



**FLEX LNG**

# **Fourth Quarter 2022 Results Presentation**

February 14, 2023



# FORWARD-LOOKING STATEMENTS

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MATTERS DISCUSSED IN THIS PRESENTATION MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES SAFE HARBOR PROTECTIONS FOR FORWARD-LOOKING STATEMENTS IN ORDER TO ENCOURAGE COMPANIES TO PROVIDE PROSPECTIVE INFORMATION ABOUT THEIR BUSINESS. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING PLANS, OBJECTIVES, GOALS, STRATEGIES, FUTURE EVENTS OR PERFORMANCE, AND UNDERLYING ASSUMPTIONS AND OTHER STATEMENTS, WHICH ARE OTHER THAN STATEMENTS OF HISTORICAL FACTS.

FLEX LNG LTD. ("FLEX LNG" OR "THE COMPANY") DESIRES TO TAKE ADVANTAGE OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND IS INCLUDING THIS CAUTIONARY STATEMENT IN CONNECTION WITH THIS SAFE HARBOR LEGISLATION. THE WORDS "BELIEVE," "EXPECT," "FORECAST," "ANTICIPATE," "ESTIMATE," "INTEND," "PLAN," "POSSIBLE," "POTENTIAL," "PENDING," "TARGET," "PROJECT," "LIKELY," "MAY," "WILL," "WOULD," "SHOULD," "COULD" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS.

THE FORWARD-LOOKING STATEMENTS IN THIS PRESENTATION ARE BASED UPON VARIOUS ASSUMPTIONS, MANY OF WHICH ARE BASED, IN TURN, UPON FURTHER ASSUMPTIONS, INCLUDING WITHOUT LIMITATION, MANAGEMENT'S EXAMINATION OF HISTORICAL OPERATING TRENDS, DATA CONTAINED IN THE COMPANY'S RECORDS AND OTHER DATA AVAILABLE FROM THIRD PARTIES. ALTHOUGH FLEX LNG BELIEVES THAT THESE ASSUMPTIONS WERE REASONABLE WHEN MADE, BECAUSE THESE ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT AND ARE BEYOND THE COMPANY'S CONTROL, THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL ACHIEVE OR ACCOMPLISH THESE EXPECTATIONS, BELIEFS OR PROJECTIONS. FLEX LNG UNDERTAKES NO OBLIGATION, AND SPECIFICALLY DECLINES ANY OBLIGATION, EXCEPT AS REQUIRED BY LAW, TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

IN ADDITION TO THESE IMPORTANT FACTORS, OTHER IMPORTANT FACTORS THAT, IN THE COMPANY'S VIEW, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS INCLUDE: UNFORESEEN LIABILITIES, FUTURE CAPITAL EXPENDITURES, THE STRENGTH OF WORLD ECONOMIES AND CURRENCIES, GENERAL MARKET CONDITIONS, INCLUDING FLUCTUATIONS IN CHARTER RATES AND VESSEL VALUES, CHANGES IN DEMAND IN THE LNG TANKER MARKET, THE LENGTH AND SEVERITY OF THE COVID-19 OUTBREAK, THE IMPACT OF PUBLIC HEALTH THREATS AND OUTBREAKS OF OTHER HIGHLY COMMUNICABLE DISEASES, CHANGES IN THE COMPANY'S OPERATING EXPENSES, INCLUDING BUNKER PRICES, DRY-DOCKING AND INSURANCE COSTS, THE FUEL EFFICIENCY OF THE COMPANY'S VESSELS, THE MARKET FOR THE COMPANY'S VESSELS, AVAILABILITY OF FINANCING AND REFINANCING, ABILITY TO COMPLY WITH COVENANTS IN SUCH FINANCING ARRANGEMENTS, FAILURE OF COUNTERPARTIES TO FULLY PERFORM THEIR CONTRACTS WITH THE COMPANY, CHANGES IN GOVERNMENTAL RULES AND REGULATIONS OR ACTIONS TAKEN BY REGULATORY AUTHORITIES, INCLUDING THOSE THAT MAY LIMIT THE COMMERCIAL USEFUL LIVES OF LNG TANKERS, POTENTIAL LIABILITY FROM PENDING OR FUTURE LITIGATION, GENERAL DOMESTIC AND INTERNATIONAL POLITICAL CONDITIONS, POTENTIAL DISRUPTION OF SHIPPING ROUTES DUE TO ACCIDENTS OR POLITICAL EVENTS, VESSEL BREAKDOWNS AND INSTANCES OF OFF-HIRE, AND OTHER FACTORS, INCLUDING THOSE THAT MAY BE DESCRIBED FROM TIME TO TIME IN THE REPORTS AND OTHER DOCUMENTS THAT THE COMPANY FILES WITH OR FURNISHES TO THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

FOR A MORE COMPLETE DISCUSSION OF CERTAIN OF THESE AND OTHER RISKS AND UNCERTAINTIES ASSOCIATED WITH THE COMPANY, PLEASE REFER TO THE REPORTS AND OTHER DOCUMENTS THAT FLEX LNG FILES WITH OR FURNISHES TO THE SEC.

THIS PRESENTATION IS NOT AN OFFER TO PURCHASE OR SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE OR SELL, ANY SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL.

# FOURTH QUARTER HIGHLIGHTS

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## RESULTS

Q4-22 Revenues of \$98m in line with guidance of \$95-98m  
Net income and adj. net income<sup>(1)</sup> of \$41m and \$55m respectively  
EPS and adj. EPS<sup>(1)</sup> of \$0.78 and \$1.02 respectively

## RECENT EVENTS

Extended three ships with Cheniere adding minimum 14 years backlog  
Secured refinancing for last three ships with gross proceeds of \$470m  
Balance Sheet Optimization will release total net cash proceeds of \$387m

## GUIDANCE

Guiding Q1-23 Revenues of \$90-93m with one ship carrying out dry-docking  
Guiding 2023 Revenues of ~\$370m with TCE ~\$80,000/day  
Guiding 2023 adj. EBITDA of about \$290-295m

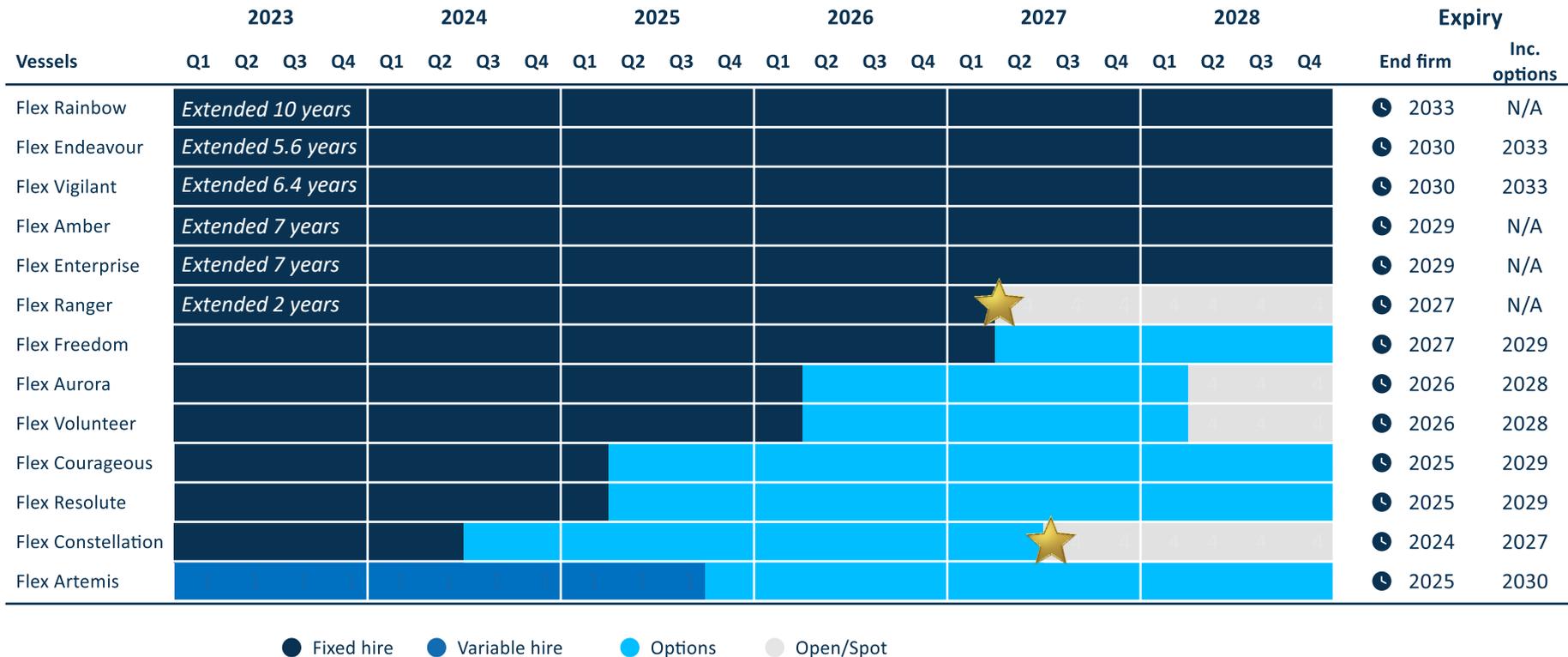
## DIVIDEND

Declaring ordinary dividend of \$0.75 and special dividend of \$0.25 per share  
Dividend for Q4-22 of \$1.00 per share and \$3.75 for full year 2022  
Full year 2022 dividend implies a yield of ~11%<sup>(2)</sup>

1) Adjusted net income, adjusted EPS and TCE are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the earnings report.

