



Q4 2019

28 February 2020

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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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4th quarter and full year highlights

4th quarter 2019

Net freight income	MUSD 16.3	6.3 in Q3 2019
EBITDA	MUSD 13.0	7.4 in Q3 2019
Net profit/(loss)	MUSD 4.7	(1.1) in Q3 2019

- All-time high EBITDA
- TCE* USD 88,200 pd (USD 60,400 pd in Q3 2019)

Full year 2019

Net freight income	MUSD 33.7	MUSD 34.8 in 2018
EBITDA	MUSD 25.2	MUSD 22.4 in 2018
Net profit/(loss)	MUSD (8.3)	MUSD (11.4) in 2018

Subsequent events

- 10-year refinancing fully executed in January 2020
- Q1 2020 covered at TCE* ~USD 70,000 pd per vessel

**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*

Excellent commercial track record

TCE USD pd	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019	2020 Q1 (F)
ALNG	46,200	31,100	60,400	88,200	58,900	70,000
TFDE # 1	38,400	26,500	36,000	66,400	41,800	55,000
TFDE # 2	39,300	24,400	35,200	77,000	44,400	60,000
MEGI	42,600	46,300	58,200	94,000	62,400	70,000

- Earnings beat vs TFDE owners: USD 11.5 million in full year 2019 on two vessel basis
- MEGI premium? USD 3,500 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*
Source: TFDE/MEGI Owner quarterly presentations and reports, Company calculations/estimates

Refinancing completed

- ✓ Sale/leaseback facility fully executed early January 2020 with CCB Financial Leasing
- ✓ Full take out of previous sale/leaseback facilities – net negative cash effect abt MUSD 3.6 after costs
- ✓ Annual finance cost expected reduced by abt MUSD 7.0 at current forward Libor
- ✓ Attractive terms
 - Vessels sold for MUSD 175 less MUSD 43.75 pre-paid charter hire
 - 10-year tenor
 - 14-year straight line amortisation profile
 - Libor + margin 370 bps
 - Purchase obligation MUSD 37.5 after 10 years
 - Rolling purchase options after three years
 - Quarterly hire payments in arrears
- ✓ 2020 hire payments estimated at USD 45,000 pd per vessel
- ✓ No employment requirements and standard covenants, none of which earnings based
 - Minimum consolidated cash and cash equivalents MUSD 10.0
 - Positive consolidated working capital

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Q4 2019 income statement

USD million	Q4'19	Q3'19	2019	2018
Freight income	17.2	6.7	37.1	40.0
Voyage related expenses	(0.9)	(0.4)	(3.4)	(5.1)
Net freight income	16.3	6.3	33.7	34.8
Other income	(0.1)	4.8	11.6	4.0
Operating expenses	(1.9)	(2.9)	(16.4)	(12.5)
Administration expenses	(1.2)	(0.8)	(3.7)	(3.9)
EBITDA	13.0	7.4	25.2	22.4
Depreciation	(3.3)	(3.3)	(13.1)	(13.0)
Net finance	(5.0)	(5.2)	(20.4)	(20.9)
Profit/(loss) before tax	4.7	(1.1)	(8.3)	(11.4)
Tax	-	-	-	-
Profit/(loss)	4.7	(1.1)	(8.3)	(11.4)



Q4 2019 financial position

USD million	31.12.19	30.09.19	31.12.18
Vessels (right-of-use assets)	350.0	353.3	362.1
Total non-current assets	350.0	353.3	362.1
Trade receivables	0.1	0.1	2.7
Other short term assets	3.7	9.7	6.1
Cash and cash equivalents	23.5	14.0	22.5
Total current assets	27.3	23.8	31.4
Total assets	377.4	377.1	393.6
Total equity	107.3	102.6	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	260.2	262.2	266.7
Other current liabilities	9.5	11.9	10.9
Total current liabilities	269.6	274.1	277.6
Total equity and liabilities	377.4	377.1	393.6



