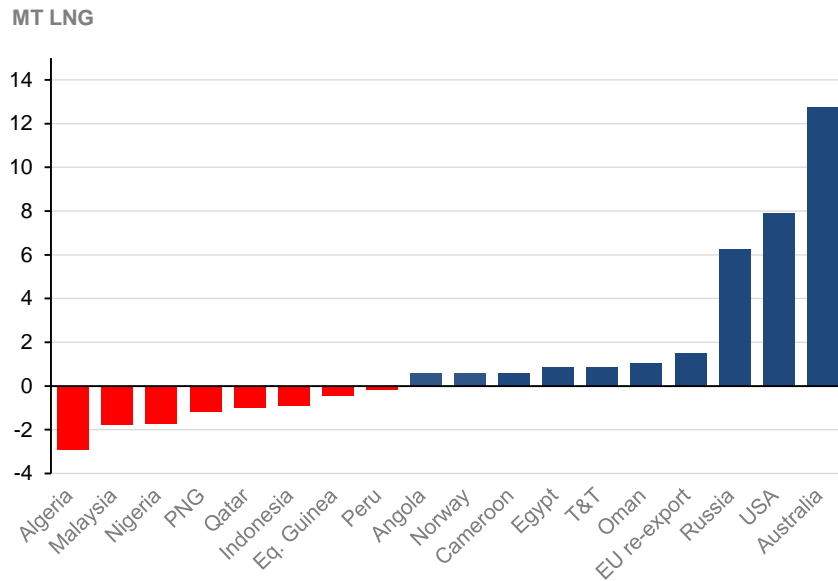
What now?

- 39 newbuildings delivering in 2019, 15 in Q1
- Finally seeing “normalized” activity level in LNG spot market
- Recent reports from US – China trade talks promising - could lead to massive long haul volumes
- Assuming policy driven trade US – China, EU will have to source LNG from further away
- Huge swing in Korean energy tax system with effect from April will lead to increased LNG imports and displace coal, close to 60 % of LNG import capacity currently not used
 - LNG taxes down 74 %
 - Coal taxes up 27 %



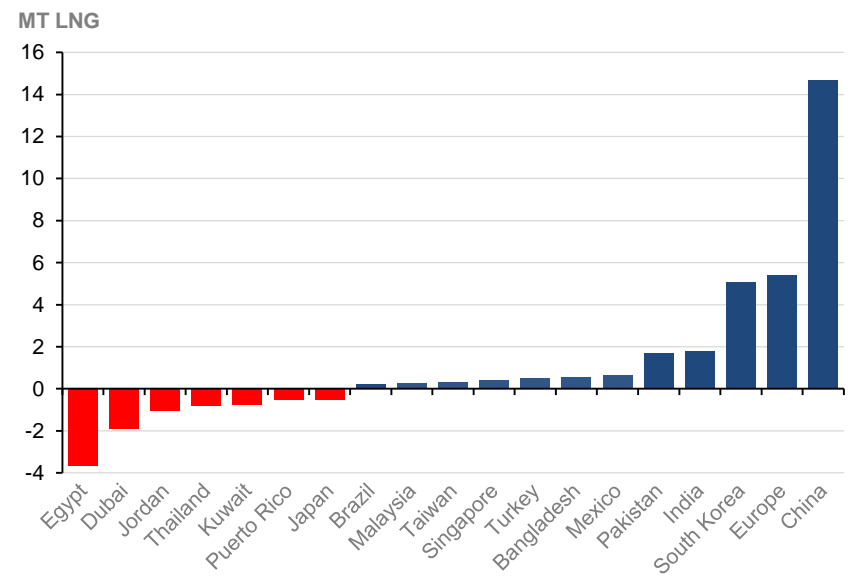
LNG trade

LNG EXPORT CHANGE 2018 vs 2017



- In total new capacity of 44 MTPA vs export growth 23 MT in 2018
- Australia's production capacity surpassed Qatar
- US

