



Q2 2019

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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.

Agenda 29/08 2019



1. Highlights
2. Financials Q2
3. Market update
4. Summary

2nd quarter 2019 highlights

Net freight income	MUSD 2.7	MUSD 8.4 in Q1 2019
EBITDA	MUSD (0.2)	MUSD 5.0 in Q1 2019
Net profit/(loss)	MUSD (8.6)	MUSD (3.4) in Q1 2019

- 2nd quarter negatively impacted by weak rates and off-hire on WilForce
- Utilisation 56 % compared to 90 % previous quarter
- TCE* USD 31,100 pd (USD 46,200 pd in Q1 2019), current CBE** of USD ~58,000 pd
- Consolidation initiative with other ship owners ongoing, timing and outcome unclear due to current capital market conditions

Subsequent events

- WilPride delivered on an 8 month time charter contract, expected annualised EBITDA MUSD 23
- Term sheet signed for the full refinancing of WilForce and WilPride, subject to final credit approval, documentation and customary closing conditions
- 90 % of 3rd quarter 2019 booked at an expected TCE* of USD 68,000 pd

*TCE: net freight income including loss of hire insurance divided by the number of calendar days less off-hire days not covered by loss of hire insurance

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

Agenda 29/08 2019



1. Highlights
2. Financials Q2
3. Market update
4. Summary

Q2 2019 income statement

USD million	Q2'19	Q1'19	2018
Freight income	3.9	9.4	40.0
Voyage related expenses	(1.1)	(1.0)	(5.1)
Net freight income	2.7	8.4	34.8
Other income	6.1	0.9	4.0
Operating expenses	(8.3)	(3.3)	(12.5)
Administration expenses	(0.7)	(1.0)	(3.9)
EBITDA	(0.2)	5.0	22.4
Depreciation	(3.3)	(3.3)	(13.0)
Net finance	(5.1)	(5.1)	(20.9)
Profit/(loss) before tax	(8.6)	(3.4)	(11.4)
Tax	-	-	-
Profit/(loss)	(8.6)	(3.4)	(11.4)



Q2 2019 financial position

USD million	30.06.19	31.03.19	31.12.18
Vessels	356.5	358.9	362.1
Total non-current assets	356.5	358.9	362.1
Trade receivables	0.8	1.6	2.7
Other short term assets	12.8	6.8	6.1
Cash	16.4	18.7	22.5
Total current assets	30.1	27.1	31.4
Total assets	386.6	386.0	393.6
Total equity	103.7	112.2	115.6
Long-term interest bearing debt	-	-	-
Other non-current liabilities	0.4	0.3	0.3
Non-current liabilities	0.4	0.3	0.3
Short-term interest bearing debt	264.1	265.9	266.7
Other current liabilities	18.4	7.5	10.9
Total current liabilities	282.5	273.4	277.6
Total equity and liabilities	386.6	386.0	393.6



Q2 2019 cash flow

USD million	Q2'19	Q1'19	2018
Cash Flows from Operating Activities:			
Profit/(loss) before taxes	(8.6)	(3.4)	(11.4)
Income taxes paid	-	-	-
Interest and borrowing costs expensed	5.2	5.2	21.5
Depreciation, amortisation and impairment	3.3	3.3	13.0
Trade receivables, inventory and other short term assets	(2.8)	0.5	(2.2)
Accounts payable, accrued exp. and deferred revenue	8.5	(3.4)	5.7
Net cash provided by / (used in) operating activities	5.6	2.2	26.5
Cash Flows from Investing Activities:			
Investment in vessels / sale of vessels	(0.9)	-	(11.2)
Net cash provided by / (used in) investing activities	(0.9)	-	(11.2)
Cash Flows from Financing Activities:			
Repayment of borrowings	(2.1)	(1.1)	(2.7)
Interest and borrowing costs paid	(4.9)	(5.0)	(19.1)
Net cash provided by / (used in) financing activities	(7.0)	(6.0)	(21.8)
Net changes in cash and cash equivalents	(2.2)	(3.9)	(6.4)
Cash and cash equivalents at start of period	18.7	22.5	29.0
Cash and cash equivalents at end of period	16.4	18.7	22.5

