



Q3 2019
15 November 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 currently 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 2019 highlights

Net freight income	MUSD 6.3	2.7 in Q2 2019
EBITDA	MUSD 7.4	(0.2) in Q2 2019
Net profit/(loss)	MUSD (1.1)	(8.6) in Q1 2019

- TCE* USD 60,400 pd (USD 31,100 pd in Q2 2019), current CBE** of USD ~58,000 pd
- Refinancing secured, expected to enable a full take out of current leases, subject to documentation and customary closing conditions and expected to close in Q4 2019 / Q1 2020
- WilPride delivered 9 July on an 8-month time charter contract, expected annualised EBITDA MUSD 23
- Awilco LNG has a substantial claim towards the ship responsible for the WilForce collision

**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)*

Refinancing secured

- ✓ Sale/leaseback facility with CCB Financial Leasing Co. Ltd, a major Chinese leasing house wholly owned by China Construction Bank, the world's 2nd largest bank by market capitalisation
- ✓ Term sheet credit approved 18 October 2019
- ✓ Expected to refinance current lease facilities on WilForce and WilPride in full
- ✓ Floating interest rate structure with attractive all-in cost and quarterly bareboat payments in arrears
- ✓ 10 year tenor with repurchase obligation at maturity and rolling repurchase options starting after three years
- ✓ 14 year straight line amortisation profile (20 year age adjusted)
- ✓ No employment requirements and standard covenants, none of which earnings based
- ✓ Currently in documentation and expected to close in Q4 2019 / Q1 2020 subject to customary closing conditions

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Q3 2019 income statement

USD million	Q3'19	Q2'19	2018
Freight income	6.7	3.9	40.0
Voyage related expenses	(0.4)	(1.1)	(5.1)
Net freight income	6.3	2.7	34.8
Other income	4.8	6.1	4.0
Operating expenses	(2.9)	(8.3)	(12.5)
Administration expenses	(0.8)	(0.7)	(3.9)
EBITDA	7.4	(0.2)	22.4
Depreciation	(3.3)	(3.3)	(13.0)
Net finance	(5.2)	(5.1)	(20.9)
Profit/(loss) before tax	(1.1)	(8.6)	(11.4)
Tax	-	-	-
Profit/(loss)	(1.1)	(8.6)	(11.4)



Q3 2019 financial position

USD million	30.09.19	30.06.19	31.12.18
Vessels	353.3	356.5	362.1
Total non-current assets	353.3	356.5	362.1
Trade receivables	-	0.8	2.7
Other short term assets	9.7	12.8	6.1
Cash	14.0	16.4	22.5
Total current assets	23.8	30.1	31.4
Total assets	377.1	386.6	393.6
Total equity	102.6	103.7	115.6
Long-term interest bearing debt	-	-	-
Other non-current liabilities	0.4	0.4	0.3
Non-current liabilities	0.4	0.4	0.3
Short-term interest bearing debt	262.2	264.1	266.7
Other current liabilities	11.9	18.4	10.9
Total current liabilities	274.1	282.5	277.6
Total equity and liabilities	377.1	386.6	393.6



Q3 2019 cash flow

USD million	Q3'19	Q2'19	2018
Cash Flows from Operating Activities:			
Profit/(loss) before taxes	(1.1)	(8.6)	(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	3.9	(2.8)	(2.2)
Accounts payable, accrued exp. and deferred revenue	(6.5)	8.5	5.7
Net cash provided by / (used in) operating activities	4.8	5.6	26.5
Cash Flows from Investing Activities:			
Investment in vessels / sale of vessels	(0.1)	(0.9)	(11.2)
Net cash provided by / (used in) investing activities	(0.1)	(0.9)	(11.2)
Cash Flows from Financing Activities:			
Repayment of borrowings	(2.2)	(2.1)	(2.7)
Interest and borrowing costs paid	(4.9)	(4.9)	(19.1)
Net cash provided by / (used in) financing activities	(7.1)	(7.0)	(21.8)
Net changes in cash and cash equivalents	(2.4)	(2.2)	(6.4)
Cash and cash equivalents at start of period	16.4	18.7	29.0
Cash and cash equivalents at end of period	14.0	16.4	22.5