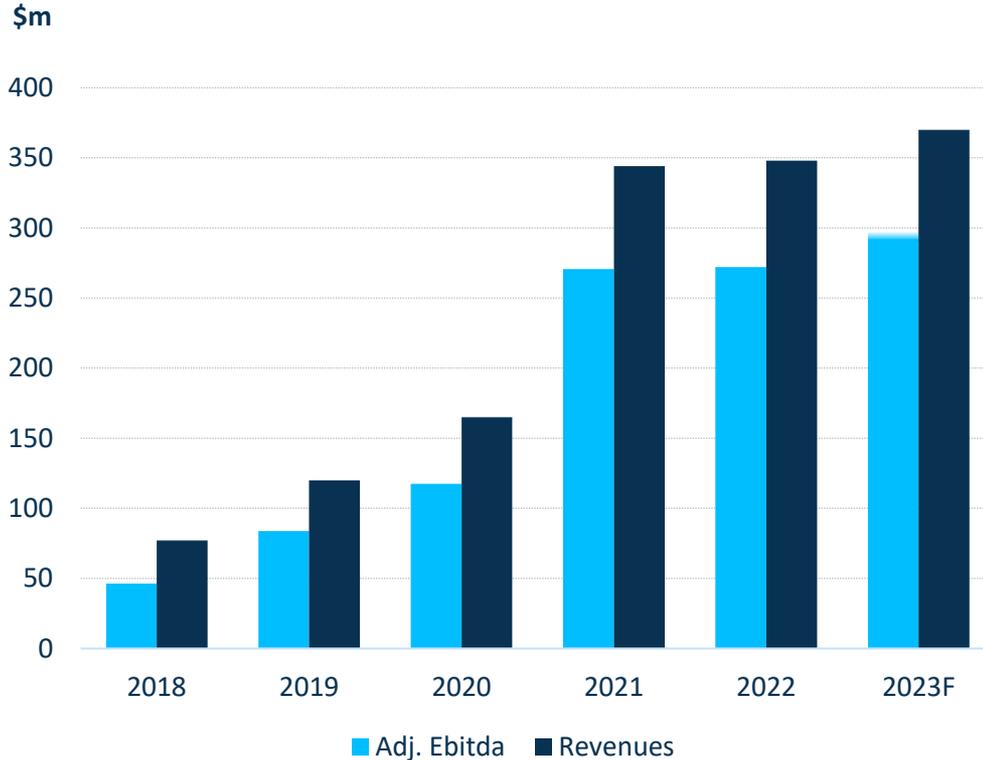
2) Annualized dividend yield assuming a share price of \$33

# HIGH CONTRACT COVERAGE – NOW MARKETING 2027 POSITIONS



● Fixed hire   
 ● Variable hire   
 ● Options   
 ● Open/Spot

# 2023 IS FULLY BOOKED WITH HIGHER EXPECTED NUMBERS



- We expect Revenues to grow from \$348m in 2022 to about \$370m in 2023 driven by higher average TCE<sup>(1)</sup> level of around \$80,000/day for 2023 vs. \$72,800/day in 2022
- We will carry out our first five-year special surveys in 2023. Four ships are scheduled for dry-docking with total off-hire days of approximately 80-90 days:
  - 1) Flex Enterprise end Q1
  - 2) Flex Endeavour during Q2
  - 3) Flex Ranger during Q2/Q3
  - 4) Flex Rainbow during Q2/Q3
- Higher TCE will also positively impact our adjusted EBITDA which is expected to increase in line with Revenues.

1) TCE and adjusted EBITDA are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the Q4-22 earnings report.

# EARNINGS BELONG TO SHAREHOLDERS



	Q1-21	Q2-21	Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	FY22
<b>Adjusted Earnings per Share<sup>(1)</sup></b>	<b>\$0.61</b>	<b>\$0.26</b>	<b>\$0.57</b>	<b>\$1.17</b>	<b>\$0.42</b>	<b>\$0.60</b>	<b>\$0.79</b>	<b>\$1.02</b>	<b>\$2.83</b>
Earnings per Share	\$0.88	\$0.24	\$0.62	\$1.31	\$1.05	\$0.83	\$0.88	\$0.78	\$3.54
Dividend per Share	\$0.40	\$0.40	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$3.00
Special Dividend per Share						\$0.50		\$0.25	\$0.75
Buy-back of Shares	\$0.10	\$0.01	\$0.04						\$0.00
<b>Total distribution</b>	<b>\$0.50</b>	<b>\$0.41</b>	<b>\$0.79</b>	<b>\$0.75</b>	<b>\$0.75</b>	<b>\$1.25</b>	<b>\$0.75</b>	<b>\$1.00</b>	<b>\$3.75</b>

## Decision Factors

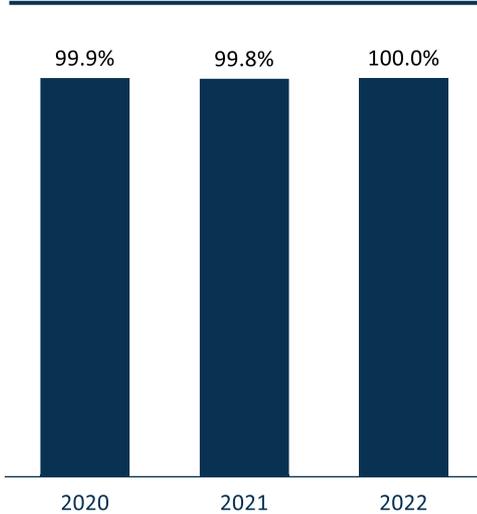
Earnings and cash flow	✓	i	✓	✓	i	✓	✓	✓
Market outlook	✓	✓	✓	✓	✓	✓	✓	✓
Backlog and visibility	✓	✓	✓	✓	✓	✓	✓	✓
Liquidity position	✓	✓	✓	✓	✓	✓	✓	✓
Covenant compliance	✓	✓	✓	✓	✓	✓	✓	✓
Debt maturities	✓	✓	✓	✓	✓	✓	✓	✓
Capex liabilities	✓	✓	✓	✓	✓	✓	✓	✓
Other considerations	✓	✓	✓	✓	✓	✓	✓	✓

1) Adjusted EPS is a non-GAAP measure. A reconciliation to the most directly comparable GAAP measure is included in the earnings report

# WE DELIVER EXCELLENT SAFETY AND QUALITY PERFORMANCE



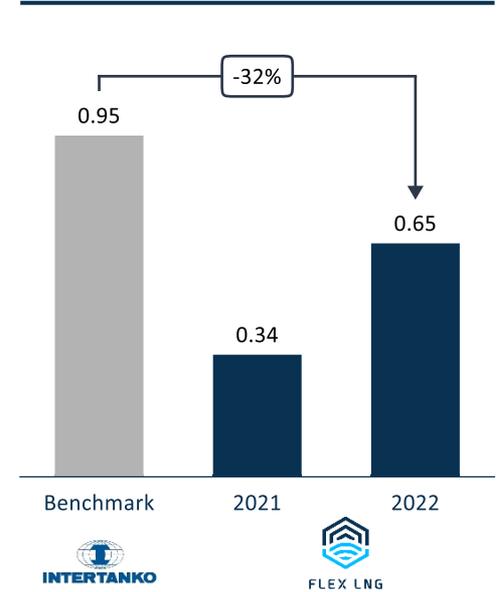
## High uptime



## LTIF under benchmark



## TRCF under benchmark



# KEY FINANCIAL FIGURES FOR 2022

## OPERATING DAYS



## TCE<sup>(1)</sup> PER DAY



## OPEX PER DAY



### 2022:

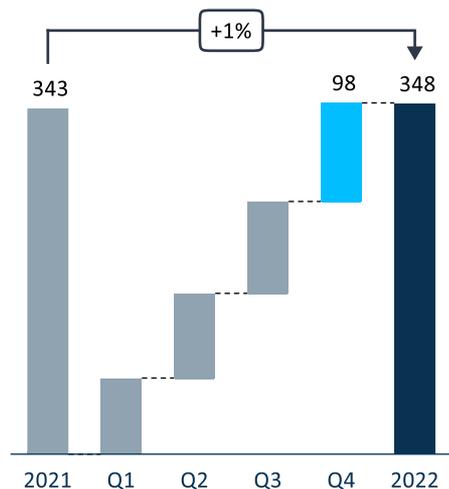
Total available days: 4,745

1) TCE and opex per day are non-GAAP measures. A reconciliation to the most directly comparable GAAP measure is included in the Q4-22 earnings report.