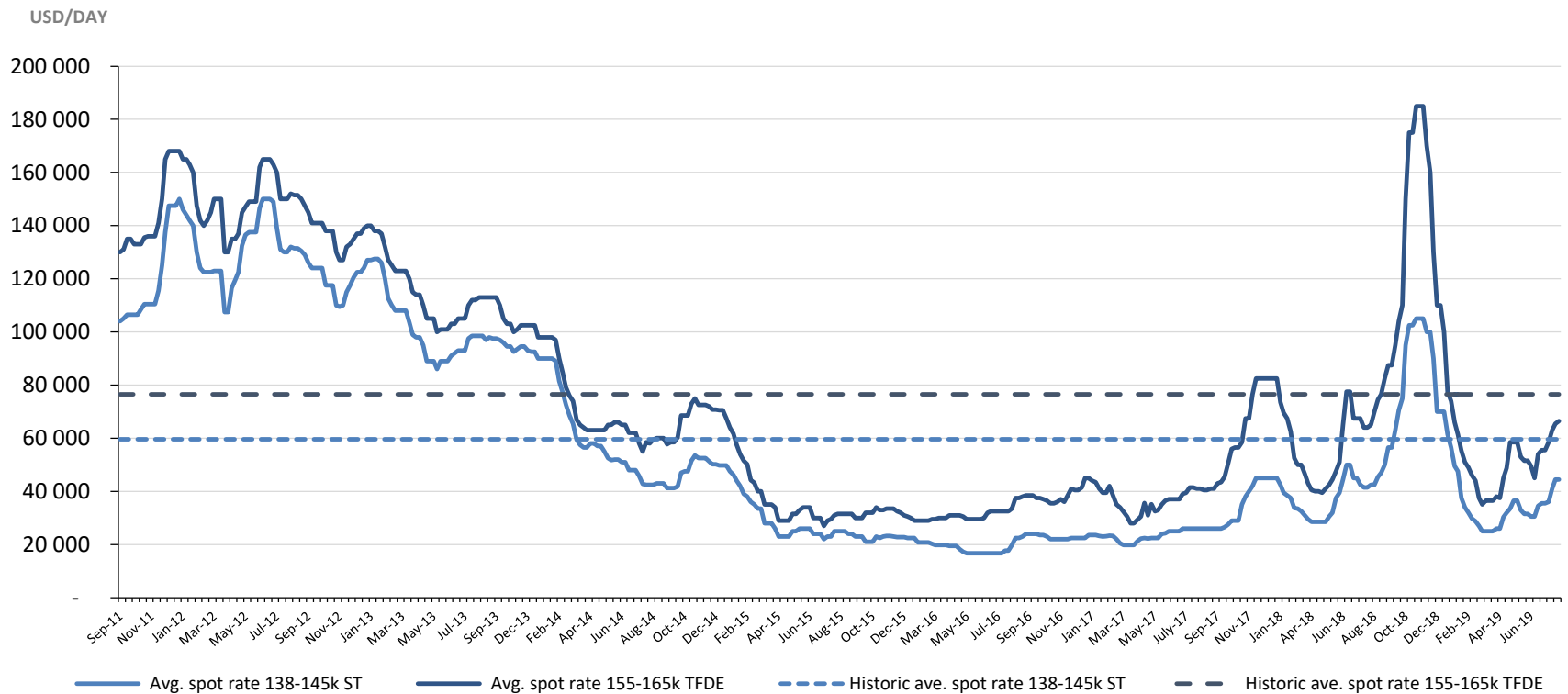


Agenda 29/08 2019



1. Highlights
2. Financials Q2
3. Market update
4. Summary

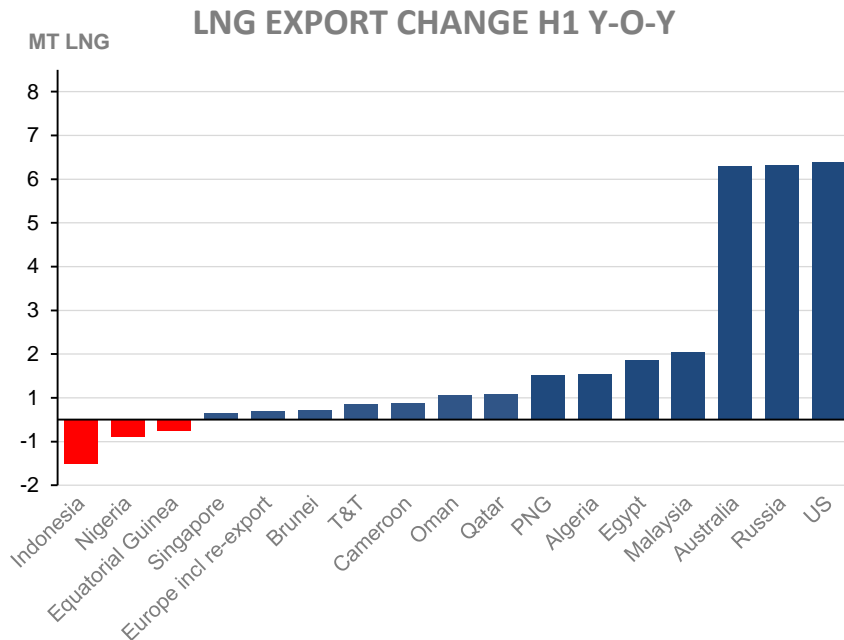
Spot rates



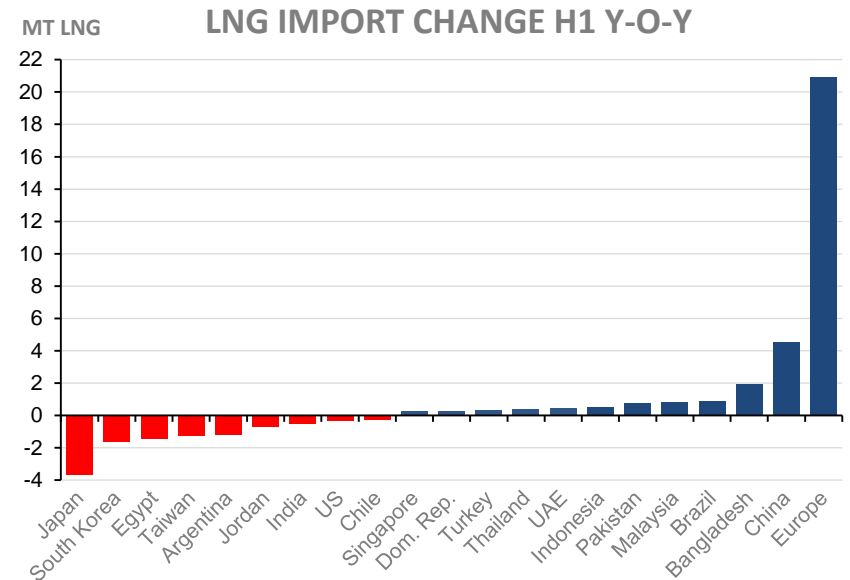
- Mild weather in the Far East impacting demand and rates in Q2
 - Average headline assessed rate USD 52,200 pd in H1 2019 vs USD 58,100 in H1 2018
- Charterers positioning for contango and winter demand
 - Multiple contracts for Q3/Q4 2019 delivery concluded in the USD 80s – 90s pd

Source: Fearnley LNG

LNG trade



- Export growth of 23 MTPA so far in 2019, mainly from new production capacity started in Q4 2018