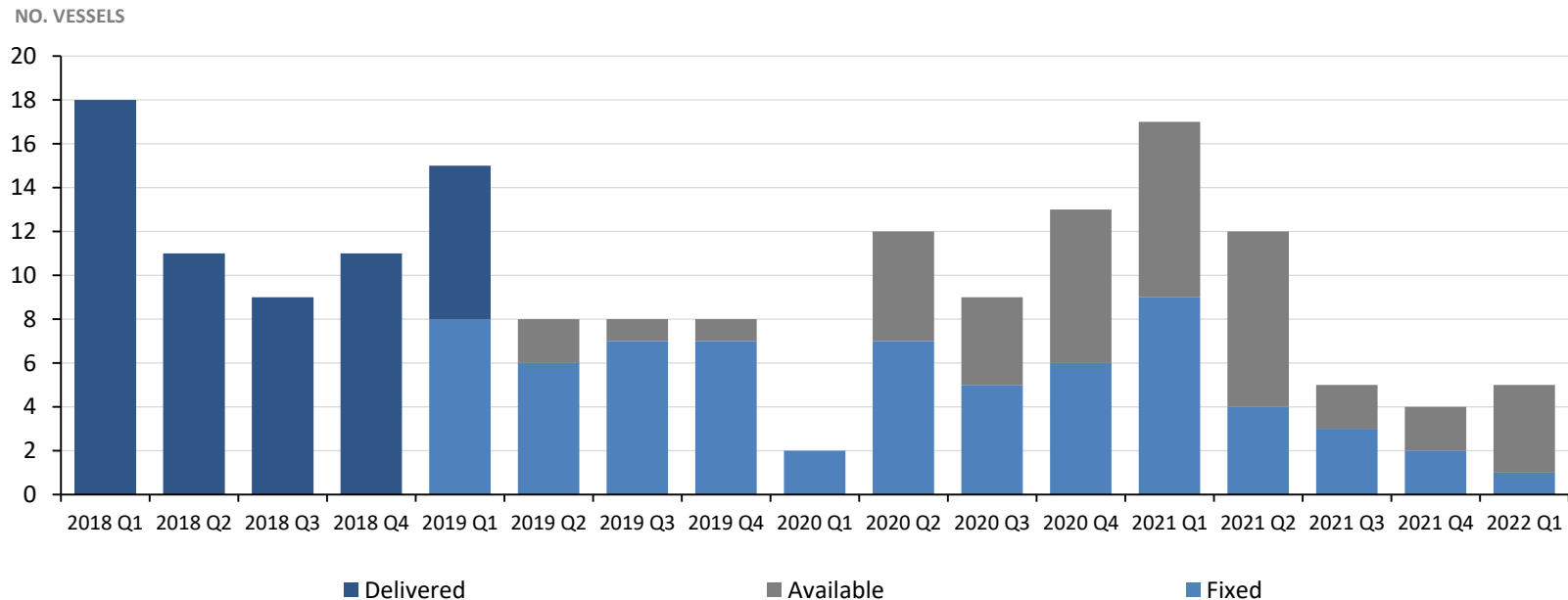
LNG IMPORT CHANGE 2018 vs 2017



- Policy driven fuel switching in China and South Korea driving import growth of 40 and 17 % respectively
 - Jan 2019 South Korea implemented higher taxes on coal imports and reduced taxes on LNG imports
- Europe LNG imports responding to gas and carbon prices

Source: Clarksons Platou, Energy Aspects

Record ordering and deliveries...