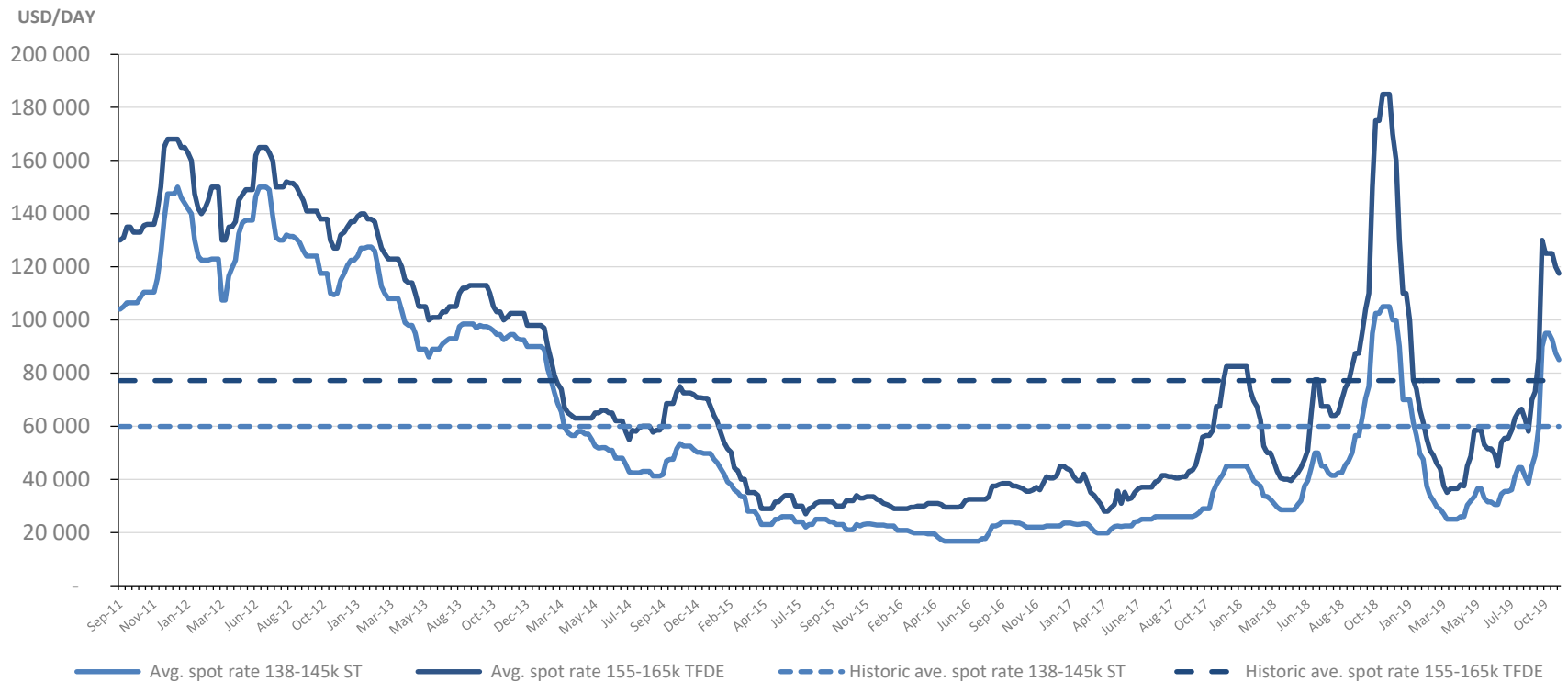


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Spot rates

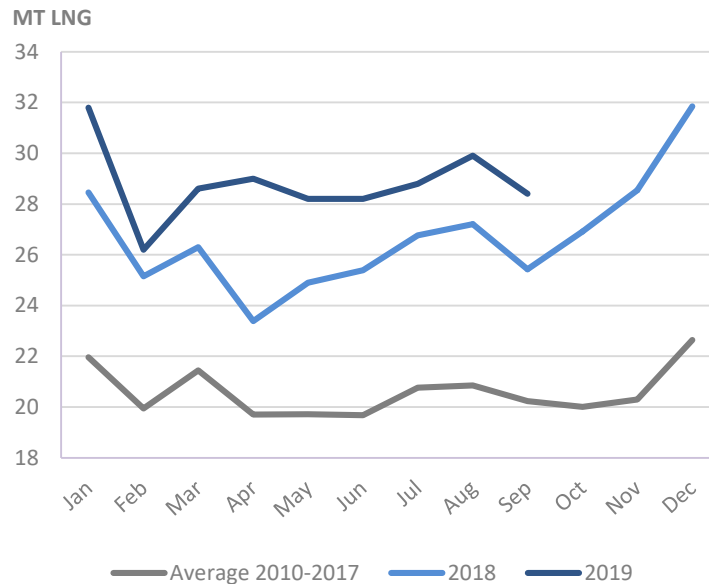


- Seasonality a driver in LNG market and winter season has set in, current assessed spot rates about USD 117,500 pd
- Average headline assessed rate USD 60,600 pd in Q3 2019 vs USD 74,500 in Q3 2018