Q4 2019 cash flow

USD million	Q4'19	Q3'19	2019	2018
Cash Flows from Operating Activities:				
Profit/(loss) before taxes	4.7	(1.1)	(8.3)	(11.4)
Income taxes paid	-	-	-	-
Interest and borrowing costs expensed	5.1	5.2	20.7	21.5
Depreciation, amortisation and impairment	3.3	3.3	13.0	13.0
Trade receivables, inventory and other short term assets	3.6	3.9	5.1	(2.2)
Accounts payable, accrued exp. and deferred revenue	(0.1)	(6.5)	(1.4)	5.7
Net cash provided by / (used in) operating activities	16.6	4.8	29.2	26.5
Cash Flows from Investing Activities:				
Investment in vessels / sale of vessels	-	(0.1)	(1.0)	(11.2)
Net cash provided by / (used in) investing activities	-	(0.1)	(1.0)	(11.2)
Cash Flows from Financing Activities:				
Repayment of borrowings	(2.3)	(2.2)	(7.6)	(2.7)
Interest and borrowing costs paid	(4.8)	(4.9)	(19.6)	(19.1)
Net cash provided by / (used in) financing activities	(7.1)	(7.1)	(27.2)	(21.8)
Net changes in cash and cash equivalents	9.5	(2.4)	1.0	(6.4)
Cash and cash equivalents at start of period	14.0	16.4	22.5	29.0
Cash and cash equivalents at end of period	23.5	14.0	23.5	22.5