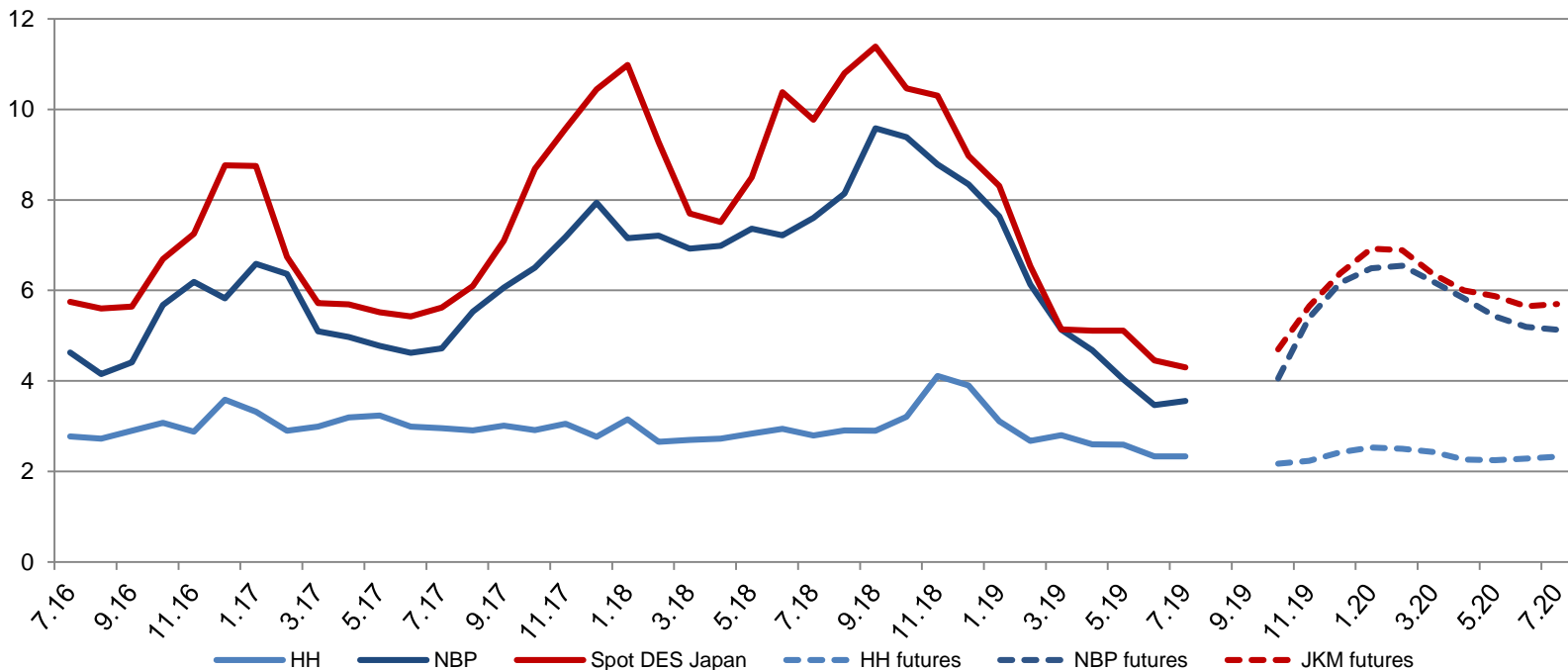


- Mild weather in H1 and nuclear restarts reducing demand from Japan and South Korea
- India flat in H1 2019, up 9.1 % in July y-o-y
- Still solid growth in China at 20 % y-o-y; H1 2019 imports of 29 MT, more than FY 2016 at 26 MT
- Europe has massive import and storage capacity. Imports more than doubled in H1 y-o-y, storage levels above 90 %