Source: Fearnley LNG

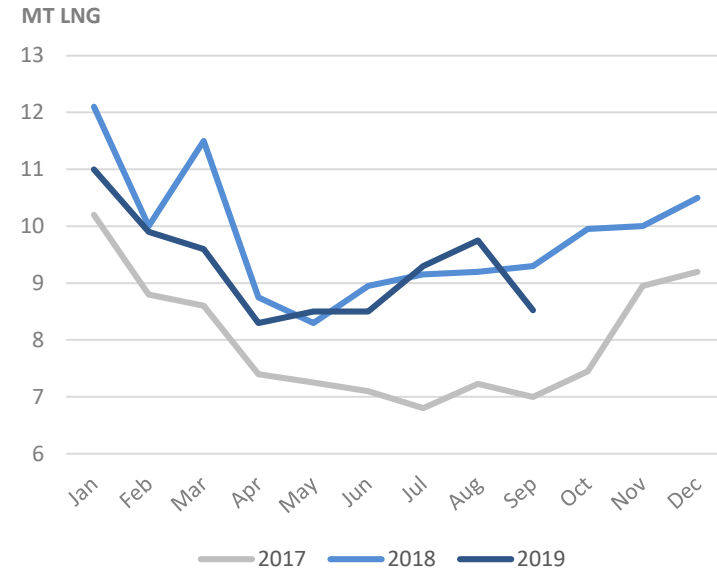
Supply and demand

GLOBAL LNG TRADE



- LNG trade up 13 % (26 MT) y-o-y 30.9
- Ramp up of 15 MTPA new production capacity added in 2019 and 27 MTPA added in Q4 2018

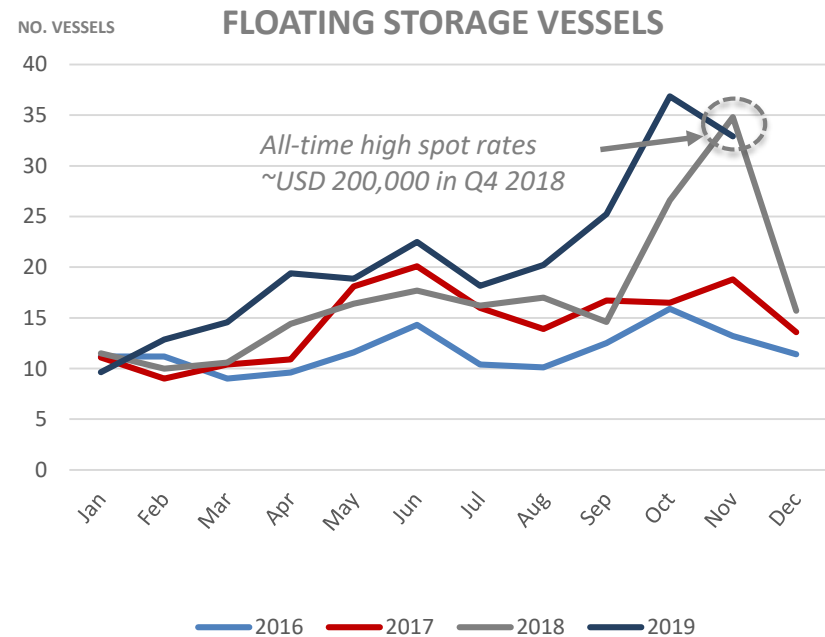
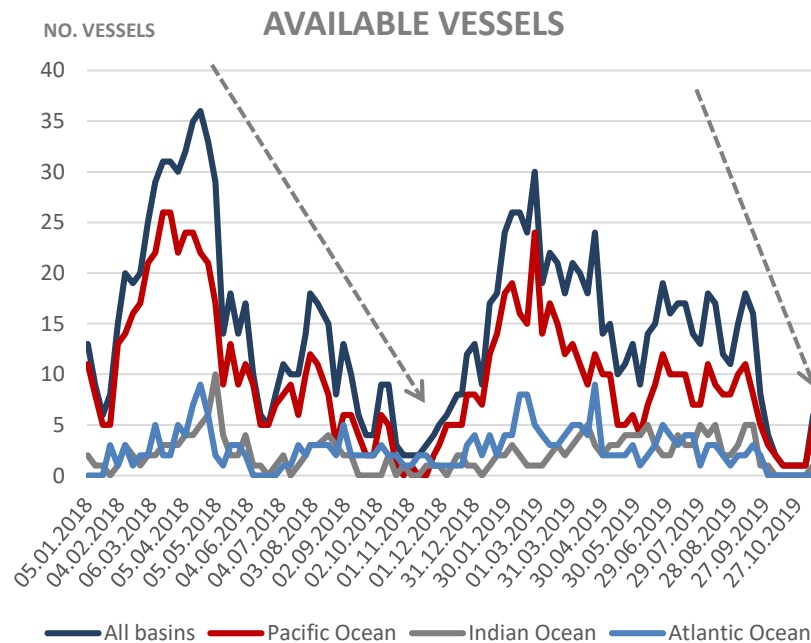
ASIAN NET LNG IMPORTS