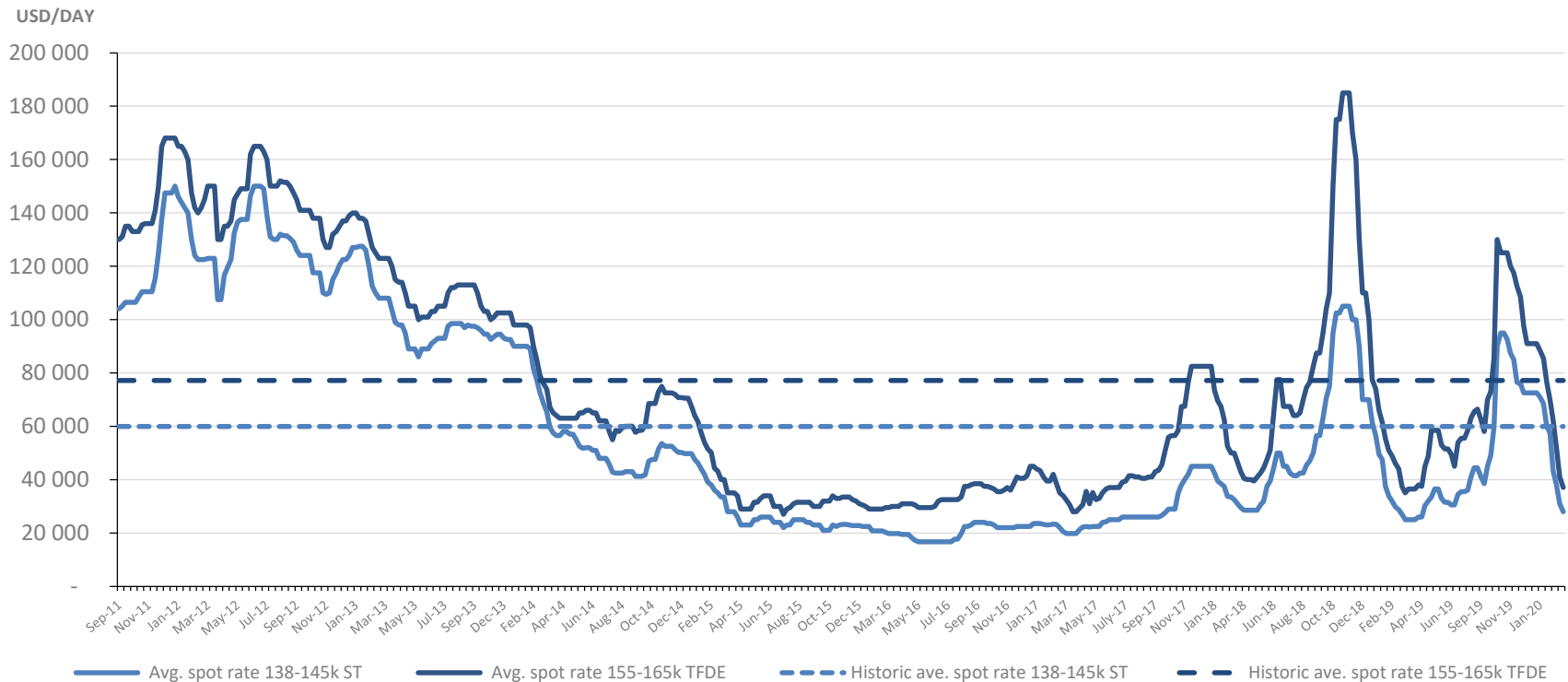


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Spot rates

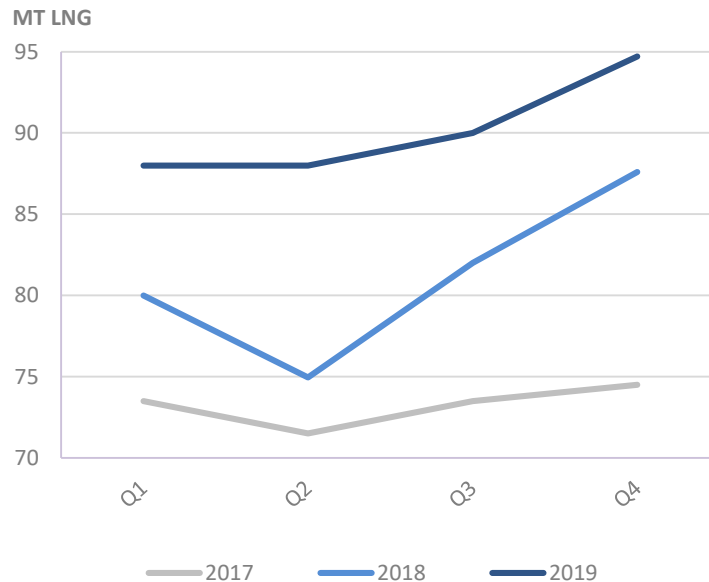


- Mild weather and well stocked inventories reducing LNG- and shipping demand
- Average headline assessed rate USD 109,200 pd in Q4 2019 vs USD 149,900 pd in Q4 2018
- Historical average USD 77,200 pd with ~45 % volatility

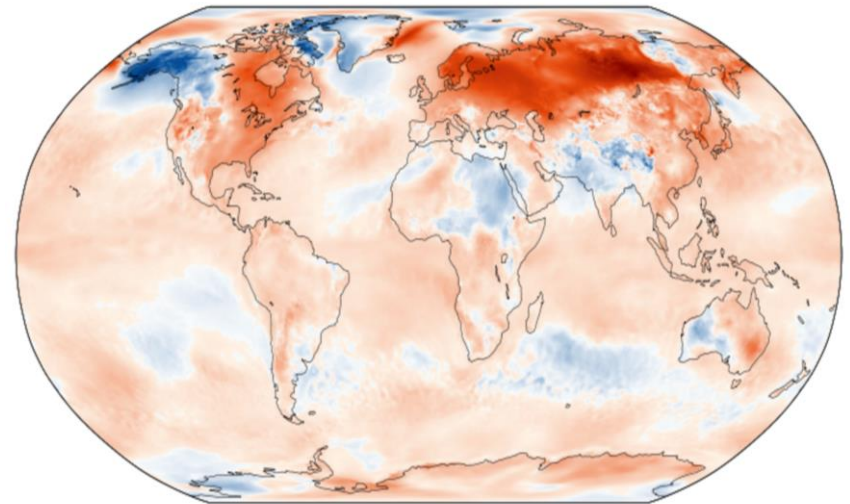
Source: Fearnley LNG, Company calculations

What's going on?