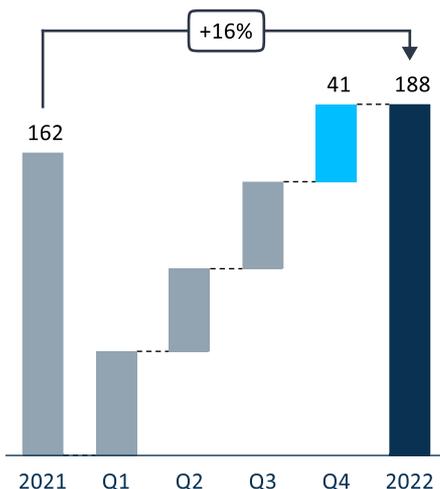
# STRONG CONTRACT BACKLOG MEANS STABLE RETURNS



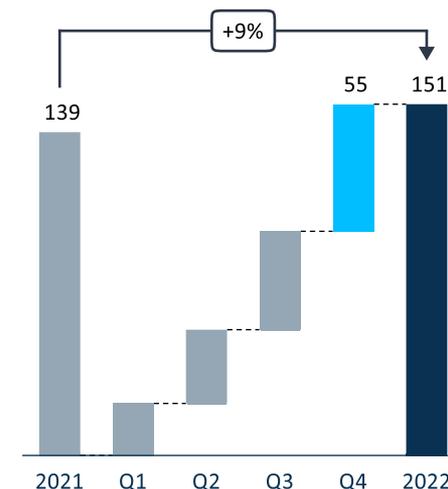
## REVENUES (\$m)



## NET INCOME (\$m)



## ADJUSTED NET INCOME (\$)¹

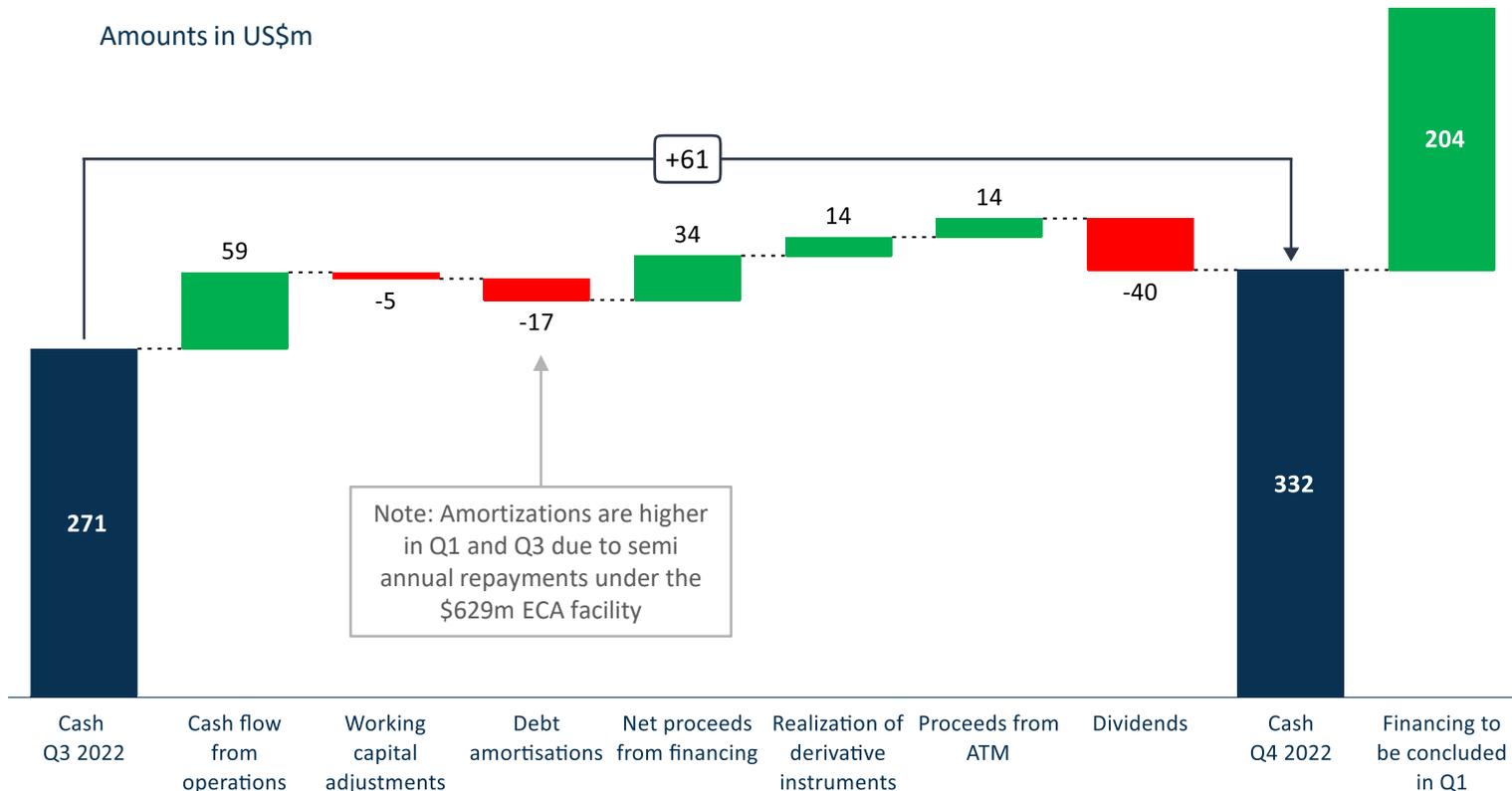


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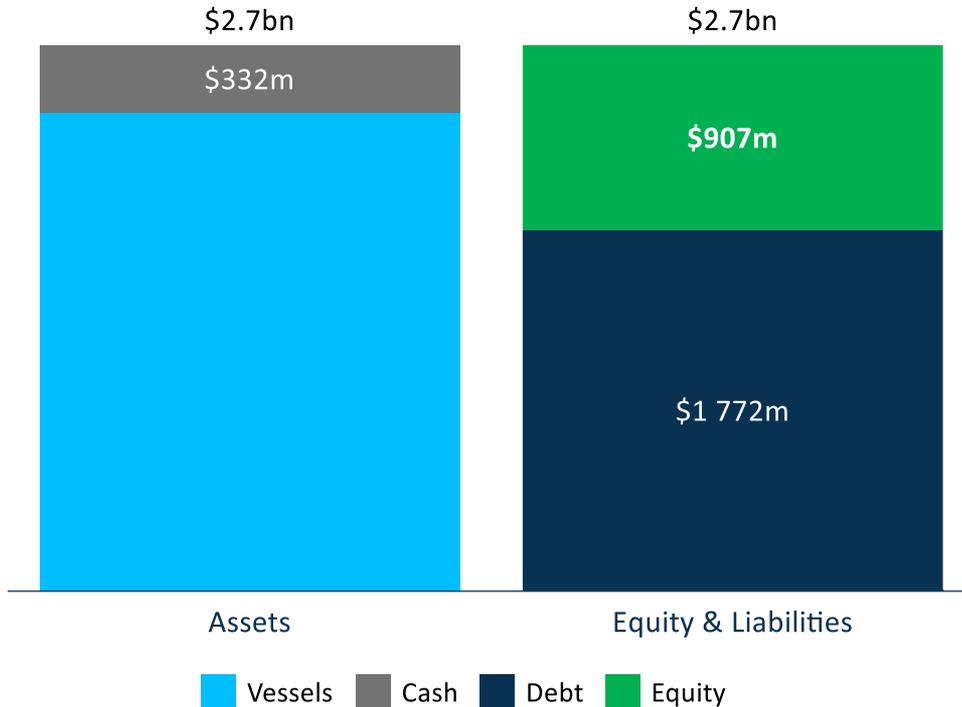
# RECORD HIGH CASH POSITION WITH MORE TO COME



Amounts in US\$m



# ROBUST AND CLEAN BALANCE SHEET



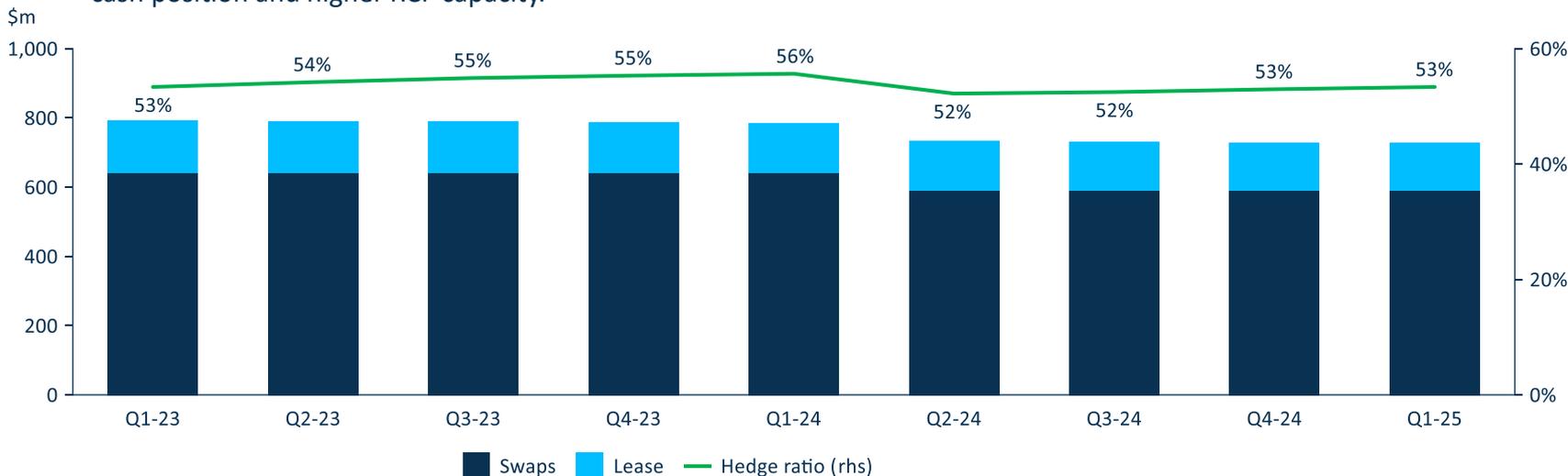
- 13 state-of-the art LNGCs
- Average fleet age of 3.2 years
- The fleet has been acquired at historically attractive prices compared to the newbuilding prices today, but book equity values reflect historical cost adjusted with regular depreciations
- Ample cash position of \$332m
- Solid book equity ratio of 34%

# INTEREST RATE RISK MANAGED BY ACTIVE HEDGING STRATEGY



- Overall P&L gain of \$5m on derivatives despite termination of \$100m 10Y swaps in October returning \$14m in cash proceeds. The derivative exposure was positively affected by portfolio adjustments in October at attractive timing where duration was shortened by the above termination and an amendment of \$100m 10Y where \$15.5m of gains were used for a new \$181m 2.5Y swap at 0.9%.
- Added \$50m 10Y swap at 3.26% in January at attractive timing.
- Hedge ratio on net outstanding debt is positively affected by strong cash position and higher RCF capacity.