- China up 21 % y-o-y 30.9
- Japan and South Korea down 8 and 9 % y-o-y due to relatively mild weather and nuclear restarts

Source: Clarksons, Fearnley LNG

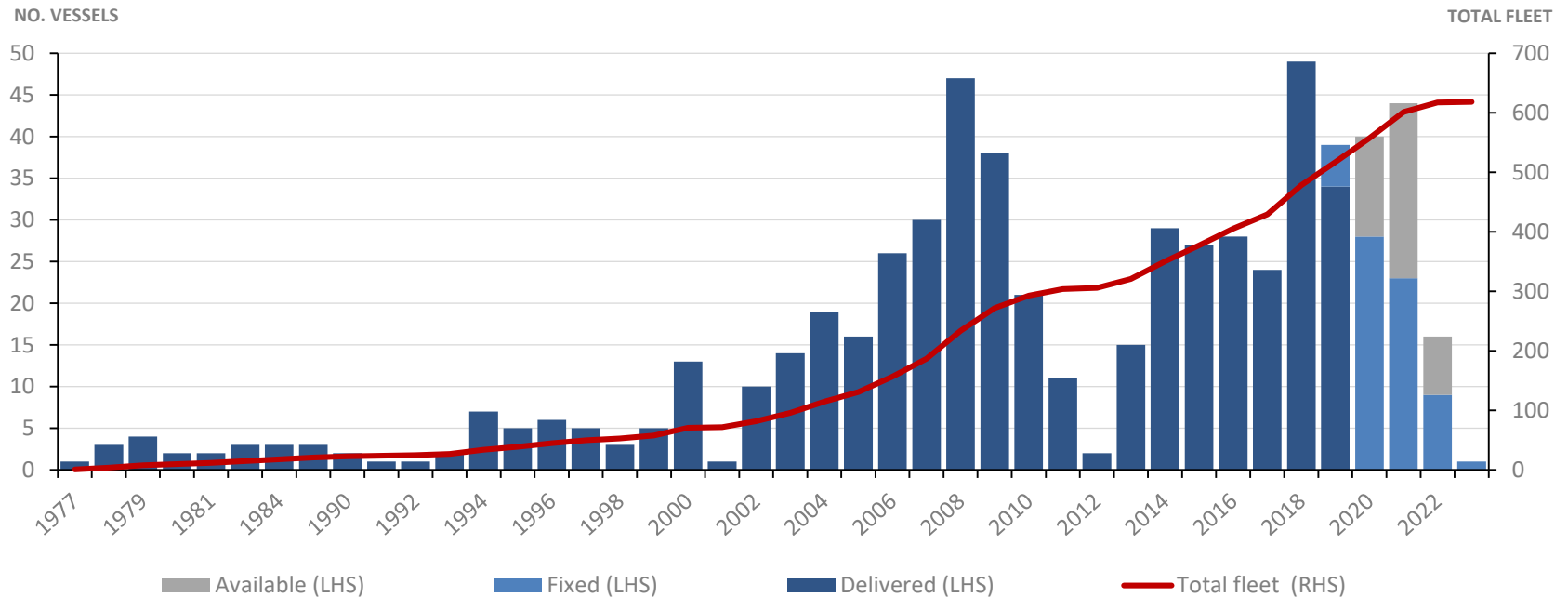
Trading dynamics



- Ton-time increased by 12 % 30.9 YTD as floating storage and slow steaming soaking up available tonnage
 - Massive increase in volumes with muted demand growth outside Europe and China
 - Europe storage levels full at 97 %