GLOBAL LNG TRADE



JANUARY 2020 vs HISTORY



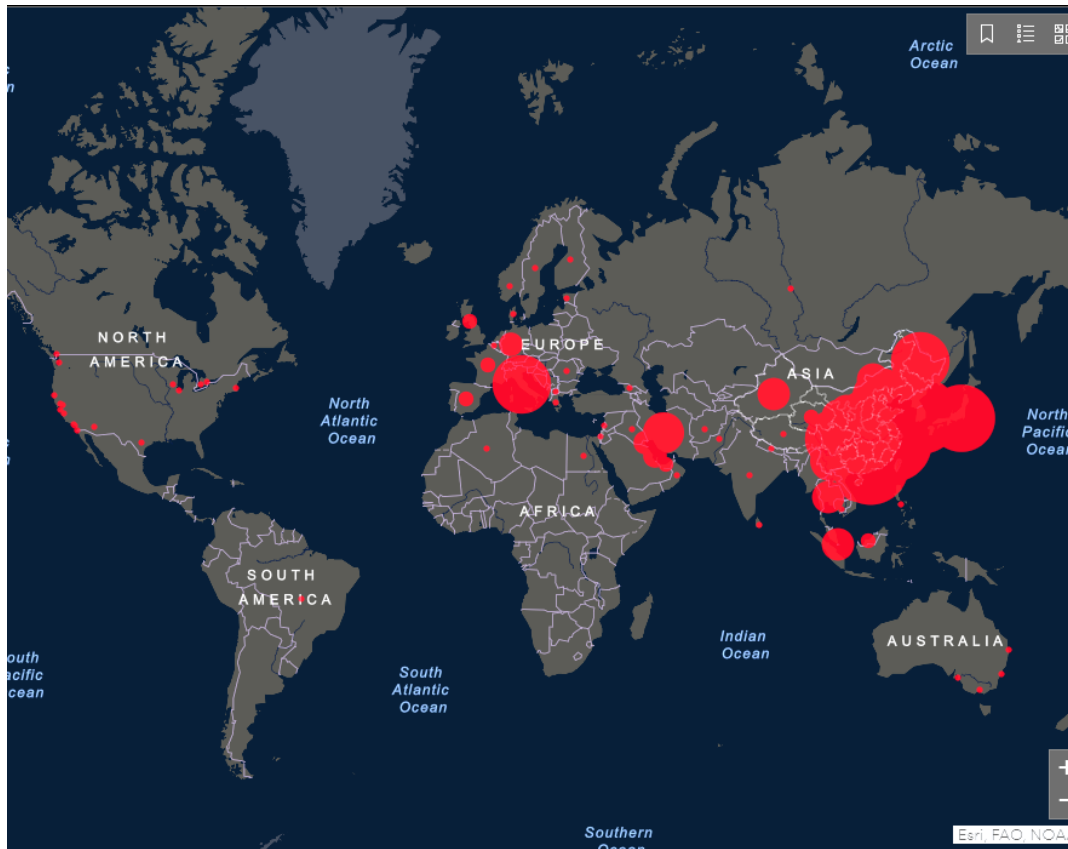
- LNG trade up 11 % / 36 MT in 2019 to 361 MT
 - Doubling since 2009
- 28 MTPA new liquefaction capacity added in 2019 + ramp up of 2018 additions

- Warmest January the last 40 years*
- Cherry blossom in Tokyo expected to start 16 March – 2.5 weeks ahead of historical average
- Demand unable to keep up with supply

Source: Fearnley LNG, Climate Change Service / Copernicus Programme *1981 – 2020, JMC