SUMMARY (as per Feb 2023)	SOFR	LIBOR	TOTAL
Notional swap amounts	\$481m	\$260m	<b>\$741m</b>
Weighted average duration	6.7 years	2.3 years	
Weighted average rate	1.72%	1.11%	
<b>Terminated swaps</b>		<b>Q4</b>	
Cash proceeds	\$14.4m		

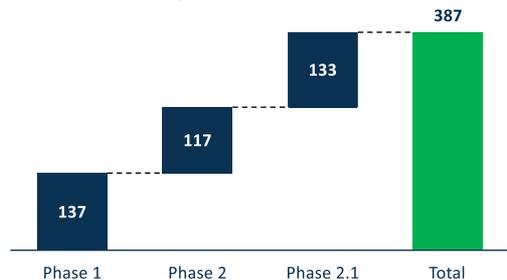


# BALANCE SHEET OPTIMIZATION FINALIZED



## ✓ \$387m CASH RELEASE UNDER THE PROGRAM

Proceeds from new financing (USDm) - net of fees



## ✓ ALL PRIORITIES MET

### \$2bn raised at improved terms

- » Increased repayment profiles to 21.5 years<sup>1</sup>
- » 80 bps margin improvement vs Q4-21
- » Longer tenors - first maturity in Q1-28
- » Right sized leverage
- » Flexibility through \$400m RCF
- » Covenants adjusted to credit profile

Status	Vessel	Type	Amount	Margin	Tenor	Profile <sup>1</sup>	Closing	Net proceeds <sup>2</sup>
✓ Completed	Flex Resolute	Bank	\$150m	SOFR + 1.75%	6Y	21Y	Q4-22	\$34m
✓ Completed	Flex Amber	Lease	\$170m	SOFR + 2.15%	12Y	22Y	Q1-23	\$33m
✓ Completed	Flex Artemis	Lease	\$160m	SOFR + 2.15%	12Y	22Y	Q1-23	\$39m
▶ In documentation	Flex Rainbow	Lease	\$180m	Fixed & floating interest <sup>3</sup>	10Y	22Y	Expected Q1-23	\$56m
▶ In documentation	Flex Aurora	Bank <sup>4</sup>	\$123m	SOFR + 2.10%	~5Y	22Y	Expected Q1-23	\$13m
▶ Credit approved	Flex Freedom	Bank	\$145m	SOFR + 1.85%	6Y	22Y	Expected Q1-23	\$31m
▶ Credit approved	Flex Vigilant	Bank	\$145m	SOFR + 1.85%	6Y	22Y	Expected Q1-23	\$33m

1) Age adjusted repayment profile. 2) Proceeds expected net of i) outstanding debt and ii) fees. 3) ~50% of lease fixed at all-in rate of 3.5% and remaining part of lease floating at SOFR + margin of 1.55%  
 4) Flex Aurora will replace Flex Rainbow as security under the \$375m term loan and RCF facility

# FORTRESS BALANCE SHEET

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## STABLE CASH FLOWS



Sustainable cash flows from long term contracts

## CAPITAL AVAILABLE



\$332m in cash and more coming from refinancings

## CAPACITY WITH LOW CARRY COST



Cash management by using the \$400m structured as RCF. Cost of 0.70 % if undrawn.