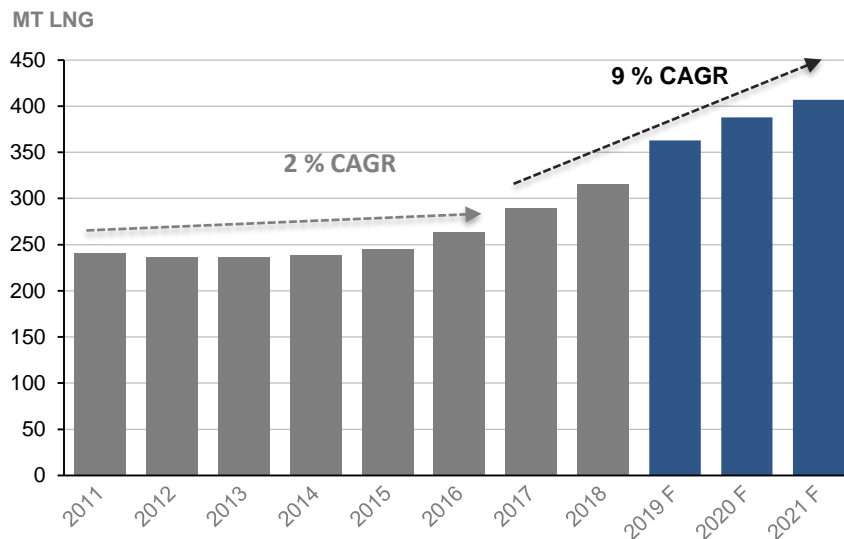


- 49 vessels delivered and 64 newbuild orders in 2018, 13 orders so far in 2019
- Total fleet 485 vessels > 125' cbm
- Orderbook of 111 vessels, corresponding to 22 % of existing fleet
- ~20 % of the fleet is «Commercially challenged» (smaller/less efficient)

Source: Fearnley LNG

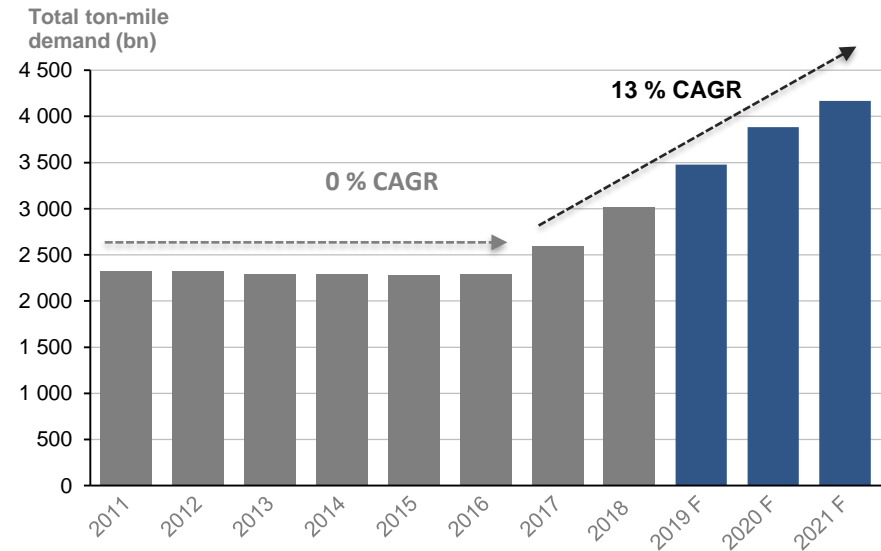
..for a reason!

LNG PRODUCTION 2011 - 2021



- 83 MTPA scheduled to come online in 2019 – 2024
 - 54 MTPA in the US
- 380 MTPA new LNG production in pre-FID phase
 - 116 MTPA FIDs in 2019 likely according to market analysts