Black swan

COVID-19 CASES AS OF 27 FEB 2020

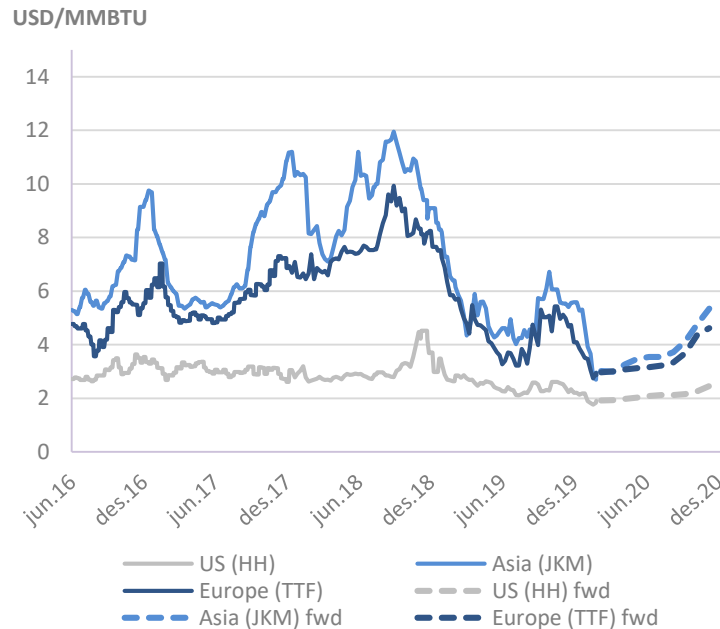


- 82,168 confirmed cases - 96 % in China
- 2,801 fatalities - 57 outside China
- Jan 2020: China's natural gas consumption down 1 % and gas imports down 3.2 %
 - Industrial demand down 14 %
 - Power demand down 10 %
- Force majeure?
- Cargo diversions?
- Operational challenges?
- Shut-ins?
- Forecasted 2020 Chinese LNG import growth down from 10-13 % to 4 - 5 %

Source: Johns Hopkins CSSE, Reuters, Rystad Energy

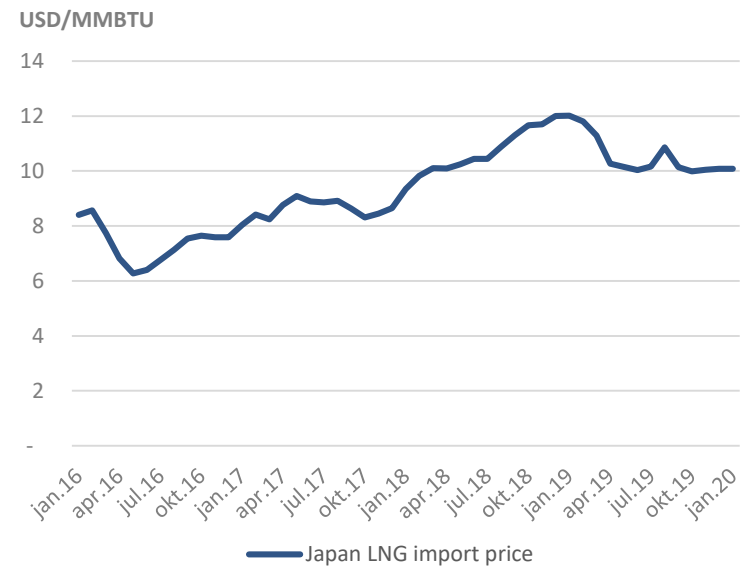
Sticky prices reducing demand

GAS PRICES PLUMMETING



- All-time low gas prices
- JKM below TTF in Feb 2020 - a first?
- Gas now priced 25 % of oil energy equivalent basis

SECURITY OF SUPPLY EXPENSIVE



- Far East consumers not benefitting from low prices
- About 50 % of China's imports are from Australia
 - Fixed price / 10-14 % of oil
- With ample regas and storage capacity Europe has guzzled cheap LNG, growing imports by ~60 % in 2019, switching away from coal and reducing CO2 emissions by 5 %