## SUPPORTS THE FLEX LNG JOURNEY

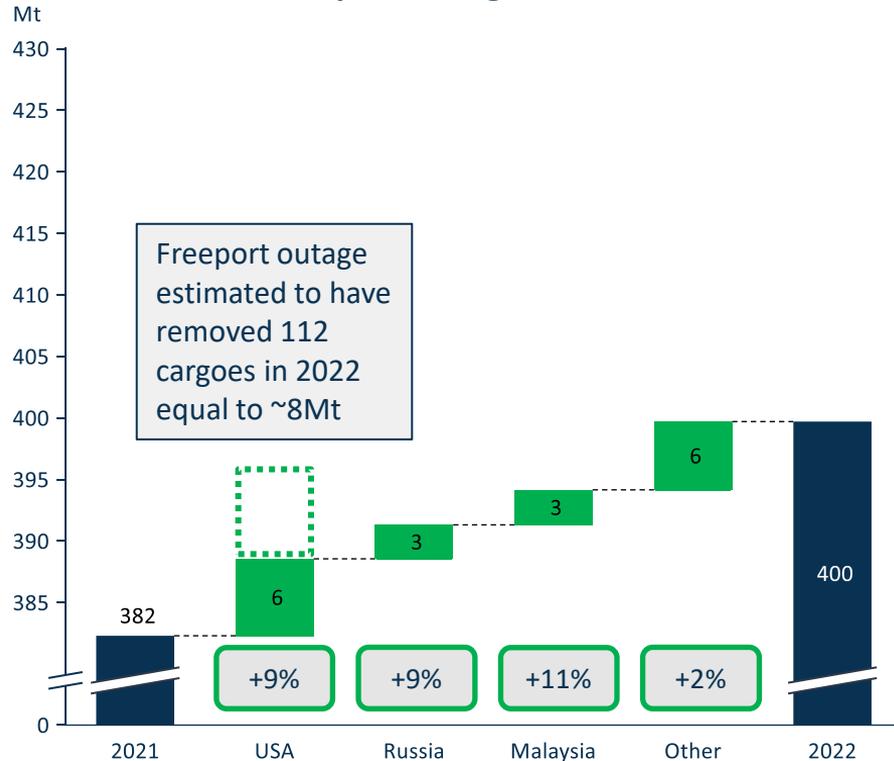


Strong balance sheet provides commercial flexibility

# GLOBAL LNG VOLUMES UP BY 5% IN 2022 DESPITE FREEPORT OUTAGE



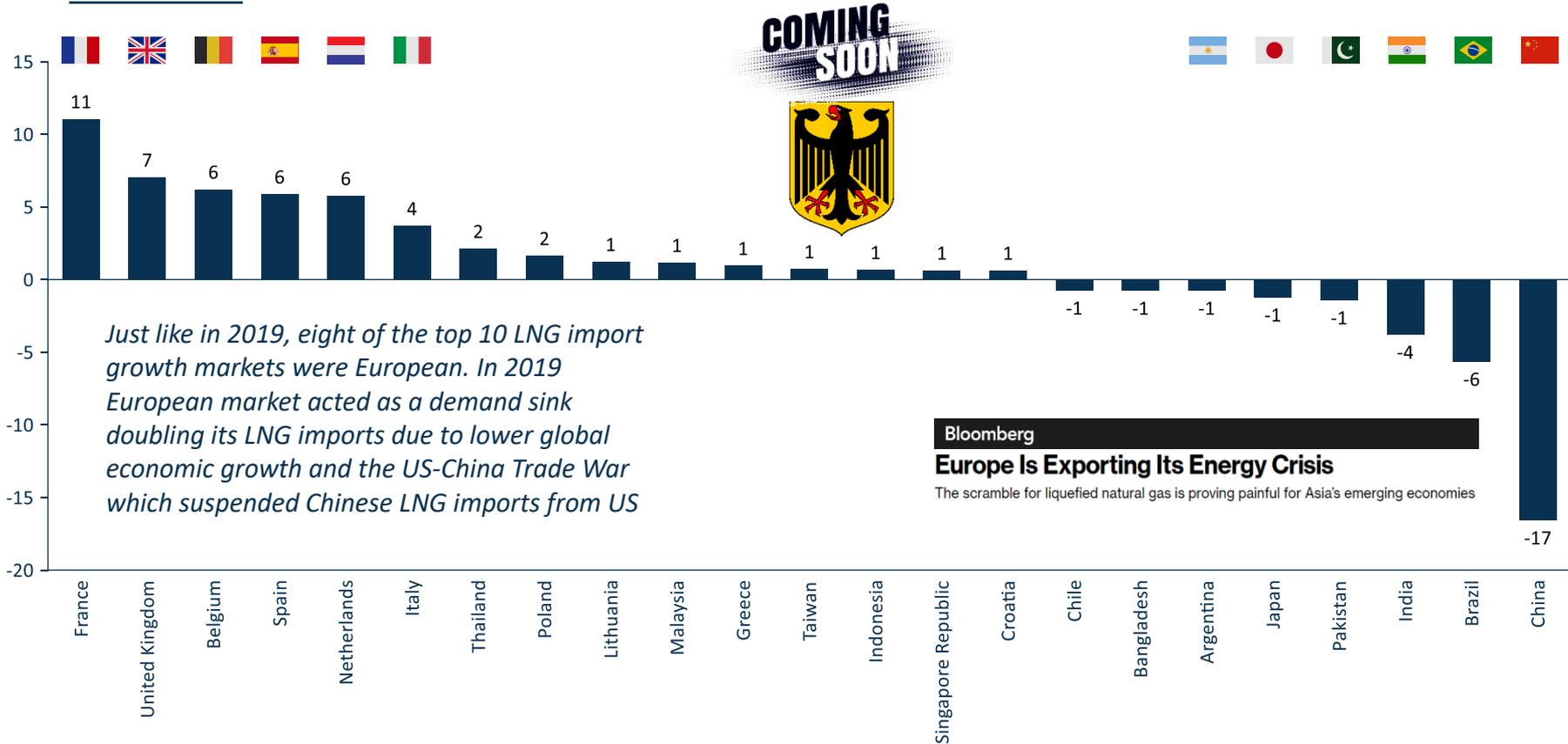
## LNG export change, 2022 vs 2021



## LNG import change, 2022 vs 2021



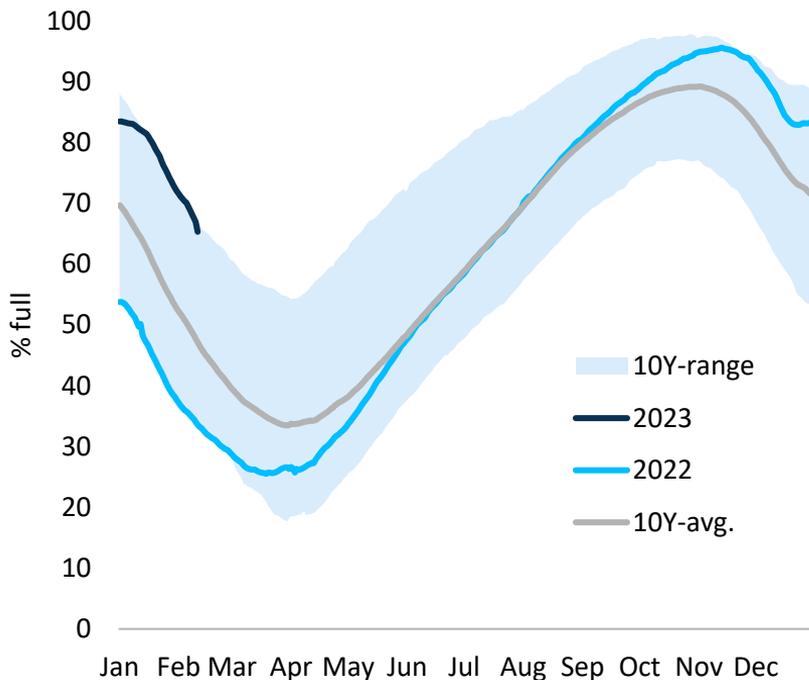
# TOP 6 IMPORT GAINERS IN 2022 WERE ALL EUROPEANS



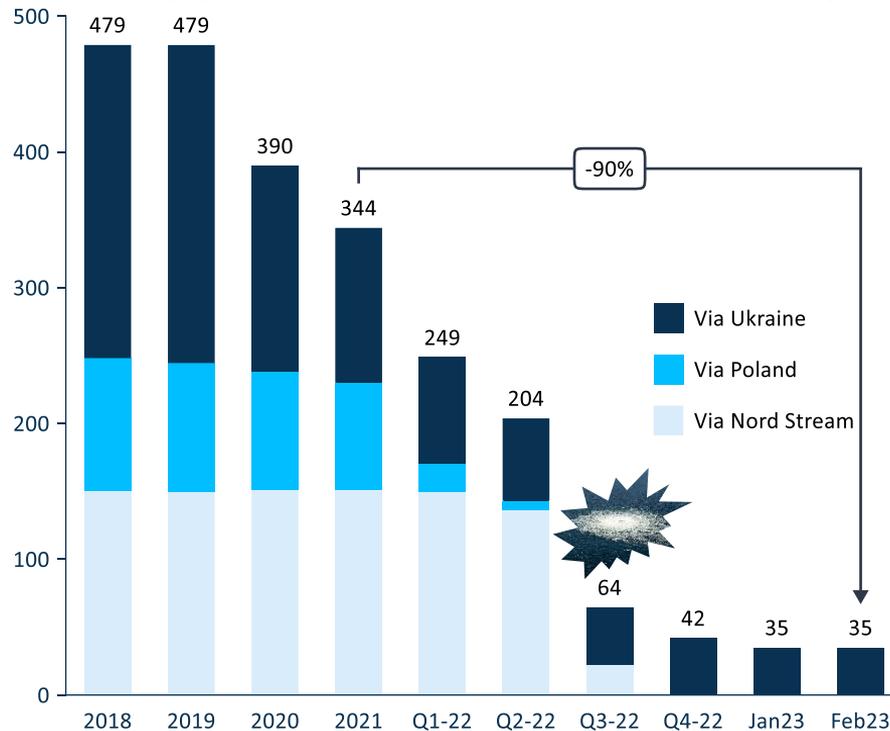
# EU STORAGE HIGH, DESPITE RUSSIAN GAS 90% BELOW 2021-LEVELS...



## EU natural gas storage inventory (% of full)



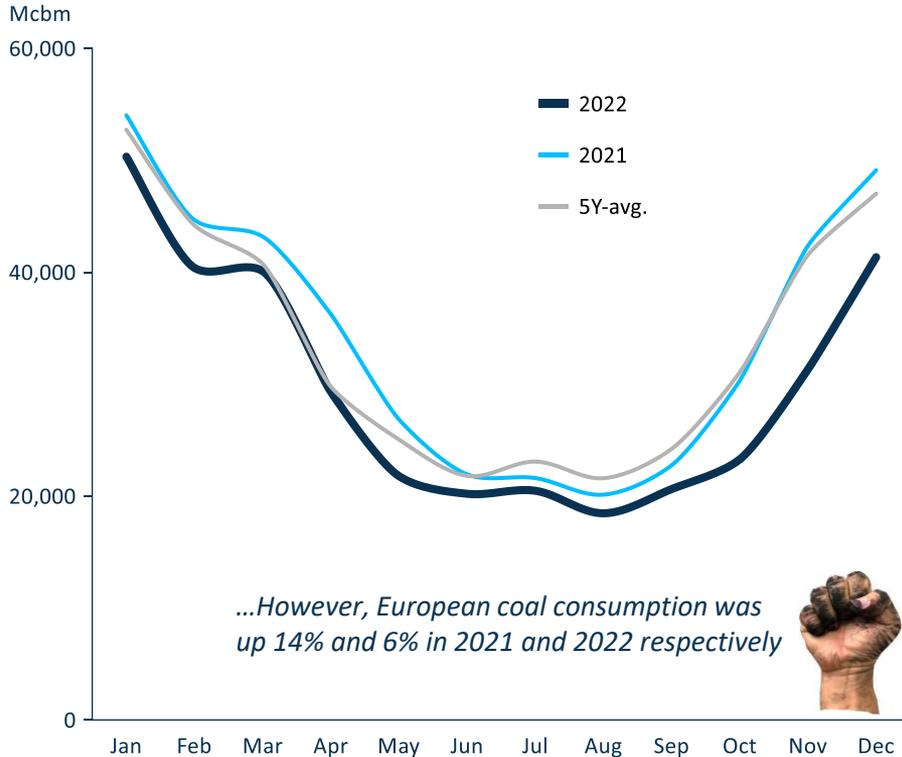
## EU pipeline daily flows from Russia (MCM/day)



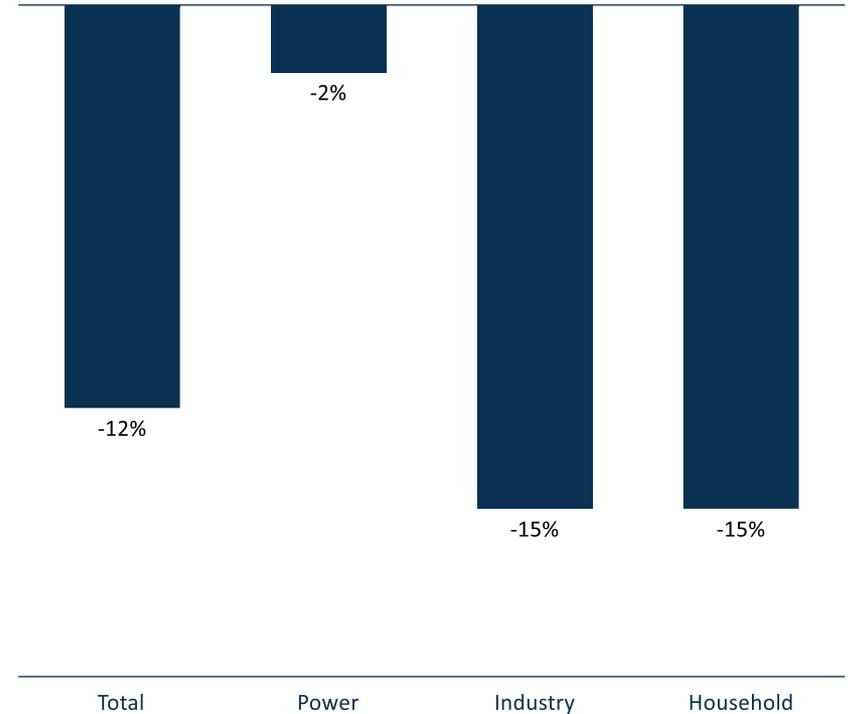
# ...ENABLED BY DEMAND SUBVERSION IN EUROPE