TON-MILE 2011 - 2021

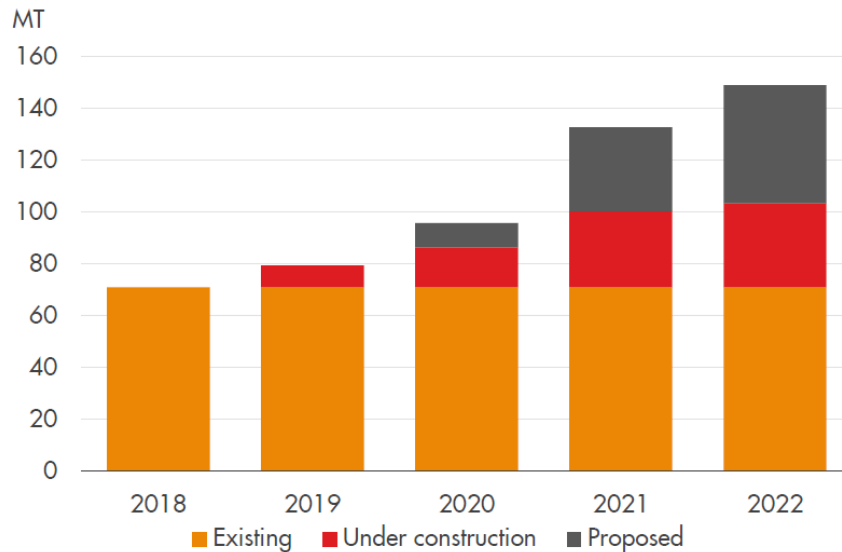


- Ton-mile demand increased by 13.9 % in 2018
- Asia's appetite for LNG met by new US supply
 - sailing distances up 80 – 90 % vs historical average
 - 43 % of US cargoes transported to Far East in 2018 vs 38 % in 2017, despite US - China situation

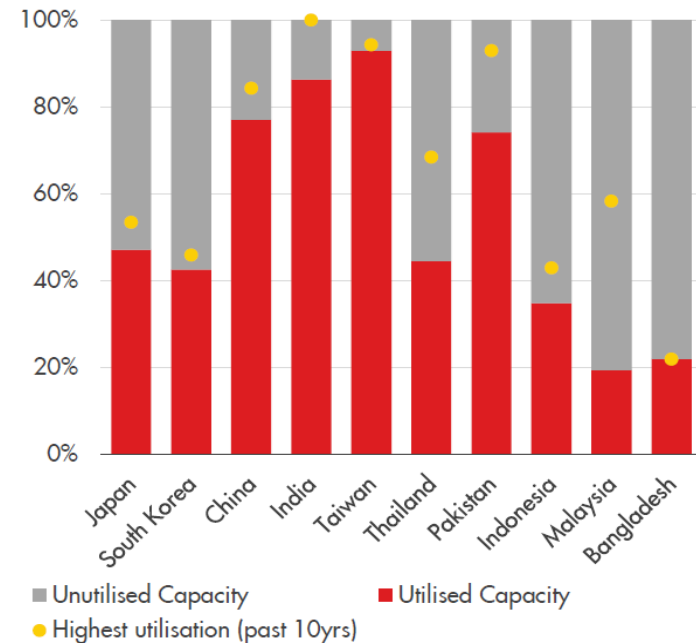
Source: Reuters, GIIGNL, DNB, Fearnley LNG, Bloomberg