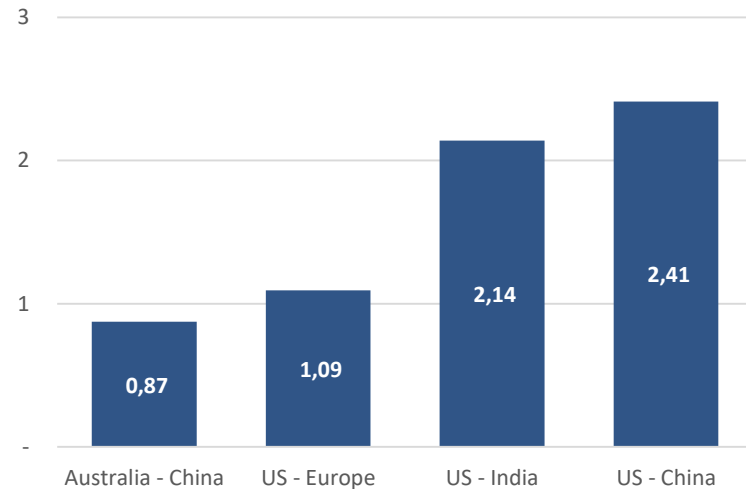
Source: Fearnley LNG, Climate Change Service / Copernicus Programme *1981 – 2020, IEA, CME

And now for something completely different..

THE ART OF THE DEAL



SO GREAT!



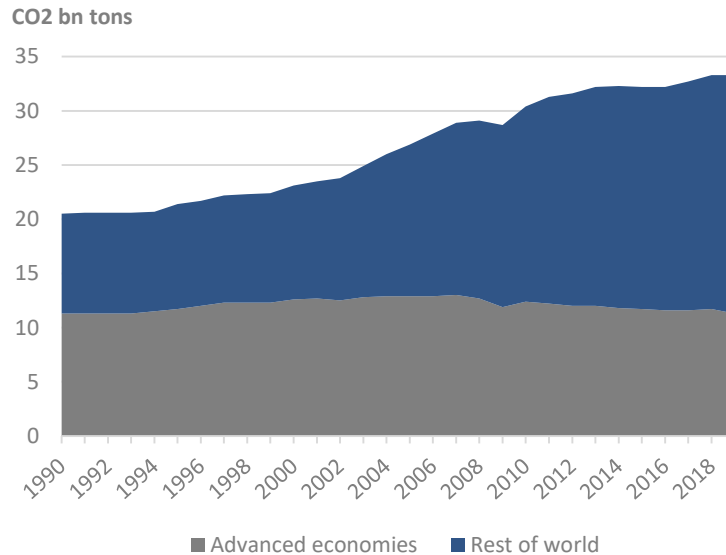
■ Vessels needed to transport 1 MTPA of LNG

- US – China phase 1 trade deal signed 15 Jan 2020, tariff cut on US goods incl LNG from 2 March
- China to purchase additional USD 18.5bn of energy from the US in 2020
- US LNG exports in 2020 expected at abt 60 MT
 - Equal to a total value of USD 7.5bn @ USD 2.5/MMBTU
- China stimulus on its way with cut in domestic gas and electricity prices in Feb 2020

Source: Reuters, Company calculations

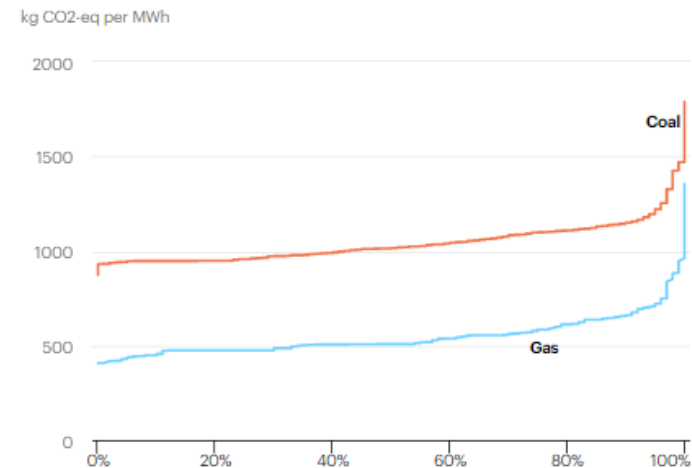
Win-Win-Win

GLOBAL CO2 EMISSIONS (ENERGY)