Source: Fearnley LNG, GIE AGSI

LNG fleet and orderbook

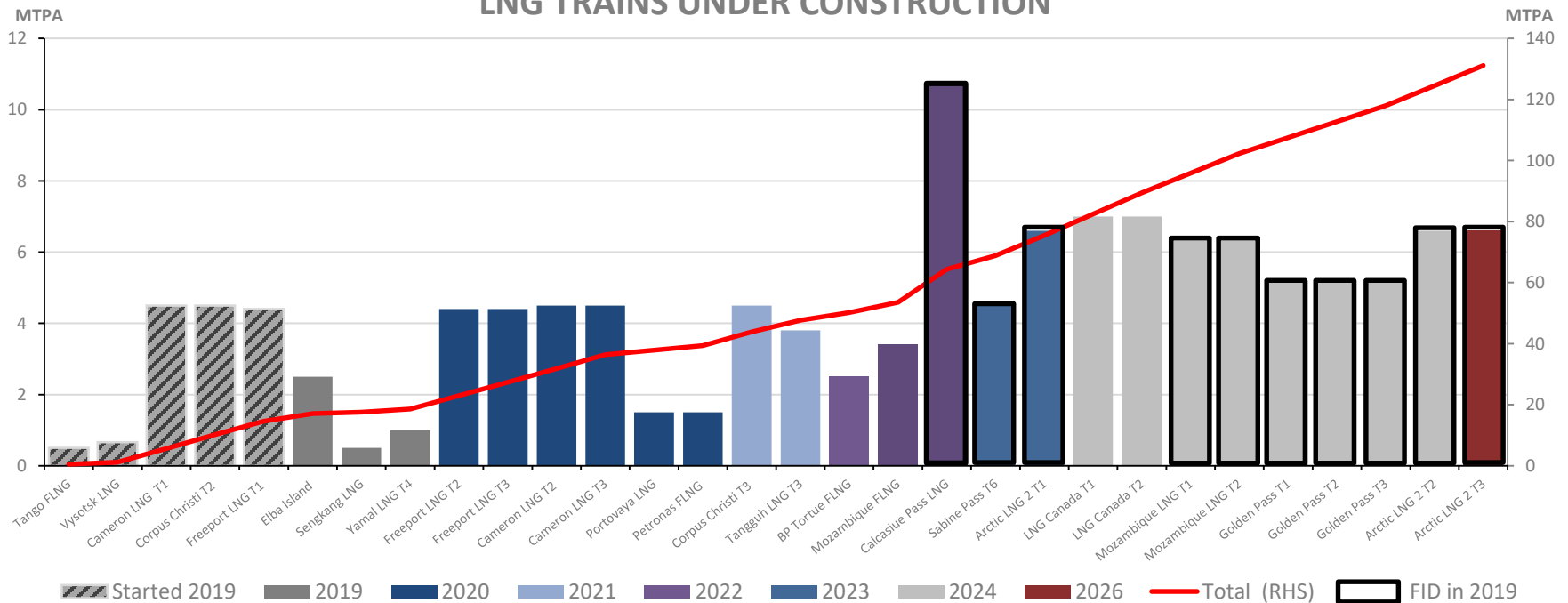


- Total fleet 512 vessels > 125' cbm
- 34 vessels delivered year to date, 5 further vessels scheduled – 20 % less than in 2018
- Current orderbook of 106 LNGC or 21 % of existing fleet
 - 34 orders year to date (vs 43 same period in 2018) of which 70 % placed in H1 2019
- ~20 % of the fleet is «Commercially challenged» (smaller/less efficient), of these 16 laid up, 2 recycled in 2019 (3 in 2018)