China's appetite for LNG not slowing

IMPORT CAPACITY DOUBLING



2018 IMPORT CAPACITY UTILISATION

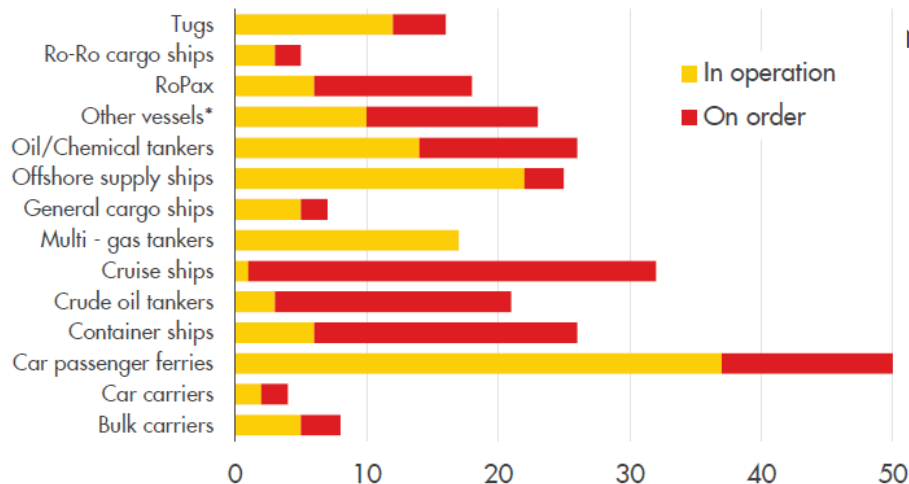


- China imported 53 MT LNG in 2018, up 40 % YOY
- Aims to grow import capacity from 67.5 MTPA to 247 MTPA in 2035 – 9 % annual growth
 - 12.5% of LNG imports used by LNG powered buses/trucks

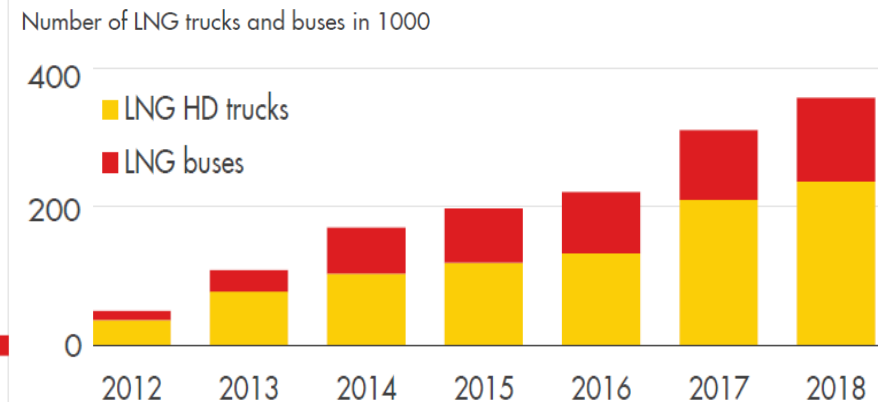
Source: Shell Energy Outlook, Bloomberg

LNG as a fuel

LNG FUELLED VESSELS
GLOBAL FLEET AND ORDERBOOK



HEAVY DUTY TRANSPORT IN CHINA



- Global fleet of 143 LNG-fuelled vessels and orderbook of 135
- First LNG-powered cruise ship entered service in December 2018
- LNG available in 24 out of the world's top 25 ports
- Potential market of 200 MTPA (~60 % global LNG trade)
- ~ 44 % annual growth in LNG powered heavy duty trucks and buses
- Some 350,000 LNG powered trucks and busses operating in China
 - 6.7 MT of LNG delivered by 2,552 LNG fuel stations

Source: Shell Energy Outlook, Sea/LNG

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Summary

- Despite short term seasonal low Owner's expectations for the coming three years are high
 - 9 % annual growth in LNG production (vs 2 % growth in 2011 – 2016)
 - 13 % annual growth in ton-miles (vs no growth in 2011 – 2016)
 - 7 % annual fleet growth (excluding phase out)

- Mid- and long-term demand for LNG transportation remains strong
 - Gas is cheap, abundantly available and environmentally friendly
 - Growing gas demand will trigger further FIDs in 2019 and beyond
 - ~20 % of the sailing fleet is smaller and inefficient
 - LNG as a marine fuel is IMO 2020 and future compliant – SOx in 2020 – PM and NOx next?

- Awilco LNG
 - Pure play integrated LNG transportation company with excellent commercial and operational track record in a segment with high barriers to entry
 - Actively pursuing refinancing at improved terms

- Awilco LNG is well positioned for the improving market



Q&A

A Fully Integrated Pure Play LNG Transportation Provider





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