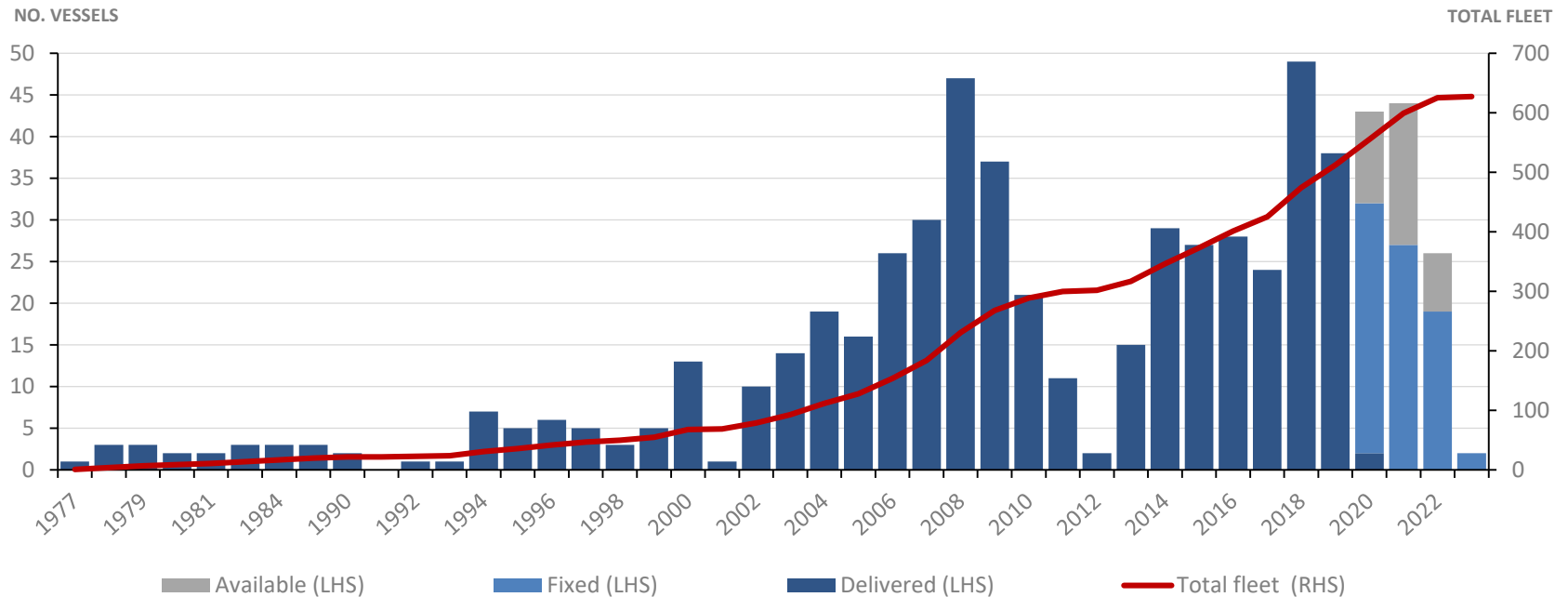
- Emissions from advanced economies fell by 3.2 % in 2019
 - Of which 1/3rd from coal to gas switching
- But was fully offset by increased emissions from RoW, where coal accounts for over 50 % of the energy mix
- Coal responsible for 40 % of global energy related CO2 emissions

LIFECYCLE GHG EMISSIONS COAL VS GAS



- 98 % of gas consumed has lower lifecycle GHG emission intensity than coal
- 50 % reduction in emissions from coal to gas switching in power production