Source: Clarksons Platou, Energy Aspects

Gas prices

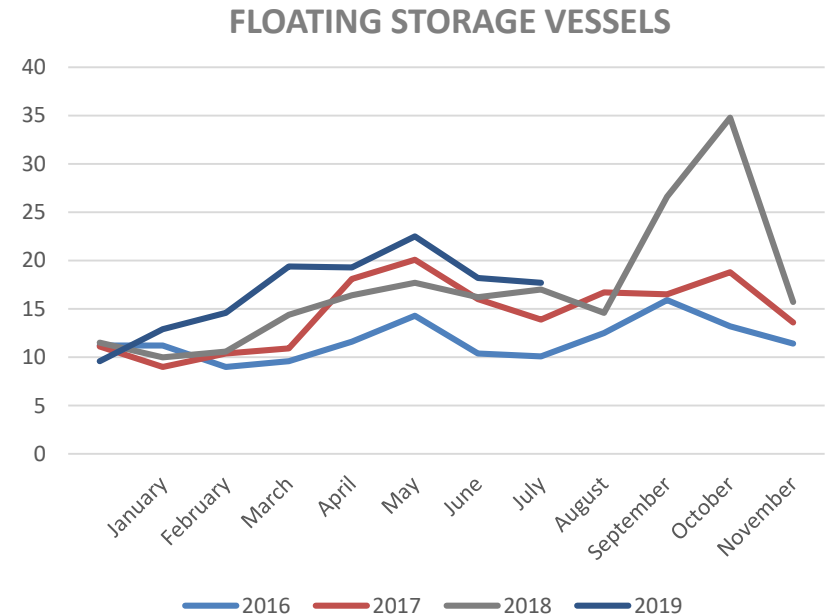
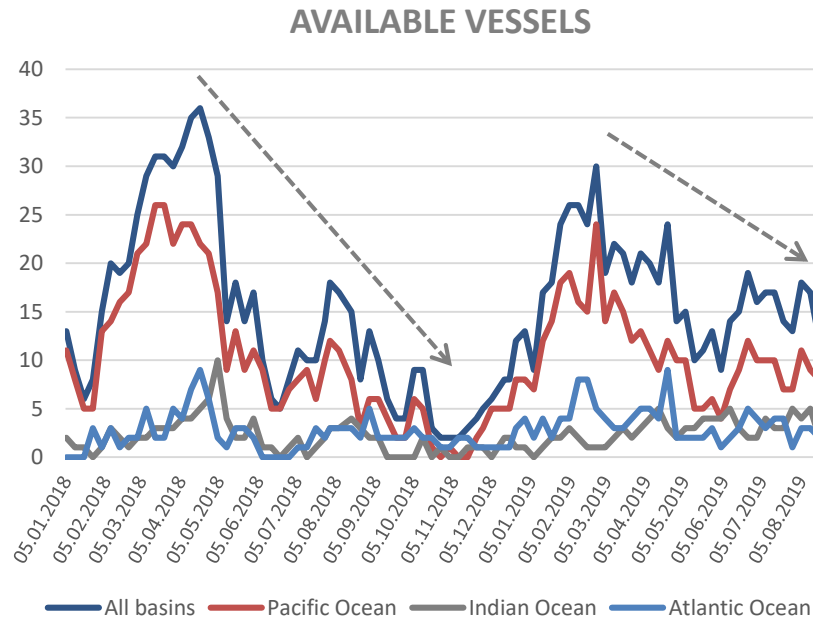
USD/MMBTU



- Global gas prices currently lowest in 10 years, LNG delivered in Far East priced at ~USD 25/bbl oil equivalent
- Forward gas prices supports floating storage
 - At current spot shipping rates cost of 1 month floating storage about USD 0.6/MMBTU
 - Oct 19 – Jan 20 spread JKM USD 2.2/MMBTU, NBP USD 2.4/MMBTU