Source: Fearnley LNG

Trainspotting

LNG TRAINS UNDER CONSTRUCTION

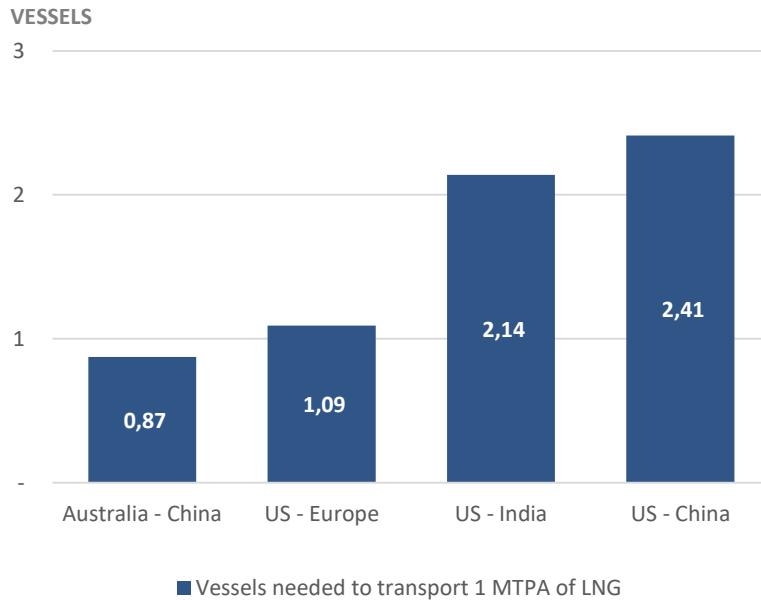


- 131 MTPA new capacity starting up 2019 – 2026 of which 69 MTPA in the US (~50 %)
 - ~40 % of total trade in 2018 at 325 MT
- All time high 64 MTPA FIDs year to date in spite of lowest gas prices last 10 years
- A further 800 MTPA of new production capacity are in various stages of planning

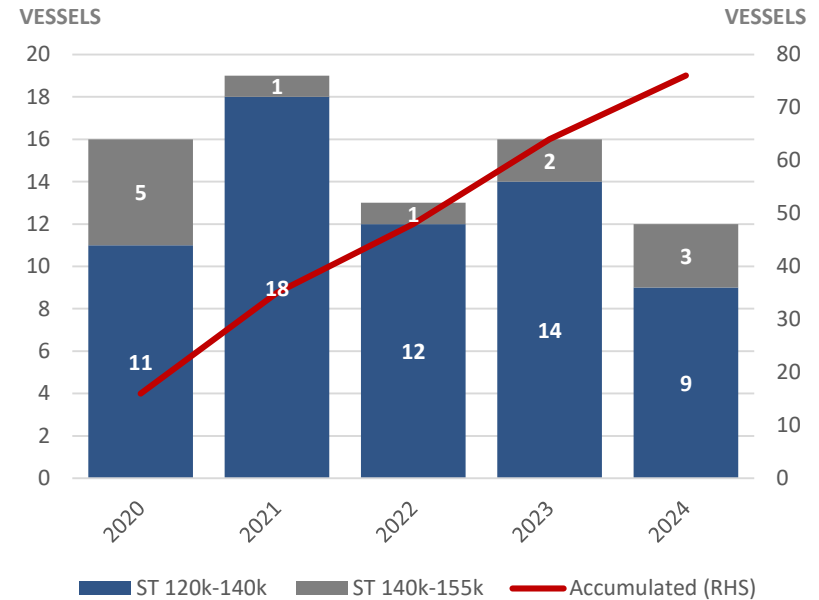
Source: Fearnley LNG, IGU, Company presentations

Vessel demand

TRADEWAR (WHAT IS IT GOOD FOR)??