## Europe gas consumption down 12% in 2022...



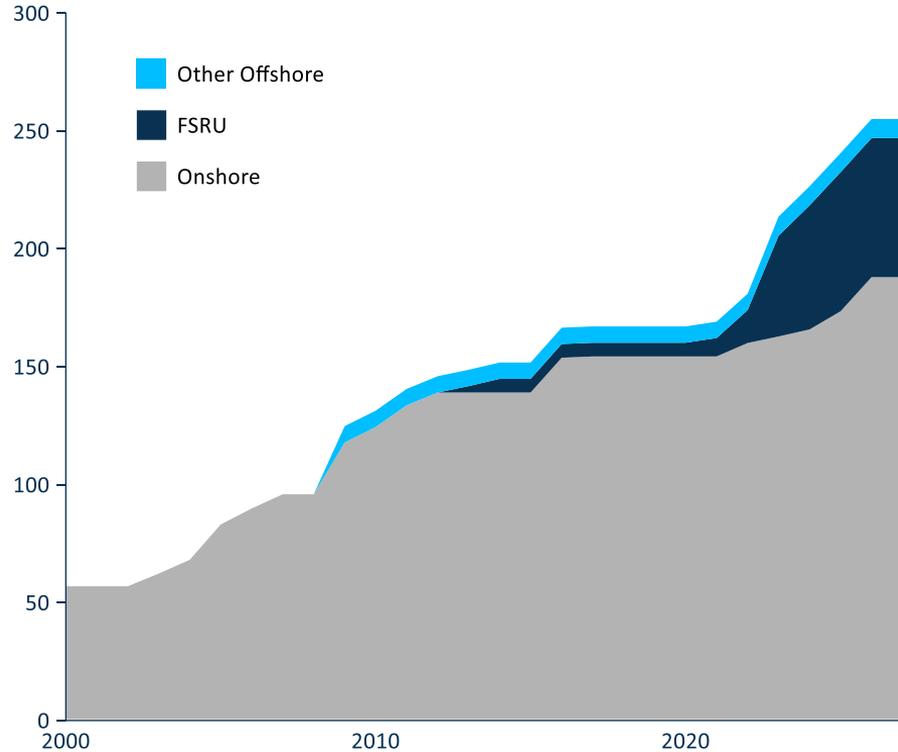
## ...driven by 15% reduction in household and industry



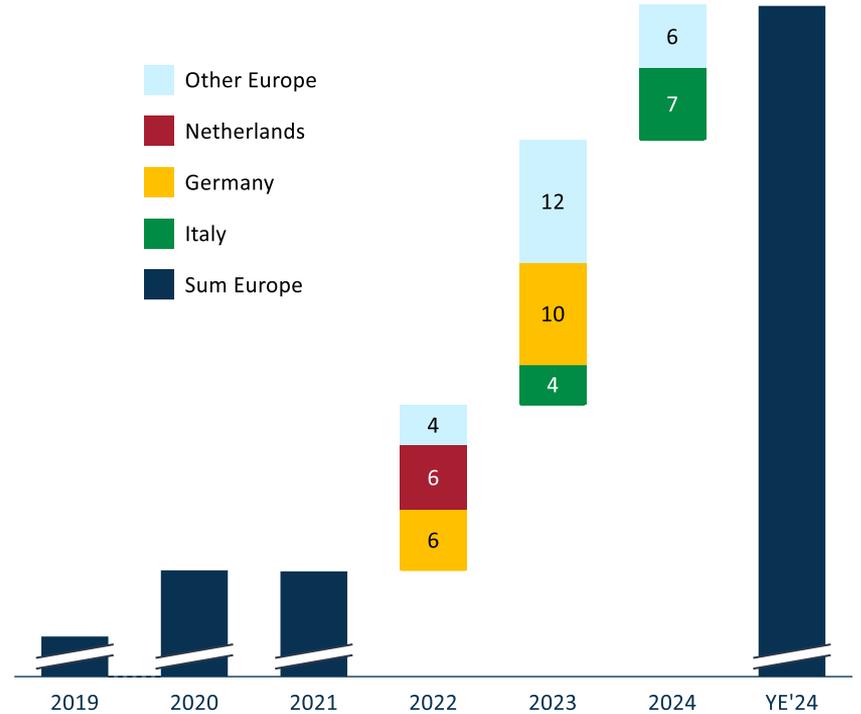
# EUROPE RAPIDLY RAMPING UP NEW LNG IMPORT CAPACITY



Aggregate European LNG import capacity (Mt per annum)

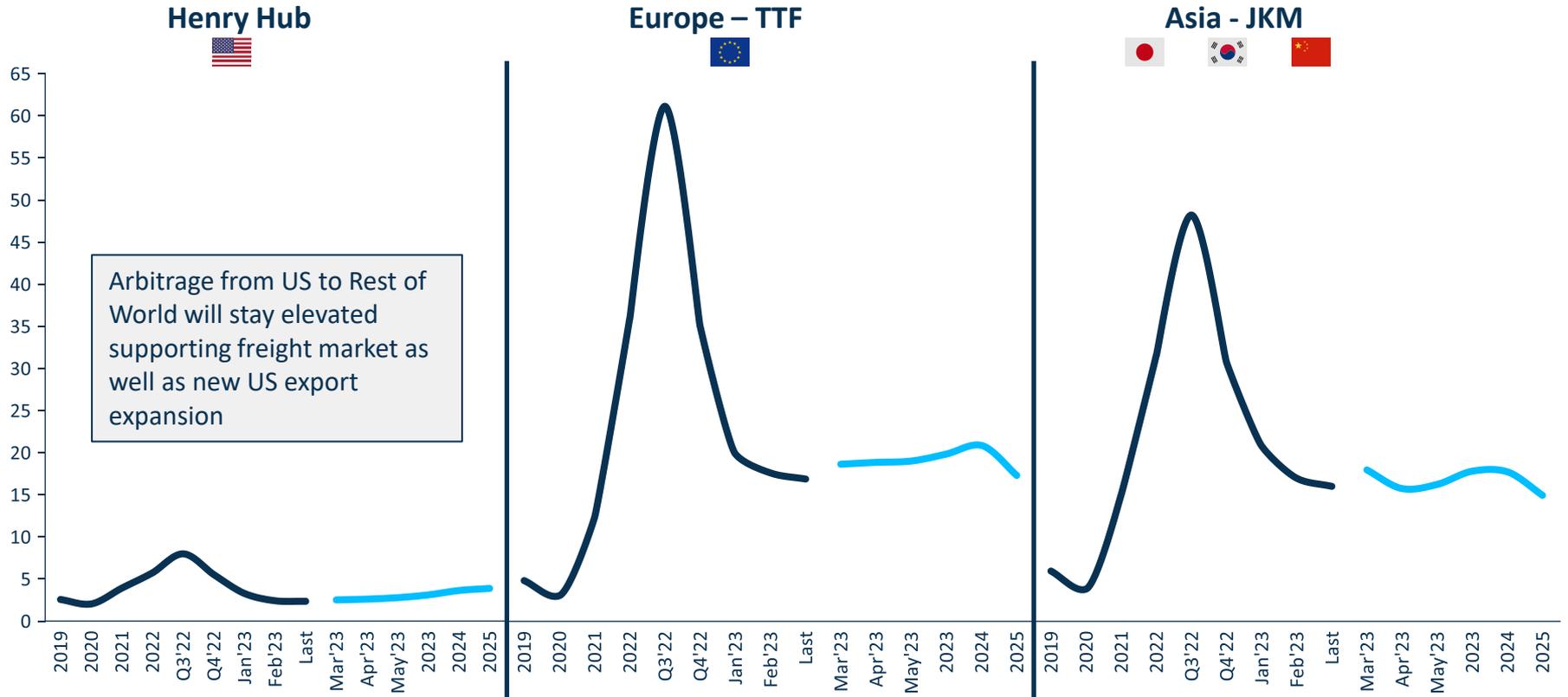


Near term ramp-up of FSRU import capacity (Mt per annum)