Source: Clarksons Platou, CME

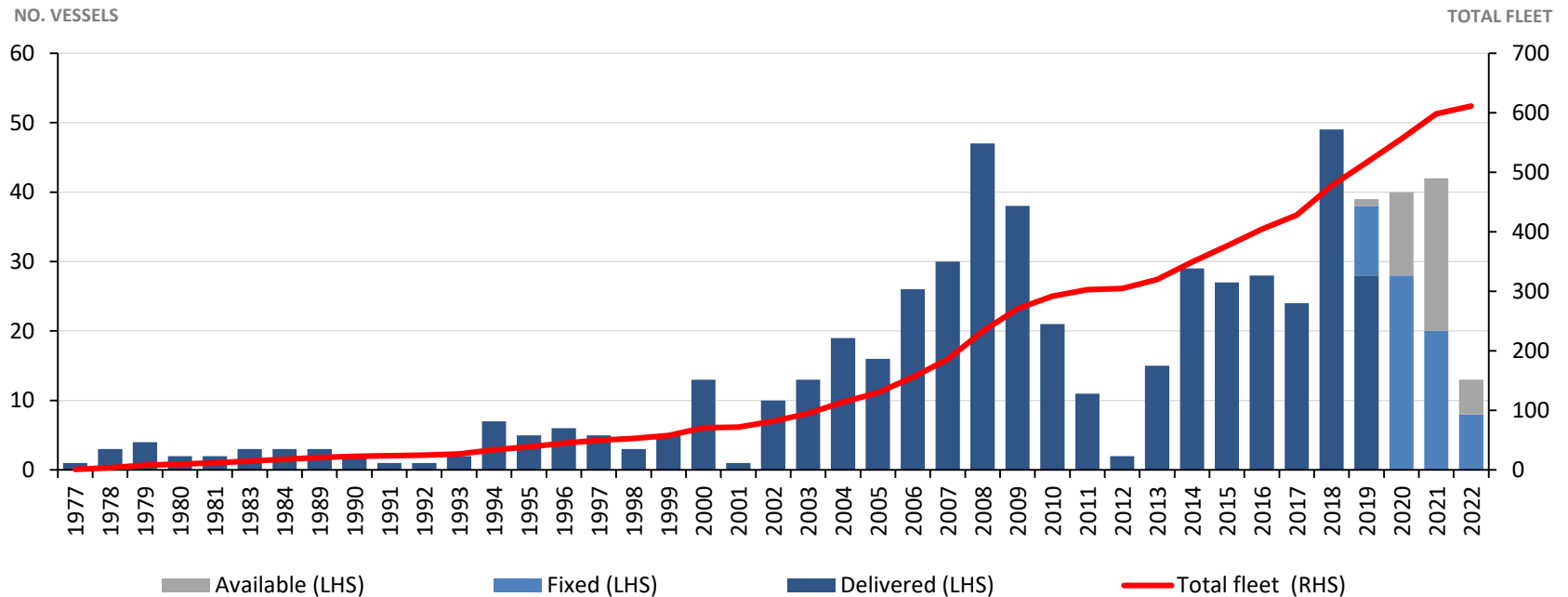
Floating storage



- Global hunt for storage ongoing due to contango
 - European storage levels above 90 % in August, the “sink” is filling up....
- In November 2018 35 vessels were employed as floating storage, pushing spot rates to all-time highs (~USD 200,000 pd)
- Lining up for a very interesting winter market in Q4