REPLACEMENT OF STEAM VESSELS



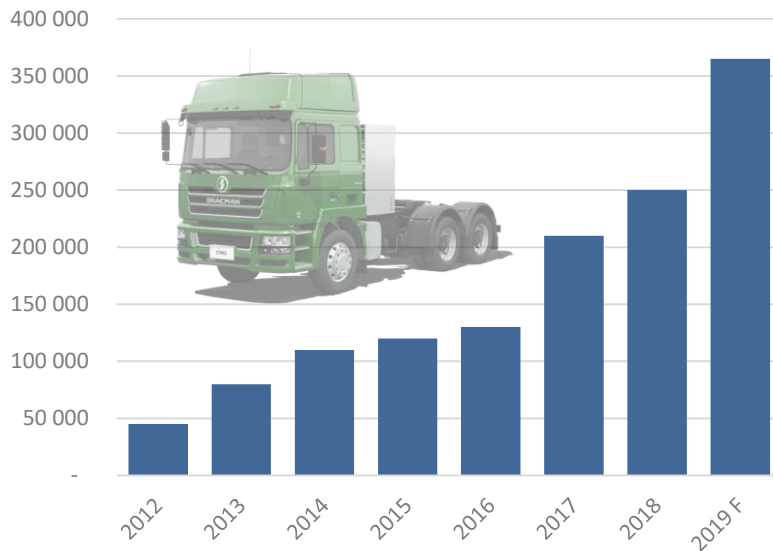
- Using historical vessel multiplier 1.3x shipping need is about 145 vessels for 2020–2026 volumes
 - US volumes so far requiring about 1.8 ships / MT – leading to 170+ vessels needed
 - In 2026 130 ships (25 %) in the present fleet will be +20 years
- 76 steam vessels coming off mid- and long-term contracts 2019 – 2024, of which ~85 % 120'–140' cbm ships
 - Modern vessels have economic advantage, however 174,000 cbm vessels in most cases too big

Source: Fearnley LNG, Poten, Company estimates

LNG as a fuel

LNG HEAVY DUTY TRUCKS IN CHINA

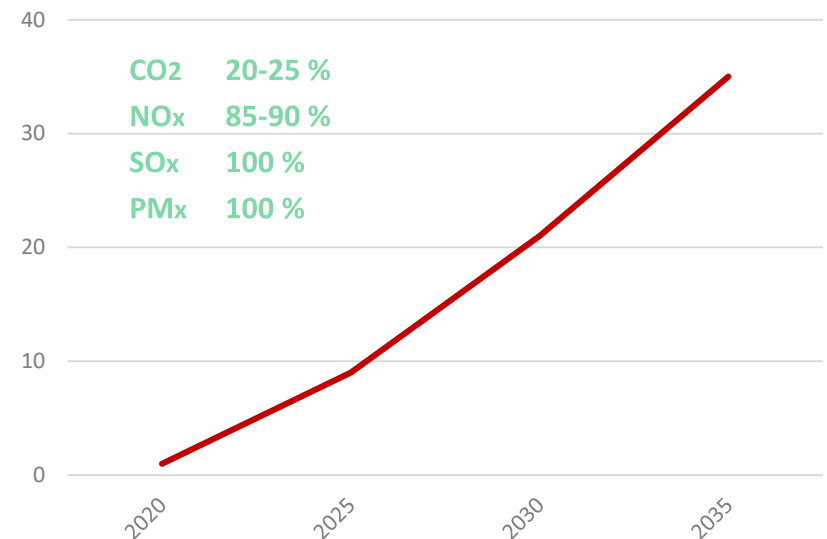
HD TRUCKS END OF YEAR



- 13 % of China's LNG imports in 2018 used by HD trucks and buses
- Over 2,500 filling stations
- Annual production of abt 115,000 LNG fuelled trucks
- 20 % higher capex, 10-30 % cheaper fuel and payback < 1 year

LNG AS MARINE FUEL

MT LNG CONSUMPTION P.A.



- Doubling of global fleet of LNG fueled vessels next 2-3 years, from abt 150 to 300 vessels
- LNG bunkering available in 24 of 25 of largest ports
- Potential market 200 MTPA (~60 % of LNG trade in 2018)
- DNV GL states that LNG is the only viable marine fuel until at least 2050
- First LNG fuelled VLCC ordered this week

Source: Shell LNG Outlook 2019, Reuters, Wilhelmssen Insights, SeaLNG, DNV GL, TW

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Summary

- Despite weak start to 2019 due to mild winter and trade war, fundamentals are improving
 - 30 % growth in LNG production
 - 20 % fleet growth
 - Ongoing wave of new LNG production with full storage tanks and contango leading to increased ton-time

- Mid- and long-term demand for LNG transportation remains strong
 - Demand for gas increasing as it is cheap, abundantly available, environmentally friendly and flexible
 - LNG producers seeing straight through current glut with all-time high FIDs despite 10 year low gas price
 - US supply and Asian demand expected to improve ton-miles
 - LNG's flexibility, environmental benefit coupled with ever improving technology is convincing more players, including DNV GL that LNG is the only viable marine fuel for decades to come

- Awilco LNG
 - Refinancing secured and in documentation
 - Pure play integrated LNG transportation company with excellent commercial track record in a segment with high barriers to entry



Q&A

A Fully Integrated Pure Play LNG Transportation Provider





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