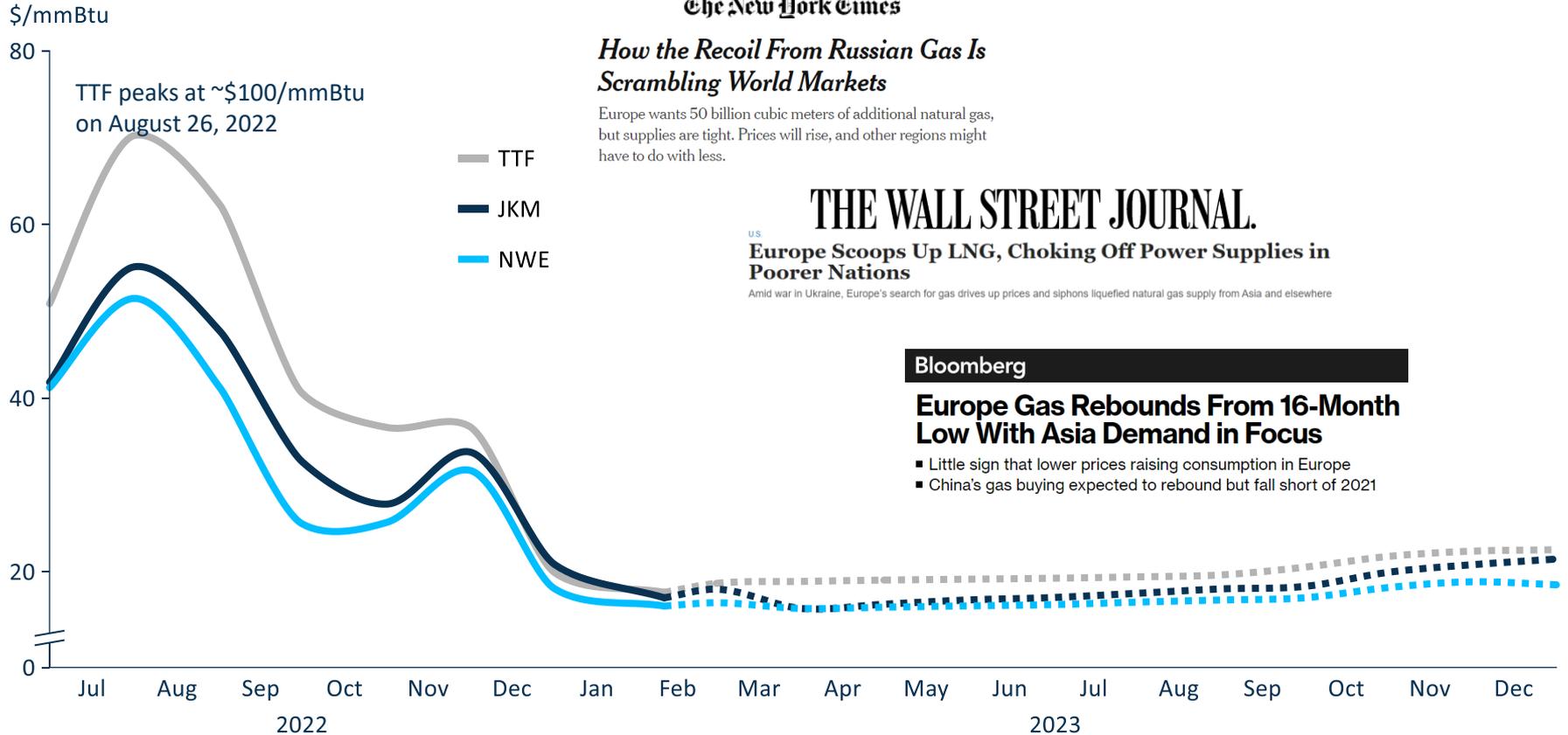


Source: GLE, GIIGNL  
Europe excluding Turkey

# MASSIVE US ARBITRAGE TO REST OF WORLD DESPITE RECENT SLUMP

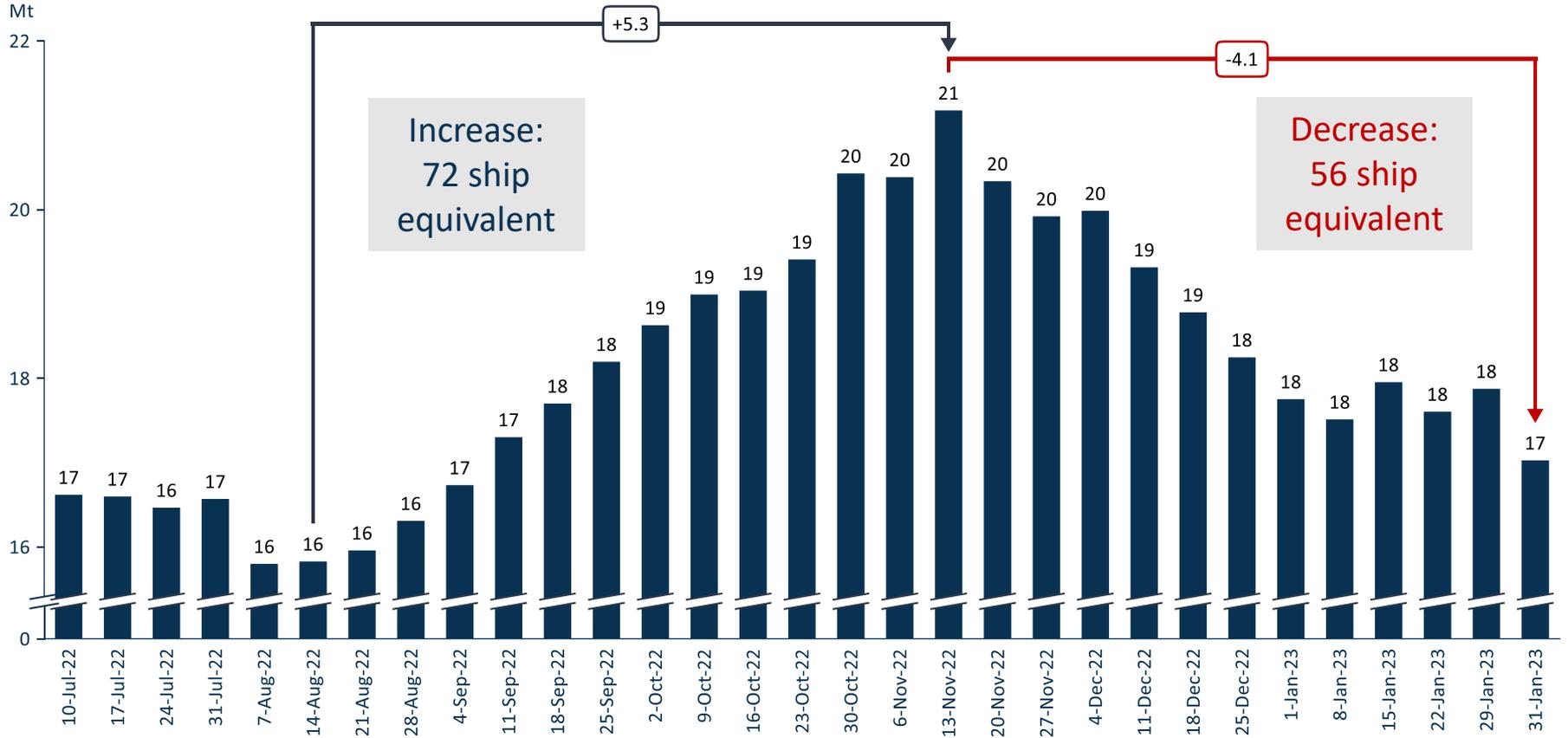


# TUG OF WAR FOR MARGINAL CARGO BETWEEN EUROPE AND ASIA

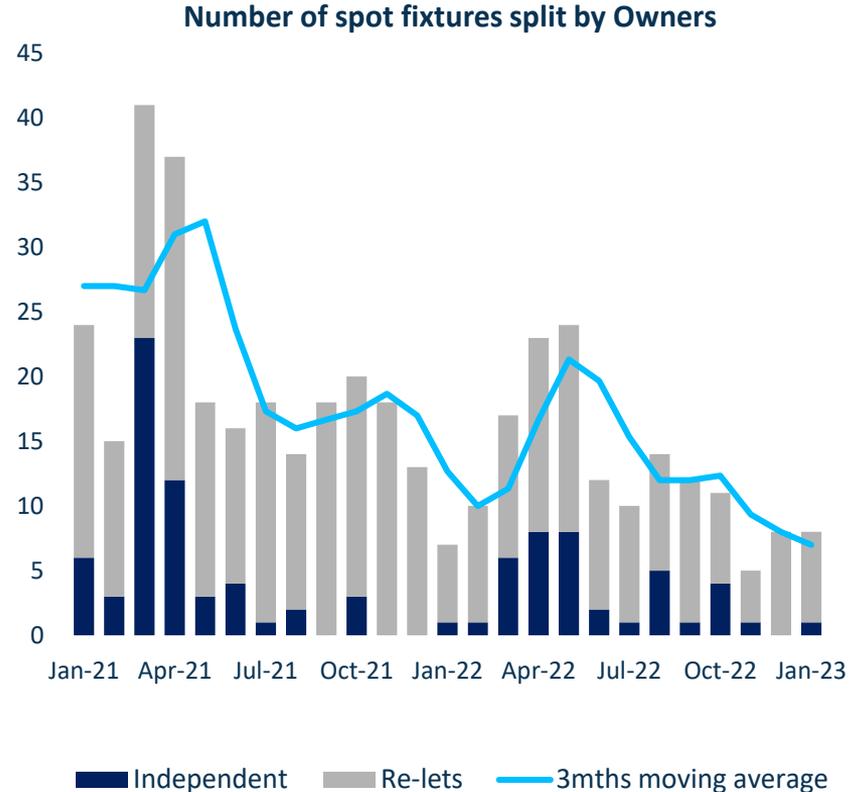
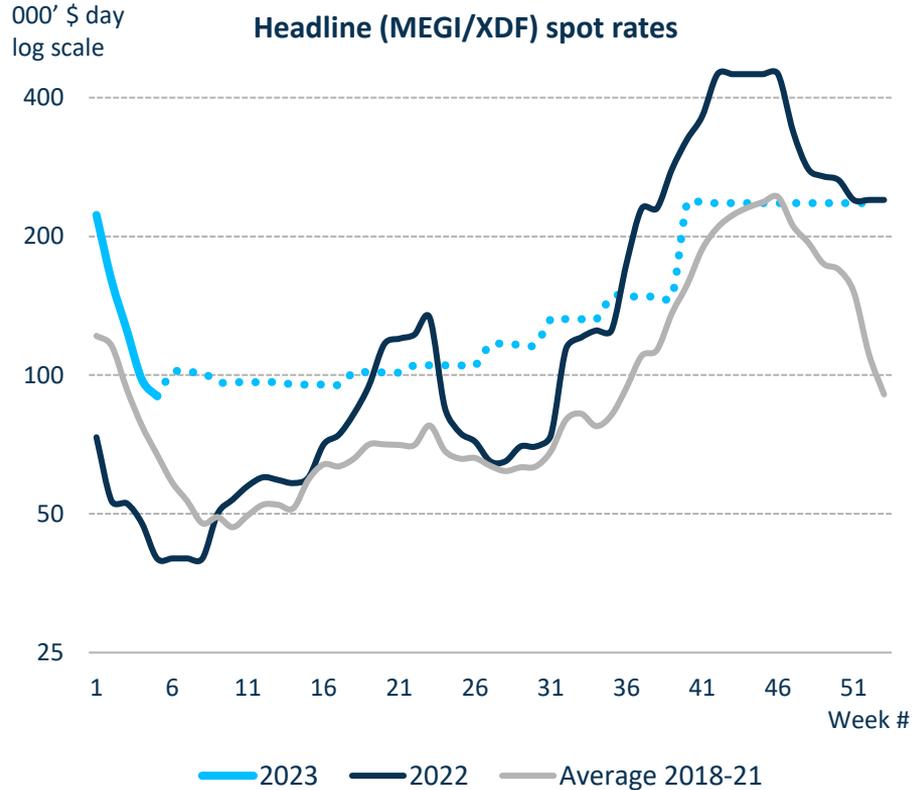