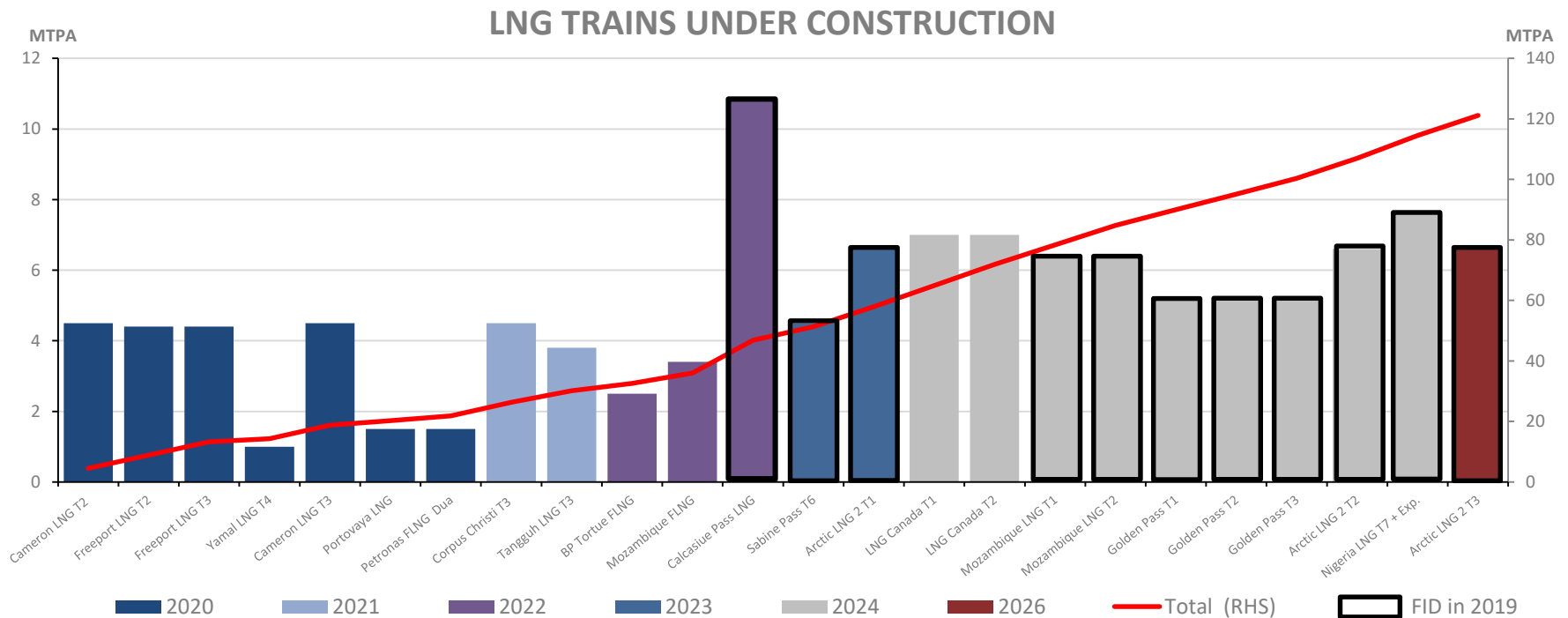
LNG fleet and orderbook



- Total fleet 514 vessels > 125' cbm
- 38 vessels delivered in 2019 – 22 % less than all-time high in 2018
- Current orderbook of 113 LNGC or 21 % of existing fleet of which 35 assumed available
 - No newbuild orders in 2020 so far vs 48 in 2019
- ~20 % of the fleet is «Commercially challenged» (smaller/less efficient), of these 14 laid up, 1 recycled in 2020 (5 in 2018-2019)

Source: Fearnley LNG

The dash for gas



- 121 MTPA new capacity starting up 2020 – 2026 of which 53 MTPA in the US (44 %)
 - ~33 % of total trade in 2019 at 361 MT
- All-time high 71 MTPA FIDs in 2019 in spite of all-time low gas prices
- A further 800 MTPA of new production capacity are in various stages of planning

Source: Fearnley LNG, IGU, Company presentations

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Summary

- Massive supply growth not matched by demand in the short term
 - Mild winter / seasonality
 - Exacerbated by Covid-19
 - Sticky prices

- Mid- and long-term demand for LNG transportation remains strong
 - 33 % growth in LNG production vs 21 % fleet growth
 - US – China Phase 1 trade deal promising
 - Demand for gas increasing as it is cheap, abundantly available, environmentally friendly and flexible

- Awilco LNG
 - Excellent commercial track record
 - Lean and cost focused organisation
 - Refinancing completed at attractive terms



Q&A

A Fully Integrated Pure Play LNG Transportation Provider





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