Source: Fearnley LNG, CME, GIE AGSI

LNG fleet and orderbook

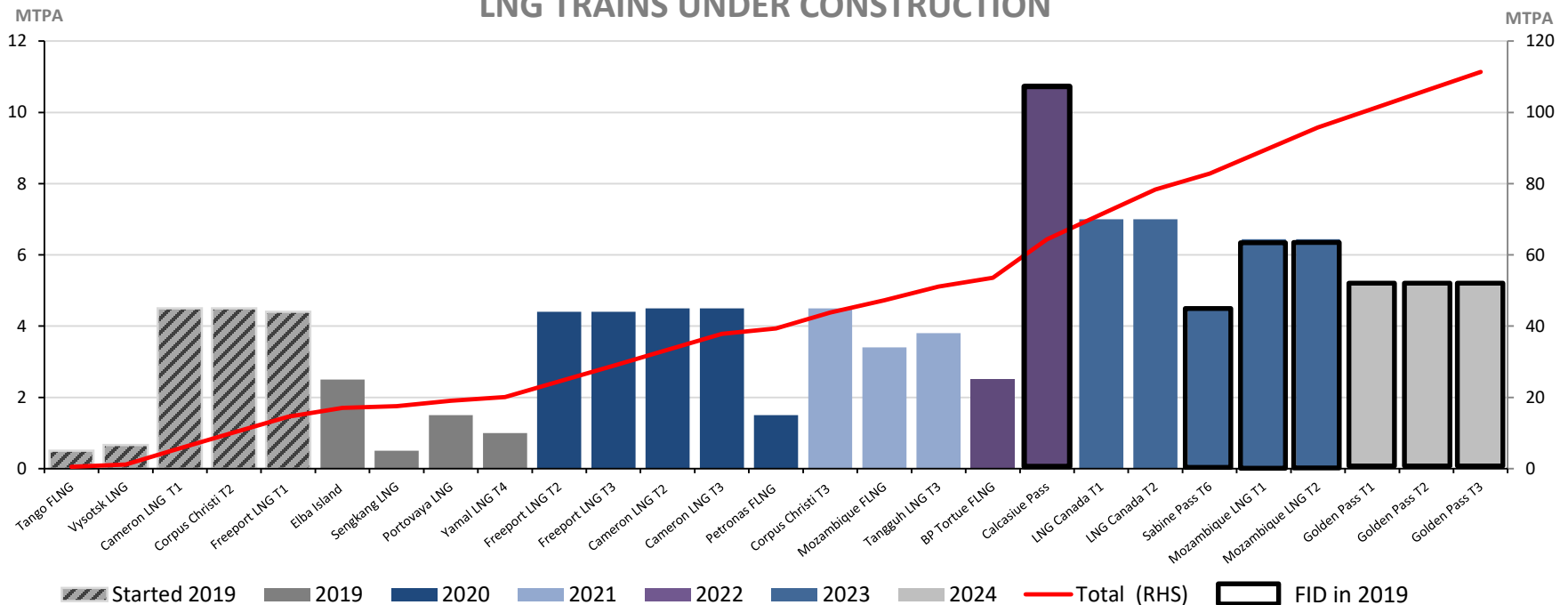


- 28 vessels delivered year to date, 11 further vessels scheduled
- Total fleet 505 vessels > 125' cbm
 - Orderbook is 106 LNGC or 21 %, 28 orders year to date (vs 37 same period in 2018)
 - ~20 % of the fleet is «Commercially challenged» (smaller/less efficient), of these 16 laid up, 2 recycled in 2019 (3 in 2018)
- ~60 steam vessels coming off long-term contracts 2019 – 2022, modern vessels have economic advantage

Source: Fearnley LNG

LNG production

LNG TRAINS UNDER CONSTRUCTION



- 111 MTPA capacity starting up 2019 – 2024 of which 69 MTPA in the US (~60 %)
 - ~35 % of total trade in 2018 at 325 MT (vs orderbook of 21 %)
 - 44 MTPA FIDs year to date, industry experts expect up to 100 MTPA FID in 2019
- With historical vessel multiplier 1.3x shipping need is about 145 vessels – higher ton-mile for US volumes
- More than 800 MTPA are in various stages of planning

Source: Clarksons Platou, Arctic Securities, Fearnley LNG, IGU, Rystad Energy, Company presentations

Agenda 29/08 2019



1. Highlights
2. Financials Q2
3. Market update
4. Summary

Summary

- Despite weak start to 2019 due to weather and trade war, fundamentals are expected to improve
 - Charterers preparing for winter
 - Contango and full tanks in Europe supporting floating storage and long haul shipping
 - 8 % annual growth in LNG production
 - 7 % annual fleet growth (excluding phase out)
- Mid- and long-term demand for LNG transportation remains strong
 - Gas is cheap, abundantly available, environmentally friendly and flexible
 - Growing gas demand will trigger further FIDs in 2019 and beyond
 - US supply and Asian demand expected to improve ton-miles
 - LNG as a marine fuel reduces GHG emissions and local pollutants far beyond IMO 2020
- Awilco LNG
 - Term sheet signed for full refinancing of WilForce and WilPride
 - Q2 2019 weak due to extraordinary events, Q3 already profitable, winter looks promising
 - Consolidation effort still on the agenda
- Awilco LNG is well positioned for the improving market



Q&A

A Fully Integrated Pure Play LNG Transportation Provider





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