Source: CME, ICE and EIA

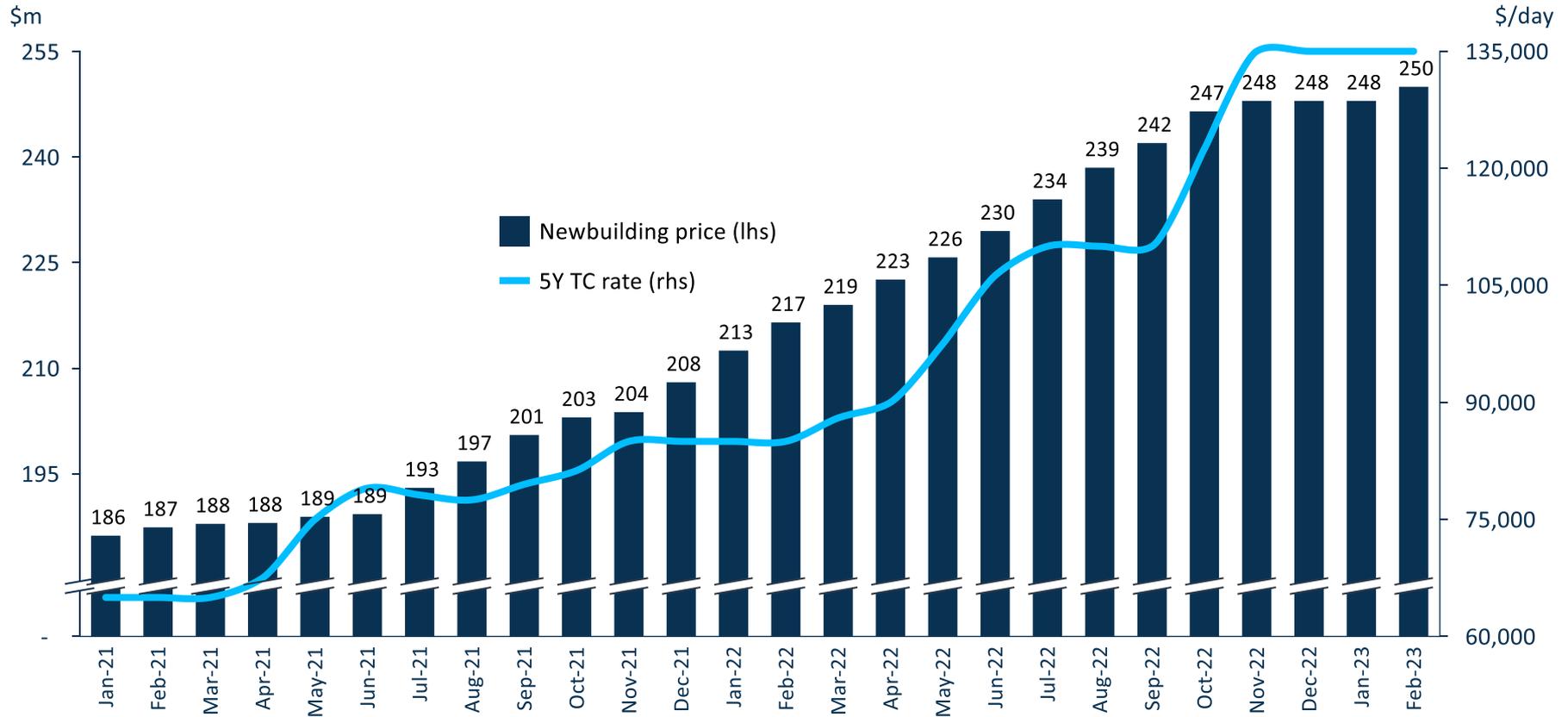
# BUILD UP OF LNG ON WATER DROVE THE TIGHT FREIGHT MARKET



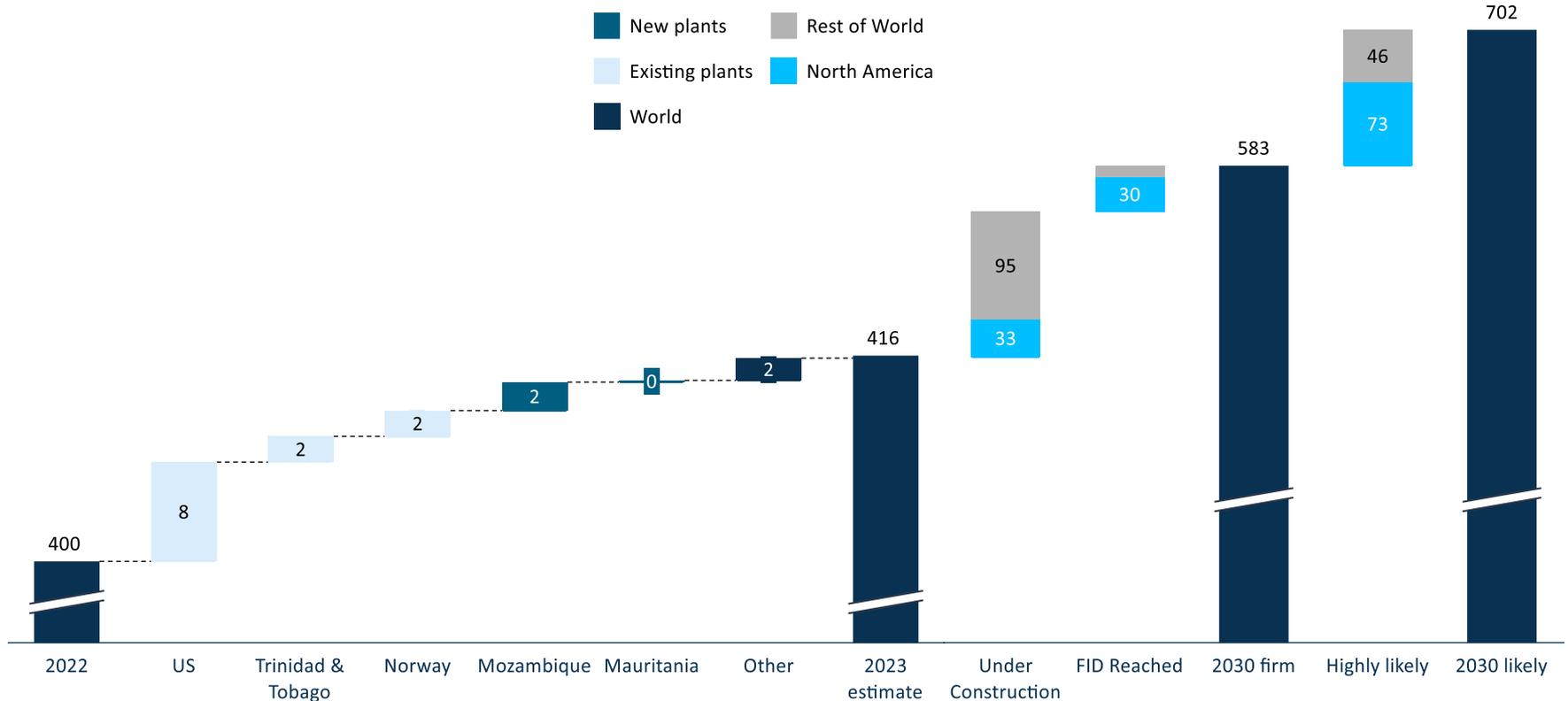
# SPOT MARKET BOOMED IN Q4 BUT FREIGHT LIQUIDITY DRIED UP



# TERM RATES AND YARD PRICES STABILIZING AT HIGH LEVELS



# ESTIMATED GROWTH OF 4% IN 2023, BUT MORE TO COME BY 2030



# 4 PROJECTS TO WATCH IN THE US FOR IMMIDENT GREEN LIGHT



Developer



VENTURE GLOBAL LNG



Project name	Rio Grande	Port Arthur	CP2	Lake Charles
Nameplate capacity	16.2	13.5	20.0	16.5
Offtake signed	9.8	10.6	7.0	7.9
Target FID	Q1'23	Q1'23	Q2'23	Q1'23
Commencement	2027	2027	2025	2026

Location



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B♥n Voyage!



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